TITAN TRUST BANK

TRUST TITAN.
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EXCELLENCE IN EXECUTION

ANNUAL REPORT 2020

TITAN TRUST BANK

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Best Trade Finance Provider in Nigeria for the year 2021

Titan Trust Bank Limited emerged 'Best Trade Finance Provider in Nigeria for the year' in the Global Finance Magazine World's Best Trade Finance Providers Awards.

This serves as a remarkable achievement for the Bank, an award previously won by only first-tier banks in Nigeria for over twenty years of operation in the Global Finance's history.

The bank was recognized and endorsed by several corporate clients as a supportive financial institution on trade financing and other services it provides to individuals, SMEs and corporates.

It recorded 32% increase in transaction volume between Q1 2020 and Q1 2021.

Increased customer base due to fully integrated trade solution.

Attained high level of customer satisfaction.

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Best New Commercial Banking Brand Nigeria 2021

Awarded by Global Brands

- The Bank opened a Flagship Branch in Port Harcourt with a drive-through ATM.
- Closed first full 12 months financials with 243% growth in total assets, 816% Deposit growth and ROE of 8.81%.
- Achieved high customer onboarding growth of over 7,000 customers in spite of the global pandemic lockdown.
- Partners with major State Governments (Lagos State and Rivers State) as a Revenue Collecting Bank.
- Partners with major identified businesses across the states and providing value chain support for expansion and development.
- Support the growth of Retail and MSME businesses with electronic payment channels and access to finance.
- Rollout of salary schemes targeting Federal, State and Local Government workers as well as staff of indigenous companies.
- Promote financial inclusion and development in Local Government areas with access to simple and easy to operate accounts and payment platforms.

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Fastest Growing Digital Banking Brand - Nigeria

Awarded by Global Brands

Improved FINTECH Collaboration & Integration (Paystack, Patricia Technology, SWIPE Technology, Flutterwave etc.)

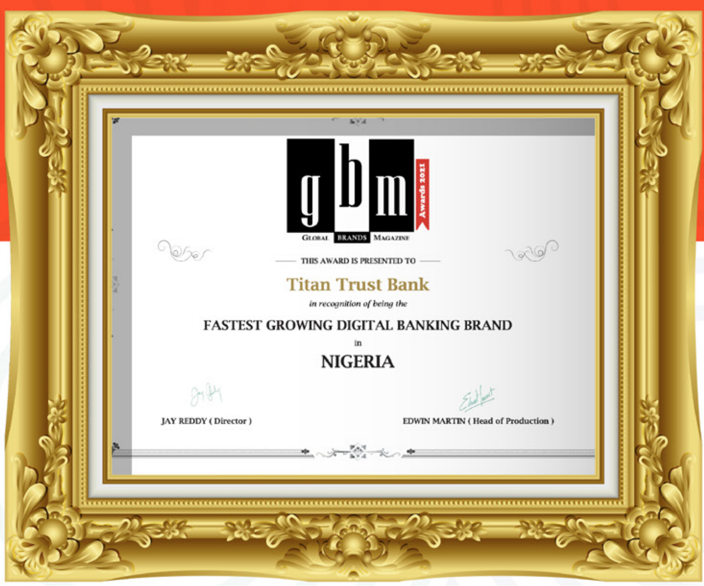
Regulatory integration within timeline (CBN Automated Information Sharing Service, CBN Data Harmonization, CBN TSA, GSI etc.)

Channels platform design, Optimization and Continuous improvement (Mobile App, USSD, Corporate feature enhancements and fixes)

Digitization of customer processes (Account reactivation online, Customer information & KYC update online)

Increased customer base due to fully integrated trade solution.

Business Process improvement (NIP Reconciliation, Corporate Search automation, Card request workflow, Corporate internet banking onboarding, Account opening referral, etc.)



We are not just your bank, we are your partner.

Providing seamless financial solutions that not only caters to today but to your future while being committed to seeing that you become a Titan of your own.

gbm
Best New Commercial Banking Brand

gbm
Fastest Growing Digital Banking Brand in Nigeria

BEST TRADE FINANCE PROVIDER 2021
GLOBAL FINANCE
TITAN TRUST BANK NIGERIA

TITAN TRUST BANK

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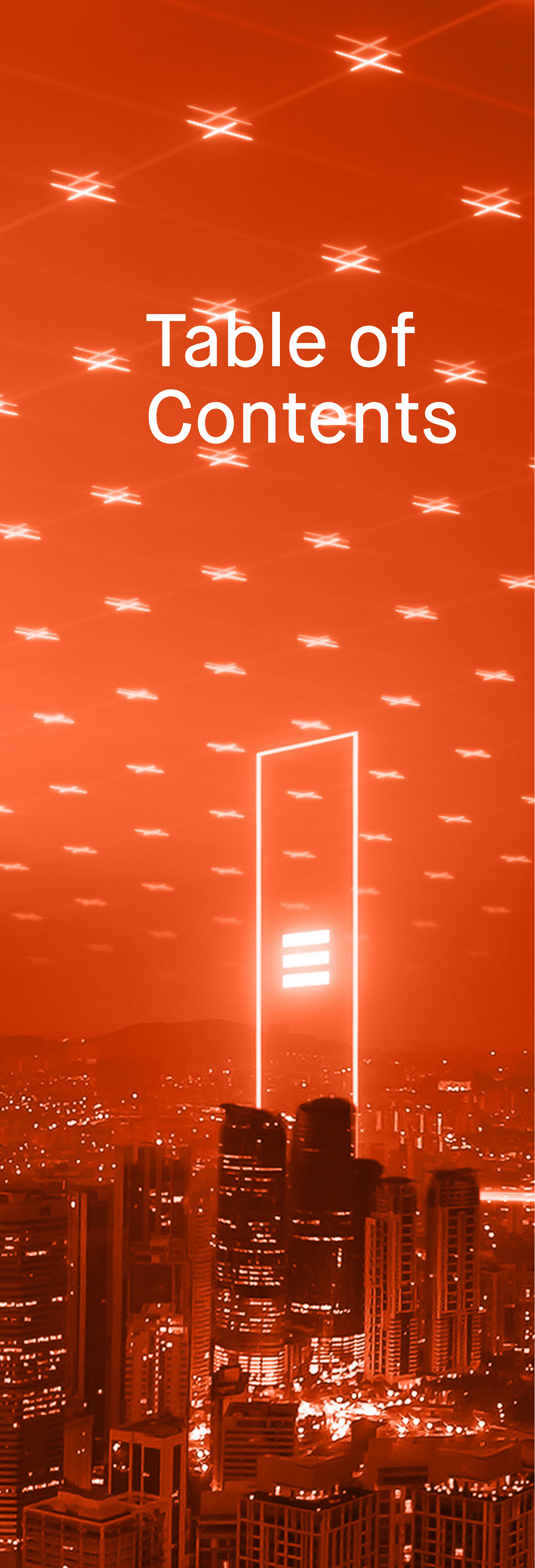
CORPORATE PHILOSOPHY

VISION:
To be Africa's most trusted financial institution

MISSION:
To create and manage value through a combination of empathy, talent and superior technology by providing transparent and convenient solutions for stakeholders across all markets

VALUES:
Trust, Innovation, Tenacity, Agility and Nobility



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Directors, Officers and Professional Advisors

Directors

Mr. Babatunde Lemo	- Chairman
Mr. Mudassir Amray	- Managing Director/CEO
Dr. (Mrs.) Adaeze Udensi	- Executive Director
Alh. Abubakar Mohammed	- Independent Non-Executive Director
Mr. Andrew Chukwudi Ojei	- Non-Executive Director
Alh. Aminu Bashari	- Non-Executive Director
Mr. Mackombo Omoile	- Independent Non-Executive Director

Company Secretary/Head, Legal

Ekene Louis Samuel
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Victoria Island, Lagos.
Telephone: +234 01-2265120-2301;
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Email: ekene.samuel@titantrustbank.com

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+234 1 226 5100
+234 1 226 5129

Email: contactcentre@titantrustbank.com
Website: www.titantrustbank.com

Independent auditor

KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole Street,
Victoria Island, Lagos
Telephone: +234 271 8955
Website: www.kpmg.com/ng

Overview

Business & Financial Highlights

Size (in naira millions)	2020	2019
GROSS EARNINGS	8,558	2,527
TOTAL COMPREHENSIVE INCOME	3,011	724

Size (in naira millions)	2020	2019
PBT	2,930	600
Asset Size	136,343	39,701
Total Equity	32,939	29,928
Deposit	85,970	9,390
Credit Creation	38,742	3,037

Ratios (in per-cent)	2020	2019
Liquidity	77%	335.7%
Capital Adequacy	35.6%	337.5%
Cost-to-Income	53.4%	74.8%
ROE	8.8%	8.6%

Chairman's Statement

The year 2020 brought with it its own unique peculiarities as businesses and individuals around the world had to deal with a magnitude of disruption that was unparalleled to what most of us have ever experienced in our lifetime. The onset of the pandemic, though negative, emphasized the interconnectivity of our present world and the tidal effect of globalization.

To further usher in the year, we were hit with the twin shock of the oil crises – low demand for oil which led to a price slump, and as a country whose major source of revenue stems from oil proceeds, this had a devastating impact on the country and further hampered economic activity. As was to be expected, inflation rose, purchasing power declined, financial systems were challenged, businesses struggled to survive, our way of life was distorted, and our communities were tested.

When the economic shutdown was introduced earlier in the year, the Financial services industry put up a united front and displayed a strong focus in providing support to its customers and avoiding unnecessary financial stress on households and businesses. Even though we are a young bank, we rose to the occasion as we realised our economic impact on employment, supplier and government payments, and we quickly adapted to work with the government and the regulators to ensure that our customers would be supported during these critical times.

Though the pandemic is far from over, I am proud of how the Bank has responded in these challenging times, given the pivotal role we play in supporting the economy and our communities. Amidst all of this, we are building a bank to be more resilient and to perform better over the long-term. We will not lose sight of the work to be done to reliably achieve responsible growth and healthy returns for our shareholders.

MAKING THE NECESSARY CHOICES

We took a decisive action to protect our capital position, in recognition of the magnitude of the economic crisis. Endorsed by our shareholders, our actions have enabled us to continue to support customers through this period, as well as keep us afloat during the recession in Nigeria and abreast of the global economic headwinds. In uncertain times such as these, a strong balance sheet is critical. The Board will continue to focus on maintaining our strong balance sheet to ensure we are able to take advantage of growth opportunities and support our customers' ambitions despite the operating environment. We are committed to our customers and to delivering long-term value as we firmly believe that we do well when our customers do well. In a year characterized by challenges, we remain a strong and safe bank, well placed for the future. Our ambition is clear and easily understood – To be Africa's most trusted financial institution.

THE FUTURE AHEAD

Looking ahead, there are significant challenges for the economy and the banking sector in fiscal 2021. Under these circumstances, the Bank remains committed to its customers and ensuring seamless delivery of financial services. The Bank is cognisant of the elevated risks in the operating environment and will take steps to remain strong, resilient, and well-positioned to absorb potential shocks and maintain our moderate risk profile. Our passion to create value continues in these challenging times.

We enter 2021 with a robust balance sheet, deep customer relationships, a strong brand, and a trusted financial institution. Though macroeconomic challenges and uncertainties remain, I am confident in the future as we work to build a better and stronger Bank.

On behalf of the Board, I would like to thank all our stakeholders; our shareholders for their unwavering support, our employees who have remained focused on the right things and most especially to our customers for their loyalty.

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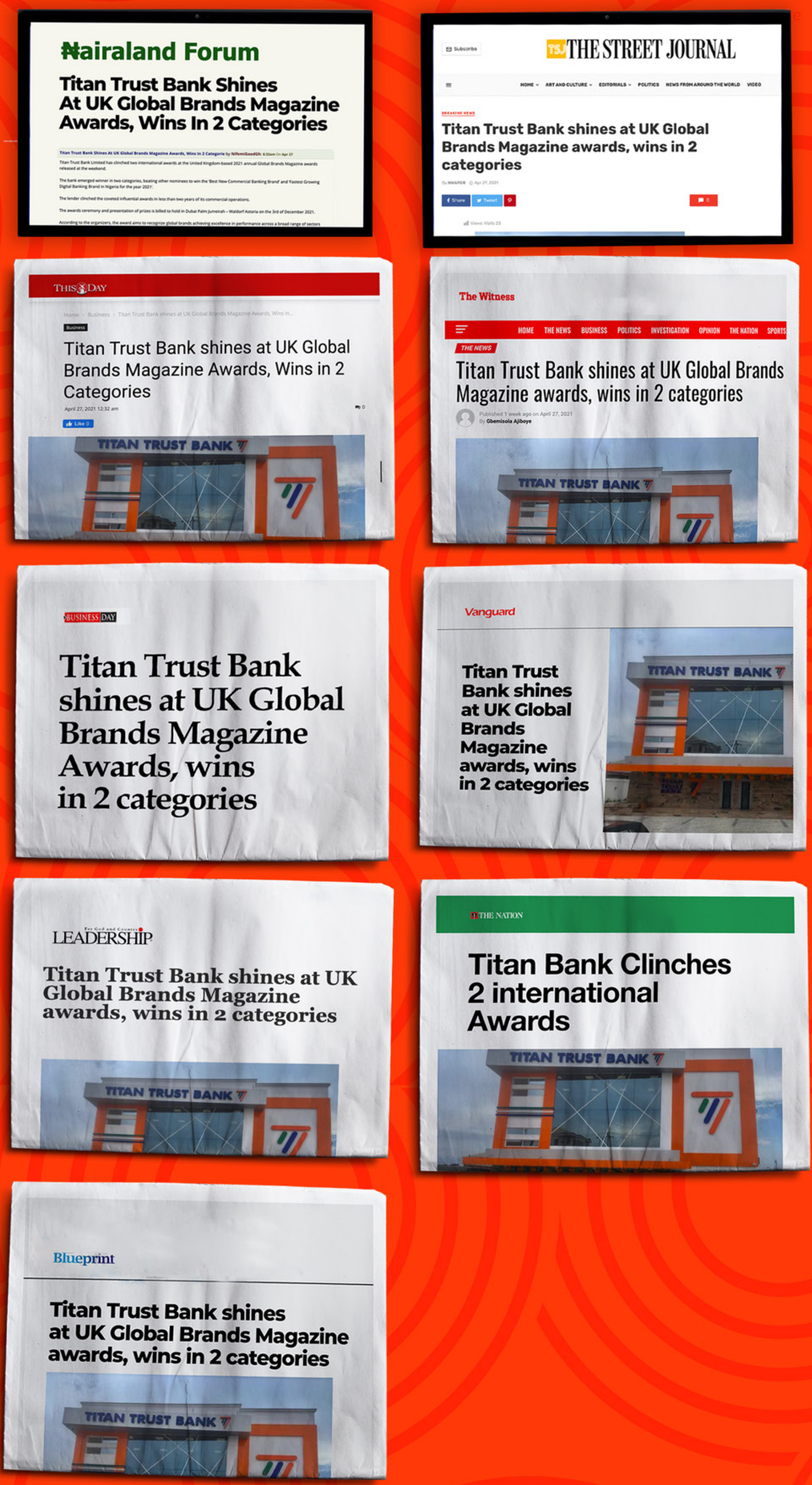
Titan Trust Bank Shines At UK Global Brands Magazine Awards, Wins in 2 Categories



Managing Director's Review

2020, THE YEAR OF THE PANDEMIC

After closing 2019 with a remarkable performance, delivering ROE of 8.6% within three months of commercial operations, we started 2020 with an aggressive business strategy. Our focus was very clear; to ramp up our customer base by delivering a quick and efficient client onboarding process and deliver value to onboarded clients. No one had predicted that scarcely into the year, a global pandemic would ravage global economies, test business sustainability, and change the way that we live and conduct business.

The past year presented an unprecedented climate never experienced in the history of most corporations and individuals alike. For a young bank, this was a major challenge to business continuity, raising questions as to how to provide services to our customers; to continue client engagements, exceed client expectations, improve our operational processes whilst ensuring the safety of our employees, and maintaining continuity of our operations. This provided the backdrop for our business operations during the year as the Bank had to bring to bear its agility and respond to the overnight disruption to life as we knew it.

The Bank quickly adapted to the ever-changing situation by proactively strengthening the operational and technological infrastructure required to ensure continuity of normal operations. During the lockdown phase, our customers had access to the Bank's services via our digital channels. We implemented a large scale 'work from home' policy to ensure the safety of our staff and preserve business continuity whereby almost 100% of the critical business activities were capable of being executed remotely.

Customer-centricity defines the Titan spirit and is at the heart of our product and service delivery which is reflected in every interaction with our employees. I am immensely proud of our staff who all came together as one, working fearlessly from branches, offices and from their homes to reach out and serve the customers in their most difficult times. The customer feedback and stories of support are a strong testament to the Titan spirit. For us, 'Titan Trust Bank' is more than a financial institution, it is a reassurance of what our customers can expect when they walk in through our doors. Despite being a young business with limited offerings, we made it a priority to stand by our customers as a trustworthy, innovative, and agile partner committed to support the realization of their business goals.

BUSINESS PERFORMANCE

The Governments and Central banks across the world responded with massive fiscal, monetary, and regulatory measures to protect and counter the effect of the economic standstill that was a fallout of the covid-19 virus outbreak. Despite the global concerted efforts to soften the blow of the pandemic, global economic activity will take some time to recover.

The Government of Nigeria and the Central Bank of Nigeria ("CBN") also responded swiftly to the economic crisis by introducing measures to aid weaker sectors of the society and facilitate credit flow to the economy. The timely intervention of the CBN measures designed to support the economy muted the adverse impact from the pandemic and frequent lockdowns. Additional support was provided to critical sectors, such as health care, to ensure the availability and accessibility of critical products and services to Nigerians.

The decline in oil prices on the back of the global drop in demand due to prolonged lockdowns in most countries created new challenges for Nigeria whose major source of revenue stems from oil exports. In addition, the disruption of the global supply chain, imposed further business complexities for manufacturers in Nigeria who faced difficulties in sourcing raw materials. The banking sector was not exempt as newly defined health and safety protocols challenged the traditional methods of banking for both businesses and individuals.

In response to the situation, the bank quickly analyzed the needs of each client segment and implemented a focused strategy designed to remain relevant in select client segments. The timely partnership with international financial intuitions and the mobilization of foreign currency liquidity positioned the bank to play an effective role in restoring supply chain lapses and ensuring that its clients could remain a going concern. In addition to financial solutions, operational convenience was a priority need from clients given the health and safety protocols that were in place around the country. To provide seamless services, the bank launched a state-of-the-art mobile application, corporate internet banking, and a USSD service. These channels helped our clients to access banking products without compromising safety protocols.

Our strategy provided inroads to gaining traction in our target market segment. The fundamental approach of building trust with our clients paid off as strong client endorsements helped us win the prestigious award of "Best Trade Finance Provider in Nigeria" by Global Finance. It is indeed a testimony to all the hard work that has been put in by the Titan team which earned us this award in just 15 months of operation a feat that had been achieved for the first time by such a young bank in over two decades.

FINANCIAL PERFORMANCE

The bank closed the first full 12 months financial results by leveraging capital up to 4.4x and delivering ROE of 8.8%. Cost to Income Ratio of 53.4% is encouraging given that we expanded our operations and added 3 new locations during the year and grew our staff strength by 50%. Our strategy of targeting quality assets speaks for itself with loan portfolio growth of 12x with zero NPL. We are committed to promoting a strong credit culture with an aim to balance risk-reward relationships with value added products.

The Bank was also able to navigate this unprecedented and challenging period, well assisted by our capital position, adequate liquidity buffers and stable deposits.

YEAR 2021

Several of the initiatives that the Bank implemented during the year put the organization in an optimal position to benefit in years to come. Our teams deliberated, created, and executed new strategies and ways of working that enabled us to be adequately and appropriately prepared in ensuring that we were able to continue operations in uncertain times. These initiatives are going to provide significant cost benefits in 2021 and beyond. In the year 2020, we continued to invest in each of the core pillars of our business – people, products, and technology. Our operating performance is stable, while we continue our journey towards building a sustainable financial institution. During the year, we strengthened our teams to drive performance, improve efficiency and deliver greater business focus. We enhanced corporate governance and further strengthened the risk framework in the Bank. The Bank has now built a strong foundation with all the necessary ingredients required to serve all the major segments of the market i.e, Corporate, Commercial/SME and Retail.

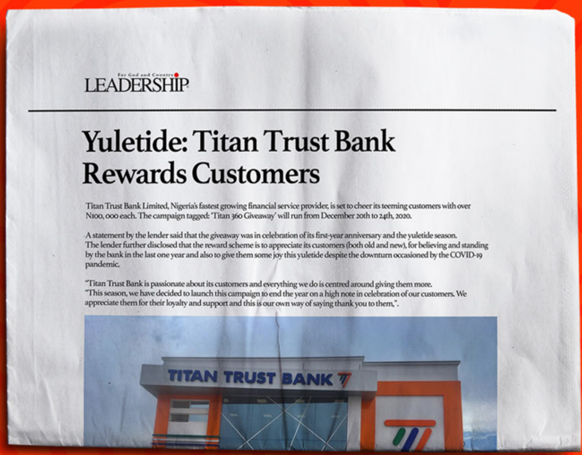
We are committed to taking excellent care of our people, providing continual professional development and career growth opportunities, competitive compensation, and comprehensive benefits.

We shall emerge from the current economic slowdown as a far stronger financial institution. We have made good progress on our journey of transforming the Bank to be among the best in class and expect to achieve our medium-term aspirations led by consistent focus on execution. We are confident of delivering superior financial results and higher market share in 2021.

I would like to thank all my colleagues for their spirit and determination through the ups and downs of last year, as we collectively work towards transforming and building a winning Bank. I am also grateful to all the external stakeholders for their faith and willingness to partner with Titan Trust Bank in its long term sustainable growth journey.

Thank you.

Yuletide: Titan Trust Bank rewards customers



LEADERSHIP

Yuletide: Titan Trust Bank Rewards Customers

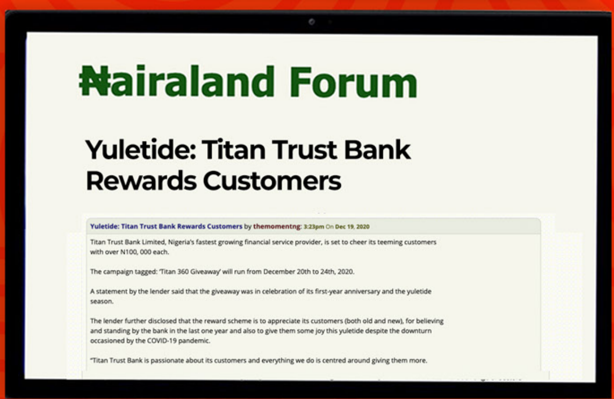
Titan Trust Bank Limited, Nigeria's fastest growing financial service provider, is set to cheer its teeming customers with over N100, 000 each. The campaign tagged: 'Titan 360 Giveaway' will run from December 20th to 24th, 2020.

A statement by the lender said that the giveaway was in celebration of its first-year anniversary and the yuletide season. The lender further disclosed that the reward scheme is to appreciate its customers (both old and new), for believing and standing by the bank in the last one year and also to give them some joy this yuletide despite the downturn occasioned by the COVID-19 pandemic.

"Titan Trust Bank is passionate about its customers and everything we do is centred around giving them more. "This season, we have decided to launch this campaign to end the year on a high note in celebration of our customers. We appreciate them for their loyalty and support and this is our own way of saying thank you to them,".

Vanguard

Yuletide: Titan Trust Bank Rewards Customers



₦airaland Forum

Yuletide: Titan Trust Bank Rewards Customers

Yuletide: Titan Trust Bank Rewards Customers by themomentng: 3:23pm On Dec 19, 2020

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"Titan Trust Bank is passionate about its customers and everything we do is centred around giving them more.

Departments & Business Overview

ANNUAL REPORT BY DEPARTMENT

Marketing

The marketing team remains a critical force in achieving the banks short and long-term strategic objectives. The team is focused on all market segments namely: Corporate, Commercial, SME, Retail and Public Sector business segments. The team operates along the two geographical locations where Titan Trust Bank is present: currently South West and South East with other geographical locations coming up within the next few months.

REVIEW OF 2020

The year 2020 represents our first full year of operations. As a bank, we leveraged on market opportunities and gaps to provide bespoke propositions to both existing and new customers. Though a challenging year for businesses due to the pandemic, we were able to onboard a good number of strategic relationships in the corporate and commercial segments of the market.

During a year when the economy witnessed a decline in economic growth, the Bank has remained committed to the sustainability of businesses both large and small by contributing to economic development through access to funding for critical sectors such as manufacturing, real estate, oil & gas, and agriculture. During the year, the bank also played a critical role in disbursing various CBN intervention funds towards the growth of specific segments of the economy.

The Nigerian financial industry has also continued to witness investment and growth in Information Technology which has resulted in the influx of the Fintech companies. The bank created a Fintech business focused group to harness the opportunities in this area which has birthed the collaboration with key Fintech players in the industry.

In the Corporate Segment, we commenced relationships with a good number of the major corporates across various sectors of the Nigerian economy and we are poised to organically and strategically support the growth of their business with our banking and advisory services.

For our Commercial business segment, the Bank has continued to leverage on the value chain strategy to onboard key customers. Our retail business is also budding as we rely on innovation to develop various retail products targeted at employees.

COMMERCIAL AND CORPORATE BANKING

Principally, our promoters and Board members are investors with extensive professional executive experience in diverse sectors, including financial services, infrastructure, agriculture, fast moving consumer goods, and real estate. This comes with commitment to help clients achieve their business objectives. We deploy senior and experienced management resources to facilitate efficient delivery of banking services to our corporate clients.

Our strategy and value proposition for commercial and other corporate banking solutions are largely driven by:

- ***High Corporate Governance Standards in line with industry best practice***

We ensure strict adherence to the best of international/local Corporate Governance standards

- ***Expertise in Institutional and Corporate Banking in Nigeria***

We have a team of dedicated and experienced professionals with relevant expertise in banking large corporates that are driving to build Titan Trust Bank brand as a pre-eminent institutional and Corporate Banking franchise in Nigeria.

- ***Capacity to work excellently with local and international institutions***

We work efficiently with international and local financial institutions as well as other professional partners in executing advisory and fundraising mandates.

- ***In-depth knowledge of the Nigerian business environment***

We maintain deep understanding of the peculiarities of Nigeria's macro-economic, political, social and banking environment as well as expertise in all major sectors of the economy.

- ***Reputable Correspondence Banking Relationship:***

We maintain a correspondence banking relationship with reputable financial institutions across the globe which support our proposition of corporate trade products (Export, Import and Invisibles) to clients in manufacturing, downstream oil & gas, agriculture, and commercial businesses.

- ***Fast Tracked Processes***

Fast tracked approval process for LCs, documented Service Level Agreement (SLA) for various processes, digital service delivery including a robust trade portal and a dedicated service centre for trade customers.

Along the value chain of the businesses we serve, we also deploy suites of products for cash management, distributors and suppliers' finance, robust digital portals, and platforms to drive collections. This is aimed at providing the necessary support that facilitate the completion of business operating cycles in good time to enhance profitability for our corporate customers.

Significant mileage was also gained in the public sector space. We were successfully onboarded on the revenue collection platform of the two states we are present in: Lagos and Port Harcourt. This provides an entry point into the public sector business and positions us to collect tax payments from our customers and non -customers.

OUTLOOK FOR THE NEW YEAR

As we commence our second financial year, the plan is to diversify our business across all segments and continue to build strong relationships with our corporates to enable us to meet their needs, being available to listen and offer timely and relevant value proposition.

We will continue to expand our penetration of the retail segment whilst also increasing our loan book through the booking of quality risk assets. We are positioned to cross-sell all the bank's products and on ground to offer new products and solutions in response to the changing market conditions and the needs of our customers.

The bank's plan for the upcoming year is to expand its customer base by deepening our reach across Nigeria whilst we remain committed to the provision of first-class financial products and services to our customers, including the underserved and unbanked population.


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ANNUAL REPORT BY DEPARTMENT

Treasury

2020 HIGHLIGHTS

The Treasury Group was one of the pillars of the Bank's successful performance in 2020. The team positioned the Bank strategically to thrive in the dynamic market environment of 2020, despite the Covid-19 pandemic, new government policies domestically and internationally, and its attendant impact on businesses. By providing innovative solutions to our customers, the Treasury department was able to take advantage of opportunities in the market to generate a decent trading & sales revenue.

As the CBN continued to bolster the market and provide the necessary impetus to engender market confidence and stability, we developed a diversified portfolio of product offerings including Forwards, OTC Futures and Swaps to enhance clients' confidence with the banks FX generation abilities. Within the financial year, our derivatives volume more than tripled as we grew our volumes by onboarding more clients and delivering seamless service round the clock.

The Treasury unit provides services such as market-making, derivatives trading, Fixed income instruments and foreign exchange, while also managing the Bank's Correspondent Banking relationships. The unit works closely with the business development team as well as Corporate and Commercial Banking clients to deliver currency, money market and fixed income solutions tailored specifically to their requirements. The unit focuses on creating wealth, whilst mitigating interest rate and foreign exchange risks for the bank and its customers.

At Titan Trust Bank, our Correspondent banking Unit works closely with the Trade services unit to enhance our ability to provide both plain vanilla & customized Trade Services Products – Letters of Credit, Bills for Collections, Structure financing and Guarantees as well as Official Agency Supported Financing among other things.

TREASURY PRODUCTS:

Titan treasury products afford customers opportunity for funds management and provide investment options in both local and foreign currency assets. These products include:

- Our liquidity management products in local currency, foreign currency, and structured borrowings.
- Investment options are provided in local currency assets such as fixed income (T-bills, Bonds, promissory notes, commercial papers) and term deposits.
- Our customers can raise funds via local corporate bond issuance, commercial paper issuance and other instruments to generate funds.
- Our foreign currency assets options include Euro bond, and foreign currency term deposits.
- We also provide structured transactions that include Futures Contract (NDFs), Engineered SWAPS with clients and CBN as well as hybrid REPO / SWAP trade without e-CCI.

Titan treasury products are offered at competitive rates to deliver value to our customers in terms of low cost of raising funds and maximizing returns on investment for the preferred options by our customers. We also ensure safety of funds for our customers, keeping in mind that return of investment is crucial and more important than return on investment.

KEY MILESTONES DURING THE YEAR

Within the review period, our superior products offerings to corporate clients have delivered solutions to ease their business challenges especially in the following areas:

- Trade Finance - we have consistently demonstrated our capabilities and winning Global Finance Award as Best Trade Finance Bank in Nigeria 2021. We owe our award to our corporate clients that, despite our young history, have demonstrated confidence in our capabilities by entrusting us with their business especially trade and other related business activities.

- Correspondent Banking - we increased the number of correspondent banking relationships within the year, closing with four correspondent banking relationships in our books for our trade transactions. Our clean lines grew by over 200% within the financial year from some of our correspondent banking partners.

- Within the period, the bank also got the SEC license, a prerequisite for operating in the over the counter (OTC) market as well as the capital market.

THE YEAR AHEAD

As we look to the new financial year, we are poised to deliver more bespoke treasury solutions and cutting-edge yield enhancing products to our clients whilst also gaining market share in Nigeria.

It's all smiles and groove when you have your **TITAN Card** with you.

Get your TITAN Card today and bank with ease anywhere in Nigeria

TITAN is one | TITAN TRUST BANK | TRUST TITAN. TRUST THE FUTURE®

Enterprise Risk Management

Titan Trust Bank Limited recognizes that the banking industry is experiencing significant and rapid changes, including increased competition from the traditional banking industry and from non-bank financial services firms. The industry is also subject to volatile interest rate changes, changes in banking regulations and technological advances. For example, the economy was adversely impacted by the effects of COVID-19 and later in the year the #EndSARS protest.

According to Committee of Sponsoring Organizations of the Treadway Commission (COSO), "enterprise risk management is a process, effected by an entity's board of directors, management and other personnel, applied in a strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives." Thus, a comprehensive program is essential to effectively manage the Bank's risks. This entails identifying, measuring, monitoring, and controlling risk throughout the Bank's operations and in its various products and lines of business.

Starting with the Board of Directors, then senior management, all Heads of departments/business units to all staff members, there is a shared attitude and belief system which characterize the Bank namely, "we consider risk in all our undertakings, processes, procedures and engagements to deliver sustainable value to all stakeholders of the bank". Our risk philosophy is evident in the board's attitude, our human resource standards; ethical values; and in assigning authority and responsibilities.

Titan Trust Bank has well documented risk limits that cuts across all parts of the Bank. Ranging from our products and services to asset creations, the bank has clearly written policy statements that define its risk appetite. This is clearly communicated and understood by all responsible for risk management.

The Bank has adopted the 3 Lines risk management operating model. In this model, each business unit provide products/services to clients; manages associated risks as the first line. The second line has the Risk Management function to provide expertise, support, monitor and challenge on risk-related matters. The Internal Audit function as the third line providing independent and objective assurance and advice on all matters related to the achievement of set objectives. It is important to note that functions on the second and third lines have the value creation and protection mindset.

During the 2020 financial year, we achieved the following in respect of risk management:

- Enhancement of the control environment,
- Building of a risk management culture across all functions,
- Active monitoring and reporting of key risk areas.

For the 2021 financial year, Enterprise Risk Management shall focus on:

- Fortification of the control environment,
- Review of key risk management policies/ frameworks.
- Enhancement of system of internal control.
- Continuous monitoring and reporting of key risk elements.
- Certification on key management systems.

Titan Trust Bank's Titanic Rise At 1, How It Raked In N500m Profit In 3 Months

Nairaland Forum

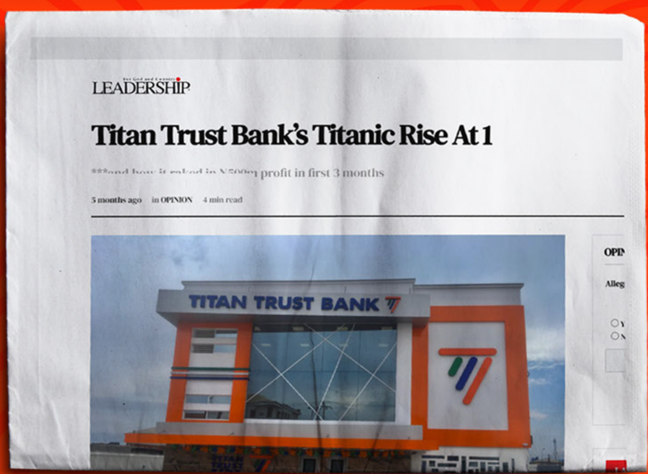
Titan Trust Bank's Titanic Rise At 1, How It Raked In N500m Profit In 3 Month - Business - Nairaland

Titan Trust Bank's Titanic Rise At 1, How It Raked In N500m Profit In 3 Month by themomentng: 12:45pm On Dec 14, 2020

When Titan Trust Bank Limited, one of the three newest entrants into the Nigerian banking industry, began operations in October 2019, many people gave it just a passing glance, but within a year, the achievements of the lender have taken industry watchers by surprise and this, has further warmed it into the hearts of its customers and Nigerians alike.

Established on the 12th of December 2018 with a solid post-capitalization financial base in real cash, the bank has proven that it is ready to compete with long-standing and well-rooted Nigerian banks.

With a mission to take advantage of the identified gaps in the banking sector and address the unmet needs of the retail mass market, SMEs and corporates, Titan Trust Bank, has risen to become a financial institution to reckon with and as a result is experiencing an influx of business-minded customers.

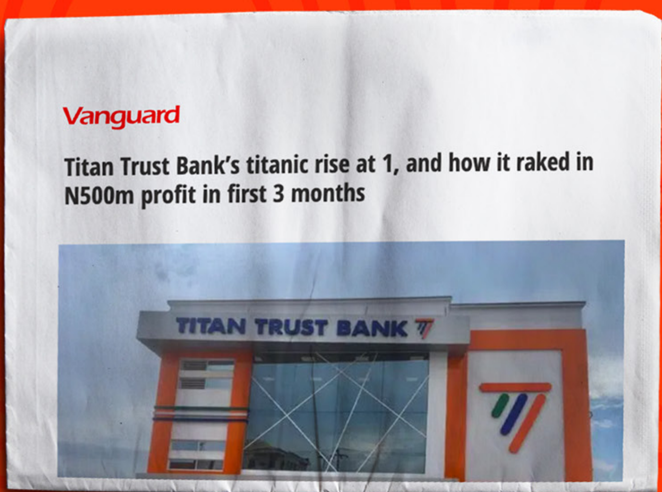


LEADERSHIP

Titan Trust Bank's Titanic Rise At 1

profit in first 3 months

5 months ago in OPINION 4 min read



Vanguard

Titan Trust Bank's titanic rise at 1, and how it raked in N500m profit in first 3 months

Titan Trust Bank Products

The Bank has enjoyed positive reception and the goodwill of both the industry and the markets in the first full year of operations leading to the Global Finance Award as Best Trade Bank in Nigeria 2021.

Across all product types, we differentiated our offerings with select product features that are most important to Retail, SMEs, and Commercial businesses and adopted off-the-shelf innovation to meet market needs.

We have proactively and adequately managed credit risk by developing a strong base of credit risk management framework and capabilities to ensure value creation and preservation for stakeholders.

Despite the challenges with year 2020, the Bank received regulatory approvals for most of our products from CBN in the year under review and commenced active sales to deepen our retail banking strategy. We grew our active customers and recorded over 90% of customer acquisition through the online platform by offering the interest-bearing low and medium-valued Savings Account products specifically designed to transition the unbanked to fully banked customers.

Our focus on the unbanked and under-banked customers was to ensure that they are better financially served with low value and easy to operate interest-bearing saving account products. Our Titan Flash account and Titan Flash Plus account specifically cater to the financial needs of these segments by allowing access to account operation, handholding and empowering them with tools that facilitate customers' financial independence and helping them scale up to become higher Tier account holders seamlessly.

Against the backdrop of growth in the dynamic banking needs of our customers, we deployed an online platform for account opening through our Titan Mobile App and USSD code *922#.

Our customers were allowed self-service for card request, card activation and card management such as blocking the card to complement the end-to-end customer on-boarding process by ensuring positive customer experience without coming to the Bank.

Our Savings Account products have flexible account opening requirements and can be opened on our website, mobile app and in any of our business offices.

In the course of the year, we introduced a special high-yield savings account, Target Investment Savings Account which offers our customers an opportunity to place money separate from everyday banking needs. It primarily allows the customer to stash money for a rainy day or earmark funds to achieve a big savings goal/project in a structured manner.

The product is a form of personal savings (self-esusu) that offers both return of funds (security) and returns on funds (earnings). Liquidity is not impaired as customers are still allowed access to funds in a savings account. Deposits or withdrawals across accounts take effect right away which makes it easy to transfer excess cash and immediately earn interest on it. This product also offers the flexibility to transfer money when needed to cover a large payment transaction. Customers can open multiple savings accounts, which makes it handy to keep track of their savings progress on different goals.

Asides the savings account, our Titan Current Account product for individuals can be accessed by downloading the account opening form from our website, on mobile app or in any of our business offices. It offers the flexibility and convenience that meet the financial needs of individuals who desire to transact and have access to finance on their personal terms.

SEGMENT AND PROPOSITIONS

Titan Salary Account for Employees of Corporates

We cater for employees of corporates in the value chain we serve. The salaried accounts for employees of both Corporates and SMEs offer access to finance to support their lifestyles. It allows holders to conveniently shop online, make cash withdrawals and spend anywhere in the world 24/7 via different e-channels such as POS terminals, Internet Banking and ATMs.

Children Banking

We launched The Titan Youngstar Account that allows parents to save for their children and which also encourages financial literacy for children from a young age and nurtures them into responsible adults. During the year, Titan Trust Bank celebrated annual financial literacy with events such as Global Money Week, Financial Literacy Day, World Savings Day and Children's Day which were used as opportunities to reach out to children to educate them on the importance of personal savings and financial literacy skills.

MSME (Women) Banking

Women and women-led businesses are said to be vital drivers of economic growth and prosperity. During the year under review and as the nation battled the outbreak of the global pandemic, we were deliberate in reaching out to women and women-led businesses, granting them access to finance and support for their businesses including deployment of collection platforms. Most of the utilizations went into import finance in millions of US Dollar to bring in pharmaceuticals, healthcare and essential supplies that aided the fight against the pandemic. Other measures adopted include the provision of affordable overdraft facilities, emergency loans, financial advisory services, and technical assistance for MSMEs and those in supply or distribution chains of the corporates we serve.

Expatriate Banking

We cater for the needs of expatriates living in Nigeria such as professionals, skilled workers, or artists taking positions outside their native country of origin with Expatriate account that offers the following features:

- Convenience to transact in multiple currencies across countries.
- Easy and cheaper way for home remittances
- Access to USD Denominated card
- Allows payment orders to third parties.
- Access to credit facilities

Entrepreneur Banking

We focus on meeting and exceeding the business and social needs of operators of Micro, Small and Medium Enterprises (MSMEs) who are entrepreneurs, self-employed persons, or artisans with our suites of products and solutions. It is a tiered product that offers up to 100% discount on Annual Maintenance Fee (AMF) based on business turnover to different classes of enterprises namely:

- Titan Basic Enterprise (TBE)
- Titan Emerging Enterprise (TEE)
- Titan Large Enterprise (TLE)
- Titan Enterprise Plus Account (TEPA)

Titan Student Account

Our mass market account product caters for the financial needs of students in two major customer segments - Senior Secondary School Students and Tertiary Institution Students. Tertiary Institutions include: Universities, Polytechnics, Colleges of Education, as well as Vocational and Training Institutes.

Business Banking

Our suites of products are designed to provide a wide range of customized financial solutions to meet the specific needs, operational and business dynamics of non-individuals in different sectors. This includes entities such as: Estate / Administrators, Sole Proprietorship, Partnership, Incorporated Trustees, Parastatal/Government Agencies, Embassies and High Commissions, Non-Governmental Organizations, and other Limited Liability Companies.

During the year, we streamlined our processes to improve the accessibility of FX invisibles to retail clients (SMEs and Individuals).

- ***Titan FORM Q (FX Invisible) Products for SMEs***

SME are eligible for imports remittance (subject to maximum of $20,000 per quarter)

- ***Titan FORM A (FX Invisible) Product for individuals***

    - School fees abroad (for university degree school fees maximum of $15,000 per term)
    - Medical bill abroad
    - Personal Travel Allowance (maximum of $4,000 00 per quarter)
    - Business Travel Allowance (maximum of $5,000 00 per quarter)

The deployment of these product enhancements affords our customers a simple and seamless process, security of funds and convenience. It provides a one-stop platform to customers to meet varying FX remittance needs. It also facilitates customer satisfaction by assisting them to meet their obligations timely and speedily.

CBN Intervention Funds:

In the year under review, we provided our corporate and commercial clients access to CBN's Differentiated Cash Reserve Requirement (DCRR) loans for Healthcare, CACs Loan, Real Sector Support Facility (RSSF) loans etc, pursuant to our building partnerships and collaborations. We leveraged various on-lending intervention schemes and initiatives of development finance institutions to avail CAPEX loans to SMEs/Commercial businesses for their long-term goals of growth and sustainability.

2021 OUTLOOK

As restrictions give way to ease of movements and doing business expected in the year 2021, the outlook for the year looks bright and promising. We will advance plans to rollout new products through engagements with our customers and in reaction to opportunities identified in the market to solve customers' problems and address market needs.

We hope to deepen our strategy for MSMEs banking with specialized product designs based on specific credit assessment methods including good credit history and proper records of business activities.

Leveraging IFC's Banking on Women initiatives and CBN's N220bn MSME program with 60% of the Fund allocation targeting women, the Bank will deepen our rollout of women banking strategy providing them with training, contracts, and access to markets in addition to the financial support. We will specifically and intentionally improve our response to women and women led businesses with communication and solutions to address their business needs of essential liquidity, capital, and expertise.

The Bank will continue to drive our product deployment strategy with more emphasis on digital marketing and product sales deployment online. This will be supported with cluster marketing and engagements as we put boots on ground following our planned 2021 branch expansions drive. It will also be our focus to;

- Migrate existing products to online digital platforms to improve our customer reach and accessibility.

- Deploy our online retail credit which is an innovative lending method based on consistent cashflow for salaried employees or entrepreneurs running SME businesses.

- Prioritize products improvements to enhance our customer experience at various touch points of accessing our products and services. In this direction, we will continue to partner with Fintechs and other service providers to improve our propositions to customers on the digital space. This will increase our reach to clients that have needs for our products and help to optimize the market opportunities.

A Good Friend is like your TITAN Card

Always there when needed;
Saves you from getting stranded;
Saves you from embarrassing moments.

HAPPY INTERNATIONAL FRIENDSHIP DAY

Digital Channels

Being the first licensed national commercial bank in the past 10 years, Titan Trust Bank recognizes the unique opportunities and challenges that face it as a new entrant in the competitive Nigerian banking space. The bank is determined to play at the forefront of new and emerging technologies and ensure superior customer experiences for all its customers.

ATM NETWORK EXPANSION

Titan Trust Bank has continued to offer seamless services to its customers regardless of their location. In line with its plans for progressive expansion, the Bank has added 8 new ATM terminals across 3 new pods which brings the total number to 12. All the Bank's ATM's are state of the art touch sensitive machines with functionalities to satisfy all types of customer transaction requirements, from simple withdrawals and balance checks, to bill payments and airtime top-ups.

DISTRIBUTION CHANNELS

Titan Trust Bank's stated aim is to create value through superior technology by providing convenient solutions for all its customers. We have continued to offer best in class digital banking services including electronic funds transfer at Points of Sale (POS) terminals, debit cards, internet banking, mobile banking and USSD services.

The Bank has continued to invest heavily in developing and adopting some of the most user-friendly and seamless digital platforms in the market. Our debit cards which are accepted across all terminals within and outside Nigeria, have continued to allow customers pay for goods and services with ease.

The Bank's digital platforms, i.e., mobile banking applications, internet banking, USSD banking and ATM terminals give customers access to our suite of retail products bringing flexibility to enable our Titan Trust customers bank from anywhere at any time. The products and services offered include real-time online banking, utility bill payments, card requests and management, cheque requisitions and management, mobile airtime/data recharge, balance enquiries, account statement generation, and more.

- **Internet Banking:** To meet the yearnings of our teeming corporate customers, Titan Trust Bank launched its new Internet Banking platform purpose built by our IT team from scratch to provide customised payment services. The application guarantees a secure and convenient way for our corporate customers to access and transact on their accounts 24 hours a day, 7 days a week.

- **Titan Mobile App:** Our mobile application continues to be available on both Android and iOS devices. Constantly being updated with features to make transacting seamless for our customers. The Titan Mobile App remains arguably the best in the Nigerian banking industry today, providing instant electronic funds transfer and configured to prevent customer debits if a beneficiary account cannot be reached. Users can also pay bills, purchase airtime and data plans on any network, as well as request and manage their debit cards.

- **USSD:** Titan's USSD channel *922# is constantly updated with fixes that allow uninterrupted access to customers from their mobile devices 24/7. Customers continue to open accounts, transfer funds, debit card requests and card management and access many other self-service options.

- **Debit Cards:** Available for individual savings and current account holders, the bank now offers Standard Mastercard and Verve debit cards which allow all Titan cardholders perform local and international transactions on any ATMs, POS terminals and on the web. The Bank obtained its Mastercard Principal Membership license in March 2020, commenced its issuing and acquiring project and went live on the Mastercard Network on 1 December 2020.

- **ATM:** Titan's ATM network has grown within the past year and supports cash withdrawals, instant funds transfer, mini account statement generation and bills payment, allowing our customers perform these functions on the go.

- **POS:** During the year, the Bank upgraded its POS terminals to the android PAX A920, a first in the Nigerian market and immediately deployed them to its merchants. These state-of-the-art terminals are sleek, can handle multiple network connections with faster transaction speeds, all of which are critical factors for customers/ merchants satisfaction.

VISION FOR THE FUTURE

Issuance of the bank's Standard, Platinum and World Elite Mastercard debit cards are high on the priority list for individual and corporate current/ savings account holders, high and ultra-high net worth individuals.

Titan's Corporate Internet Banking platform will continue to be updated with additional features, access to credit facilities, PTA/BTA requests, Tax and Duty payments, as well as Letter of Credit initiation and monitoring, among others.

ANNUAL REPORT BY DEPARTMENT

Compliance

practices, ethics and other standards continues to form an integral part of the Bank's risk management strategy. At the forefront of laying a solid foundation for compliance risk management and entrenching good compliance culture in the bank are the Board of Directors, Executive Management, and other top Management staff. Since the inception of the bank, the Board of Directors approved the bank's compliance charter, compliance manual, compliance risk management framework, AML/CFT policy and other policies for implementation and compliance. In the course of the year, the Board also approved amendments, enhancements, and improvements of the relevant policies to ensure that our compliance framework remains relevant to our current realities.

Despite the Pandemic in year 2020, its challenges and the resultant increase in compliance risks, most especially for financial institutions, Titan Trust Bank upheld its strong and uncompromising compliance culture, and effectively managed its compliance risks. Some compliance activities in the bank during the year are reported hereunder:

BOARD AND EXECUTIVE MANAGEMENT OVERSIGHT

Board oversight on compliance activities in the year under review was very strong. Apart from the approval of updated AML/CFT and Proliferation policy and other policies, the Board Audit, Risk and Compliance Committee, on a quarterly basis reviewed, discussed and made recommendations on exceptions raised in the regulatory compliance report, as presented by the Executive Compliance Officer. The recommendations of the committee were also reviewed and ratified by the directors at the Board meetings for necessary implementation. The robust feedback mechanism that we have put in place provides implementation and compliance assurance to the board.

ADOPTION OF RISK BASED APPROACH TO COMPLIANCE

The Bank adopted the risk-based approach to manage its compliance risks during the year. We have deployed two robust compliance solutions to strengthen our compliance risk management efforts. The solutions assisted in conducting compliance processes, identifying & assessing risks, implementing & monitoring controls and mitigating/eliminating the gaps in the bank's operations. The Bank's products and services, customers, counterparties, and business locations were profiled and assigned risk ratings. This approach allows compliance managers to identify the most significant compliance risks, propose controls to mitigate those risks and focus more on the risks that could impact the bank significantly. This approach also provided an effective decision-making process by providing management with better risk context and honing focus on compliance priorities.

AML/CFT TRAINING

AML/CFT training was an integral part of the approved compliance program for the year. Trainings were conducted for Board members, Executive management, and other staff during the year. The trainings were conducted in compliance with the requirement of section 9 of the Money Laundering Prohibition act of 2011 (as amended), CBN AML/CFT regulations 2013 and CBN AML/CFT (Administrative Sanctions) Regulations 2018. Records relating to AML/CFT trainings were maintained, and appropriate returns were filed with the regulators. Most importantly, knowledge gained from the trainings impacted staff's disposition to compliance positively, and further enhanced an understanding of their roles in implementing AML/CFT policy in the bank.

CORPORATE GOVERNANCE, ETHICAL CONDUCT AND WHISTLE BLOWING

Compliance with the code of corporate governance, whistle blowing requirements and other ethical requirements are other compliance areas the bank focused on during the year. The Chief Compliance Officer, in addition to AML/CFT and other compliance responsibilities, monitored and reported to the Central Bank of Nigeria on the Bank's compliance with the CBN Code of Corporate Governance and Whistle Blowing Requirements for Financial Institutions in Nigeria. An independent review of the Bank's compliance with the CBN code was also carried out by KPMG Professional Services during the year.

In line with sections 3.3 and 3.4 of the Central Bank of Nigeria guidelines on Whistle Blowing for Banks and Other Financial Institutions in Nigeria, Titan Trust Bank Limited continues to give concerned individuals the opportunity to anonymously report any unethical issue discovered to the appropriate authorities within the bank and/or CBN through the bank's whistle blowing channels for appropriate action. Such complaints, observations, feedback, and reports can be made by whistle blowers using any of the bank's channels as shown below:

Website: www.titantrustbank.com
Email: whistleblow@titantrustbank.com
Phone No: +234-1-2265114

INDEPENDENT AUDIT OF COMPLIANCE FUNCTIONS

The compliance functions in the bank were independently reviewed by regulators, external auditors, and internal auditors at different times during the year. No major exception was recorded as compliance activities in the bank were found satisfactory.

SANCTIONS

The bank did not breach any regulation during the period. Hence, there was no warning, sanction or penalty imposed on the bank by the regulators. We shall build on the above milestone in the year ahead and efforts will be intensified to continually improve our compliance culture as the bank continues to grow.

Digital Marketing: Titan Trust Bank Partners IFC To Train Over 200 Entrepreneurs

For God and Country
LEADERSHIP

Digital Marketing: Titan Trust Bank Partners IFC To Train Over 200 Entrepreneurs

As part of its initiative to continuously support entrepreneurs in the country by providing financial and advisory services for the growth of their businesses, Titan Trust Bank Limited in collaboration with the International Finance Corporation (IFC), last week, launched an online platform to empower business owners with knowledge to manage and grow their businesses amid the COVID-19 pandemic.

A statement by the lender said that the programme tagged, "Doing Business Online", is aimed at helping business owners cope with the operational stress of the current pandemic and also serves as an enabler for them to create an active online presence, digitalize their product, services and find new ways to connect with their customers.

MOMENT

Titan Trust Bank partners IFC to train entrepreneurs on digital marketing

ANNUAL REPORT BY DEPARTMENT

Cyber Security

In response to the initial wave of the pandemic, the government imposed a restriction initially on movement and subsequently on the size of gatherings. This meant that organization's nationwide enforced social distancing. As a forward-looking bank and despite the pandemic's realities, the Bank seamlessly enabled its employees to work remotely from home in a secure and cyber-resilient manner.

During the year, the Bank obtained a certification in compliance with the Nigeria Data Protection Regulation and Payment Card Industry Data Security Standard (PCIDSS). This achievement justifies the Bank's commitment towards ensuring the delivery of services in a secure manner to facilitate peace of mind to our customers, shareholders, employees, and other stakeholders.

Globally and locally, there was an increase in Cyber-attacks across various organizations. More so, the 'End SARS' protest in Nigeria attracted hacktivists and cyber-criminals who attacked multiple financial institutions in Nigeria, including government digital platforms and other industry infrastructure, services, and technology. At Titan Trust Bank, we did not experience any successful attack based on our cybersecurity infrastructure, tools, and resilient capabilities. To ensure that our customers are protected, and cyber aware, the Bank circulates materials to educate its customers consistently on a periodic basis.

Achieve your financial goals with the **TITAN Target Savings Account.**

TITAN TRUST BANK

TRUST TITAN.
TRUST THE FUTURE®

Human Resources

PUTTING PEOPLE FIRST

The onset of the pandemic put the HR department under immense pressure and scrutiny, but also emphasized the central role that it plays in business operations. As a Bank, we showed our commitment to 'putting people first' by responding to emerging events with speed, looking after our people with professionalism and kindness and establishing systems to provide a safe environment to work in. With continuous communication on staff wellbeing, covid-19 protocols, and mental health awareness we were able to navigate the treacherous waters of the pandemic to keep our people and their families safe.

STRONGER THAN EVER

Though there appears to be no immediate end to the global health crisis, the team at Titan Trust Bank has emerged as more resilient, having been tested on our core values of trust, innovation, tenacity, agility, and nobility. We have discovered, adapted, and deployed technology to most of our processes. In keeping with the times, we held virtual self-paced and instructor-led training sessions and quickly adapted to interviewing via virtual channels. The team is determined to keep innovating and building on our experience of remote working to drive efficiency and lower operating expenses, whilst giving our people more choice about where and how they work.

GROWTH DESPITE THE ODDS

We closed the year 2020 with 46 new hires, an increase of about 37% in headcount over the previous year. The new hires were strenuously selected from the highly competitive industry talent pool and were critical to the success of the Bank in 2020.

NEW YEAR, NEW BEGINNINGS

We are immensely proud of how our people successfully adopted the new ways of working to deliver outstanding results in 2020. In 2021, we will stay true to our purpose and maintain a strong commercial focus whilst living our values: putting our customers first and focusing our efforts to ensure optimal service delivery.

The wellbeing of our employees remains our priority and every opportunity to improve employee engagement, mental and physical health will be taken up. Entrenching our Titan values and culture will be crucial in 2021 as more people join the Bank to drive our expansion plans across Nigeria. To ensure skill gaps of current and new employees are not an impediment to organizational success, the Bank will actively invest in learning and skill enhancement. Further automation of our processes will be fundamental to improving efficiency and speed of our services to our growing number of employees. Recruitment will be an ongoing activity throughout the year, to ensure we provide the talent required by the different business units as we expand our business operations.

We will continue to promote ethical work practices and diversity in our work force, in line with our core values, as we build more relationships, more trust and more success in 2021.

TITAN TRUST BANK

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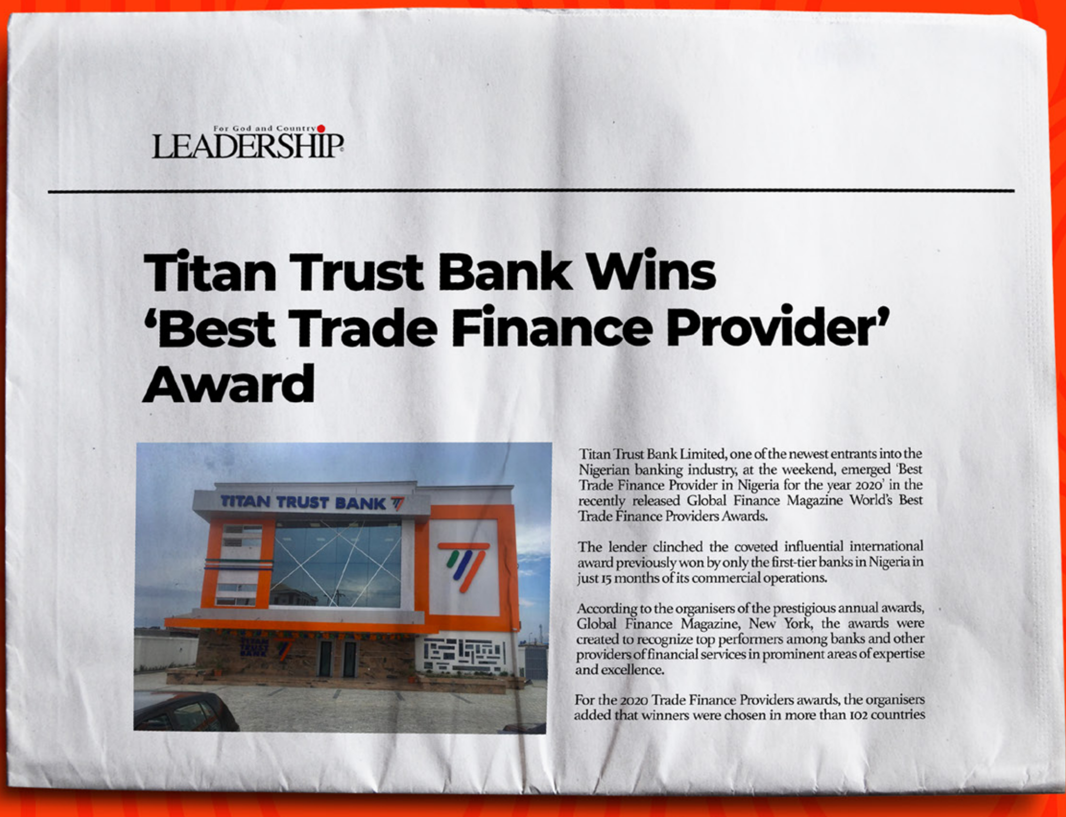
Titan Trust Bank Wins 'Best Trade Finance Provider' Award


For God and Country
LEADERSHIP

Titan Trust Bank Wins 'Best Trade Finance Provider' Award

Titan Trust Bank Limited, one of the newest entrants into the Nigerian banking industry, at the weekend, emerged 'Best Trade Finance Provider in Nigeria for the year 2020' in the recently released Global Finance Magazine World's Best Trade Finance Providers Awards.

The lender clinched the coveted influential international award previously won by only the first-tier banks in Nigeria in just 15 months of its commercial operations.

According to the organisers of the prestigious annual awards, Global Finance Magazine, New York, the awards were created to recognize top performers among banks and other providers of financial services in prominent areas of expertise and excellence.

For the 2020 Trade Finance Providers awards, the organisers added that winners were chosen in more than 102 countries

ANNUAL REPORT BY DEPARTMENT

Information Technology (IT)

Technology continues to play a major role in supporting Titan Trust Bank's digitization drive, business automation, process automation, growth strategy, service offerings and overall success.

IT provides the competitive differentiation in our business capabilities by using innovative technological tools, digitized processes, and the best talent in a risk-controlled environment.

Leveraging these advancements in response to the competitive landscape, Titan Trust Bank remains at the fore front of driving innovative financial solutions across our entire business lines and customer base. All these factors in addition to our automated business processes have laid the foundation of our enhanced customer experience, optimal prices, streamlined processes and the overall performance of the Bank.

In alignment with our strategic vision, the bank is focused on delivering digital business solutions, forging FinTech partnerships, digitizing business and operational processes that will position Titan Trust Bank to be Africa's most trusted financial institution. The faultless execution of our digital strategy has seen the introduction of several FinTech partnerships with our innovative solutions.

KEY MILESTONES DURING THE YEAR.

- We implemented a secure, robust, and efficient Internet Banking platform that enables our clients to access and transact on their accounts 24 hours a day, 7 days a week.
- The internet banking platform is especially valuable to the bank's corporate customers who can initiate, approve, execute transfers and setup approving officers from the comfort of their offices and homes.
- The platform also allows seamless salary (Single and Bulk) payments, among others.
- We commenced integration with FinTech companies via our robust and efficient Enterprise Service Bus (ESB)
- Digitization of critical Business operational processes (Corporate search process, Online update of Know Your Customer (KYC) details and Customer Information etc.)
- Onboarded onto the revenue collection platforms which enables us to receive collection payments.

LOOKING AHEAD INTO 2021

The Bank's technology team will continuously adopt tools that will enhance our productivity, ensure seamless partnership with Fintech's, ensure faster speed to market, and deliver compelling digital solutions to all sectors and markets that we serve.

We will also focus on the continuous automation of our business and operational processes.

Let's help your child/ward cultivate a savings habit with the **TITAN Junior Student Account**

- ✔ Easy account opening and seamless transactions
- ✔ Ability to monitor account through alerts on all funds received
- ✔ Free ATM card delivery to your doorstep anywhere in Nigeria

TITAN TRUST BANK

TRUST TITAN.
TRUST THE FUTURE®

Corporate Governance

Director's Report

In accordance with Section 377 of the Companies and Allied Matters Act, 2020 (" CAMA"), the Directors present their report (the "Report") on the affairs of Titan Trust Bank Limited ("the Bank"), together with the audited financial statements and auditor's report for the year ended 31 December 2020.

The Bank recognizes that it is subject to the Nigerian Code of Corporate Governance 2018 (the "Code") and has taken steps to ensure that its corporate governance systems and processes, having regard to its current size and age, reflect the standards of the Code as well as international best practice in order to retain the confidence of its stakeholders.

a. Legal form

Titan Trust Bank Limited was incorporated in Nigeria as a private limited liability company on December 12, 2018 and commenced operations on October 4, 2019 after being issued its national commercial banking licence by the Central Bank of Nigeria in April 2019.

b. Principal activity and business review

The Bank aims to serve retail, SME and corporate customers whilst providing value-oriented, technology-driven and customer-centric services in an efficient yet seamless manner. The operational activities of the Bank are undertaken from the Bank's headquarters in Lagos State, the commercial hub of Nigeria.

c. Operating results

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

For the period ended 31 December
In thousands of naira

	31 December 2020	31 December 2019
Gross earnings	8,558,250	2,527,387
Profit before income tax	2,930,768	600,143
Income tax	(29,165)	44,500
Profit for the period	2,901,603	644,643

d. Directors and their interests

In accordance with Section 275 of CAMA, Directors' (direct and indirect) interests in the issued share capital of the Bank are recorded in the Register of Members as at 31st December 2020 and are contained in the Report.

	Direct Shareholding Number of ordinary shares held 31 December 2020	*Direct Shareholding Number of ordinary shares held 31 December 2019*
Mr. Babatunde Lemo (Chairman)	529,970	500,000
Mr. Mudassir Amray (Managing Director)	-	-
Dr. (Mrs.) Adaeze Udensi	-	-
Mr. Andrew Chukwudi Ojei	529,970	500,000
Alhaji Abubakar Muhammed	-	-
Alhaji Aminu Bashari	-	-
Mr. Mackombo Omoile**	-	

*** Appointed member of the Board of Directors on February 5, 2020.*

e. Directors' interest in contracts

For the purpose of sections 301, 302 and 303 of the Companies and Allied Matters Act of Nigeria (CAMA 2020), none of the directors had direct or indirect interests in contracts with the Bank during the period.

f. Property and equipment

Information relating to changes in property and equipment is provided in Note 20 to the financial statements. In the opinion of the Directors, the fair value of the Bank's property, plant and equipment is not less than the value shown in the financial statements.

g. Shareholding analysis

The shareholding pattern of the Bank as at 31 December 2020 is as stated below:

in thousands of shares — *31 December 2020*

Share Range	No of Shareholders	Percentage (%) of Shareholders	No, of Holdings	Percentage (%) of Holdings
1 - 1,000,000	2	33.33	1,060,000	1.82
1,000,001 - 10,000,000	2	33.33	7,419,600	12.70
10,000,001 - 30,000,000	2	33.34	49,930,400	85.48
TOTAL	**6**	**100.00**	**58,410,000**	**100.00**

in thousands of shares — *31 December 2019*

Share Range	No of Shareholders	Percentage (%) of Shareholders	No, of Holdings	Percentage (%) of Holdings
1 - 1,000,000	2	33.33	1,060,000	1.82
1,000,001 - 10,000,000	2	33.33	7,419,600	12.70
10,000,001 - 30,000,000	2	33.34	49,930,400	85.48
TOTAL	**6**	**100.00**	**58,410,000**	**100.00**

h. Substantial interest in shares

According to the register of members as at 31 December 2020, no shareholder held more than 5% of the issued share capital of the Bank except the following:

in thousands of shares		*31 December 2020*		*31 December 2019*
Shareholder	No, of Holdings	Percentage (%) of Holdings	No, of Holdings	Percentage (%) of Holdings
Aminu Yaro	5,299,700	9.07	5,299,700	9.07
Luxis Int'l DMCC	28,090,400	48.09	28,090,400	48.09
Magna Int'l DMCC	21,840,000	37.39	21,840,000	37.39

i. Charitable contributions

The Bank made contributions to one charitable organization amounting to N50.250 million during the year. The schedule of charitable donations is shown below:

in thousands of naira	*31 December 2020*	*31 December 2019*
COVID 19 Relief Funds	50,000	-
Tunde Lemo Foundation	250	1,000
	50,250	1,000

j. Events after the reporting period

There are no events after the reporting date which could have a material effect on the financial position of the Bank as at 31 December 2020 which have not been adequately provided for or disclosed in these financial statements.

k. Human Resources

Employment of disabled persons
The Bank continues to maintain its policy of non-discrimination in recruitment and selection when considering applications for employment, including those received from physically challenged persons. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

In the event of any employee becoming disabled in the line of duty through industrial accident, the Bank ensures continuity of employment by arranging suitable training for such employees who are subsequently redeployed to jobs compatible with their capability. Presently, the Bank does not have any physically challenged persons on its payroll.

Analysis of staff strength by gender

Description	Number	% of Total Staff	Number	% of Total Staff
Female	41	37	15	25
Male	69	63	44	75
Total	**110**	**100**	**59**	**100**

Analysis of top management positions by gender as at 31 December 2020

Grade	Female	Male	Total
General Manager	-	-	-
Deputy General Manager	1	-	1
Assistant General Manager	-	2	2
Total	1	2	3
Percentage (%)	**33**	**67**	**100**

Analysis of top management positions by gender as at 31 December 2019

Grade	Female	Male	Total
General Manager	-	-	-
Deputy General Manager	1	-	1
Assistant General Manager	-	2	2
Total	1	2	3
Percentage (%)	**33**	**67**	**100**

Analysis of executive and non executive Directors by gender as at 31 December 2020

Grade	Female	Male	Total
Executive Director	1	-	1
Managing Director	-	1	1
Non Executive Director	-	3	3
Independent Non-Executive Director	-	2	2
Total	1	6	7
Percentage (%)	**14**	**86**	**100**

Analysis of executive and non executive Directors by gender as at 31 December 2019

Grade	Female	Male	Total
Executive Director	1	-	1
Managing Director	-	1	1
Non Executive Director	-	3	3
Independent Non-Executive Director	-	1	1
Total	1	5	6
Percentage (%)	**17**	**83**	**100**

l. Health, safety and welfare at work

The Bank gives priority attention to health, safety and welfare of its employees and hence maintains business premises designed to ensure the health and safety of its employees and customers alike. This has been achieved by adequately insuring employees against occupational hazards. Fire prevention and Fire-fighting equipment are installed in strategic locations within the Bank's premises. All fire protection equipment are periodically maintained to ensure they are always fit for purpose in the event of an emergency situation while relevant personnel are continuously trained in the safe operation of these equipment.

The Bank encourages healthy living and mental wellness through periodic employee wellness programs, it also operates a contributory Pension Scheme and provides a comprehensive Health Insurance Plan for its employees and their dependents.

m. Employee involvement and training

The Bank is committed to providing employees information regarding issues that affect the Bank's performance and plans as well as seeking their views, where practicable, on matters that affect their interests. The Bank places a high premium on the development of its manpower. Consequently, the Bank ensures that employees undergo on-the-job training to improve their efficiency and productivity levels. In addition, the Bank is poised to sponsor its employees for various training courses, both locally and overseas

n. Complaints

	Number 31 December 2020	Amount Claimed 31 December 2020 N'000	Amount Refunded 31 December 2020 N'000
Received complaints	1,179	8,647	6,346
Resolved complaints	(1,179)	(8,647)	(6,346)
Unresolved complaints pending end of the period	-	-	-

	Number 31 December 2019	Amount Claimed 31 December 2019 N'000	Amount Refunded 31 December 2019 N'000
Received complaints	6	-	-
Resolved complaints	(6)	-	-
Unresolved complaints pending end of the period	-	-	-

o. Number of cards issued and transaction history

Card Type	Number of cards 31 December 2020	Number of cards 31 December 2019
Master Debit Cards	825	214
Verve Cards	3,024	214
Volume of transactions	39,272	324
Value of transactions (N)	278,541,558	1,087,459

p. Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate rules on their tenure in office have indicated their willingness to continue in office. In accordance with section 401 (2) of the Companies and Allied Matters Act 2020 (CAMA 2020), therefore, the auditor will be re-appointed at the next annual general meeting of the company without any resolution being passed.

BY ORDER OF THE BOARD

Ekene Louis Samuel
Company Secretary/ Head, Legal
FRC/2020/002/00000022153
Plot 1680 Sanusi Fafunwa Street,
Victoria Island, Lagos
26 February 2021

Corporate Governance Report

INTRODUCTION

Corporate Governance is essential for ensuring accountability, fairness and transparency in a company's relationship with all its stakeholders. Titan Trust Bank Limited (the "Bank") maintains and complies with relevant and applicable corporate governance standards. The Bank undertakes frequent internal assessment of its compliance with the applicable laws, corporate governance codes, rules and regulations and submits periodic compliance reports to the Central Bank of Nigeria ("CBN"), its primary regulator, and the Nigeria Deposit Insurance Corporation ("NDIC"). The Board of Directors of the Bank (the "Board") is committed to ensuring sustainable long-term success for the Bank and is mindful that best corporate governance practices are essential for ensuring accountability, fairness and transparency. The Bank also aims to promote and sustain good relationship with all stakeholders.

The applicable corporate governance codes and rules govern a wide range of issues, including but not limited to Board and Management, Shareholders, Rights of other Stakeholders, Disclosure Requirements, Risk Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Ethics and Professionalism, Conflict of Interest, Sustainability, Whistle-blowing, Code of Ethics, Complaints Management Processes and the Role of Auditors. These, in addition to the Bank's Memorandum and Articles of Association, Board, Board Committees and Management Committee Charters, collectively constitute the bedrock of the Bank's corporate governance framework. The Bank's governance structure is hinged on its internal governance framework, which is executed through the following principal organs:

(a) The Board;
(b) Board Committees;
(c) General Meetings;
(d) Management Committees;

THE BOARD

Board Size, Structure and Responsibilities

Whilst the Bank's operations are regulated by the CBN, it also complies with the provisions of the National Code of Corporate Governance, 2018 (as required) (the "NCCG"). The Bank has complied with the provisions of the NCCG. Total Board size during the year ended 31 December 2020 was seven (7), comprising two (2) Executive Directors, including the Managing Director/CEO, and five (5) Non-Executive Directors.

The profiles of the members of the Board are as follows:

Mr. Babatunde Lemo

Chairman

Babatunde Lemo has a First Class Honours degree in Accountancy from University of Nigeria, Nsukka. He also attended an Advanced Management Programme (AMP) at the Wharton College, the University of Pennsylvania, USA as well as executive training programmes at Harvard University, INSEAD (Fontainebleau, France) and Brandeis University in Boston. Babatunde is a fellow of the Institute of Chartered Accountants of Nigeria, Fellow Institute of Directors, as well as a fellow of the Chartered Institute of Bankers of Nigeria. He has over 36 years of significant leadership and top management experience in the public and private sector. He served at the CBN as the Deputy Governor in charge of Operations and Deputy Governor in charge of Financial Systems Surveillance.

Whilst at the CBN, his contribution to public policy in the financial sector included modernization of the Nigerian payment system, rapid deployment of the electronic banking system, the implementation of the Banking Sector Consolidation, formulation, implementation and supervisory framework of the Microfinance policy—all under the supervision of the CBN Governor. He also led the restructuring of the Abuja Security and Commodities Exchange and Nigeria Export Bank (NEXIM) as chairman of both institutions.

As Managing Director and Chief Executive Officer of Wema Bank Plc from 2000 to 2003, Mr. Lemo championed the transformation which led to a superlative performance that made the bank rank as one of the ten most profitable banks in Nigeria in 2003.

He currently chairs the Boards of Federal Road Maintenance Agency (FERMA), Flutterwave Nigeria Ltd and Lambeth Capital Ltd. He is is a holder of a national honor of Officer of the Federal Republic of Nigeria (OFR) .

Mr. Mudassir Amray

Managing Director / Chief Executive Officer

Mudassir is a seasoned banker with well-rounded exposure of over 25 years in senior management roles with proven track record of adaptability in six geographies (USA, Nigeria, Malaysia, Hong Kong, Singapore and Pakistan)

Before moving to Titan Trust Bank, Mudassir was with Citibank New York. Throughout his career, Mudassir held various senior positions at Citibank and other foreign & local banks, including:

- Managing Director / Head of Global Capital Management & Senior Credit Officer for LATAM region, Citibank New York.
- Managing Director / Group Head of Global Corporate & Investment Banking & Senior Credit Officer for Citibank Nigeria and Ghana
- Head of Wholesale Banking at Al-Rajhi Bank in Malaysia
- Director, Global Network Capital Management at Citibank in Hong Kong
- Head of Islamic Banking for Asia Pacific region at Citibank in Singapore
- Director / Country Business Head & Senior Credit Officer at Citibank in Pakistan
- Regional Manager & Country Head Structured Finance for Bank Alfalah in Pakistan
- Corporate Bank Head at United Bank Limited in Pakistan

Mudassir has strong focus on governance and processes and has a balanced approach towards risk and business. He exhibits courage in taking tough decisions and had developed and adopted smart business strategies in different environments.

Dr. (Mrs.) Adaeze Udensi

Executive Director

Dr. Mrs. Adaeze Udensi, is currently the Executive Director (Business, Operations, IT and Services) and Executive Compliance Officer of Titan Trust Bank Limited. Prior to joining Titan Trust Bank in January 2019, she was in Heritage Bank Plc as Executive Director in charge of the South Region and Executive Compliance Officer. Up until January 2018, she was in charge of Retail, SME, E-Business, Collections and Private Banking across the entire 160 branches following a recent restructuring to position the Bank to aggressively pursue a sustainable growth agenda. Prior to July 2016, she oversaw South Bank Directorate which covers all the branches of the bank in the South-South and South-East of Nigeria. Her distinguished banking career spans over 23 years, 16 of which were spent at Zenith Bank Plc where she rose to the level of General Manager/Group Zonal Head overseeing Public Sector/Commercial Banking and Oil & Gas businesses in the Rivers/Bayelsa Zone.

She graduated with a second-class upper division honours B.Sc. degree in Banking & Finance and an MBA in Business Administration from Rivers State University of Science and Technology. She has attended several Executive Management Programmes both locally and internationally notably Wharton Business School, Pennsylvania, Kellogg School of Management, Illinois, Harvard Business School, Boston and INSEAD Fontainebleau, France. Admitted to the degree of Master of Business Administration (MBA) in Chartered Banker with Merit by Bangor University in December 2017. She was also admitted as Doctor of Philosophy in Credit Management from International University, Panama in August 2019. Holds Certified Credit and Financial Examiner (CCFE) from London Postgraduate Credit Management College, UK. Holds Certified Credit and Financial Analysis Professional (CCFAP) with Upper Credit from Postgraduate School of Credit and Financial Management, Lagos.

She possesses strong skills and deep knowledge of the market and business fundamentals relevant to the financial services industry and a top-notch award-winning professional experience which spans across Retail, Commercial, E-Business, Private Wealth Management, Credit & Marketing, Turn-around Management and Business Development. Her contributions to the business and financial services has earned her numerous awards some of which include: Member, Chartered Institute of Bankers, Scotland (MCIBS, Chartered Banker). Fellow, Institute of Credit Administration of Nigeria (FCIA). Honourary Senior Member, The Chartered Institute of Bankers of Nigeria. Member (ACIB), The Institute of Directors of Nigeria (Member IoD). Emerged as "Credit Director of the Year" in 2016 – an award from the Institute of Credit Administration of Nigeria. Patron, Garden City Advancement Award (Rivers@50) and awarded "Role Model for the Female Child" in 2017.

She is married with children.

Mr. Andrew Chukwudi Ojei

Non – Executive Director

Mr Andy Ojei is a Fellow of The Institute of Chartered Accountants of Nigeria as well as a Fellow and Council Member of The Institute of Credit Administration of Nigeria and has over 28 years of experience in the financial sector. Mr. Ojei was an Executive Director of Zenith Bank Plc (until 2013) in charge of Enterprise Risk Management. Prior to this, he set up the first offshore subsidiary for Zenith Bank in Ghana as Managing Director (winning bank of the year in 2008). In addition, he pioneered the establishment of the bank's branches in Ibadan and Abuja. He holds a bachelor's degree in accounting from the University of Lagos and an MBA from the Enugu State University of Science and Technology. Mr. Ojei has also attended courses at Wharton Philadelphia and San Francisco, Harvard Business School, Lagos Business School, Euromoney in London, and Advanced Management Program at INSEAD, France. Mr. Ojei is a seasoned businessman with interests in Real Estate and Information Technology. He served as a Council Member of Ritman University, Ikot Ekpene, Akwa Ibom State, Nigeria from 2015 to 2019.

Alh. Abubakar Mohammed

Independent Non-Executive Director

Alhaji Mohammed is a seasoned entrepreneur with over 30 years' experience managing and leading businesses across the country. He is the Managing Director of Syndicated Investment limited, a construction firm. He has held this post for over 33 years. He has also been the Chairman/CEO of GB-Impex limited, a security, contracting and trading company, since 1993.

Alh. Aminu Bashari

Non-Executive Director

Alhaji Bashari Aminu (Iyan Zazzau), is the Chairman of the Board of Directors of Vital Products Limited. He is a Fellow of the Institute of Financial Accountants (UK) and a Fellow of the Certified National Accountant of Nigeria (CNA). He is a senior title holder in the Emirate of Zazzau and was a Senior District Head of Sabon-Gari, Zaria in Kaduna State from 1979 to 2018.

He is currently on the board of several companies.

Mr. Mackombo Chukwudi Omoile

Independent Non -Executive Director

Mackombo Omoile founded Architekon, LLC. a U.S.A. based company in 2003. Architekon, LLC. is a design/building, construction management and real estate development company. In 2016, he founded Architekon Energy Group, LLC. as a renewable energy development company in Maryland, USA. Mackombo has over twenty-five years' experience working on public and private projects in various capacities - design, construction, and community development. Mackombo in 2004 co-developed Collington Square, Baltimore City, a 7 million USD, 84 units, 4 story apartments for rental under the Federal Government Housing and Urban Development Tax Credit and Gap funding programs.

He also worked on other Public funded projects like the 2.5 million USD, Justice Place townhouses in Penn North, Baltimore City and served as project administrator for the development of The Casade, a 74 unit 4 story senior apartment complex in Cumberland, Maryland. In 2009, following his return to Nigeria, Mackombo founded Architekon Nigeria Limited and has since been studying the real estate development market in Nigeria with keen interest. His notable projects in Nigeria include the Okija house in Anambra State, completed in 2009; the Water processing plant in Magboro, Ogun State, completed in 2010; the Dumies filling station along Lagos-Ibadan Expressway, Magboro, Ogun State. Mr. Omoile earned his Master of Science degree in Real Estate Development (Finance Due-diligence and real estate portfolios) from Columbia University, in New York, Master of Architecture in History, Design and Theory from University of Houston, Houston, Texas and a Bachelor of Architecture from University of Houston, Houston, Texas

Training and Evaluation:

In order to further develop the skill level of the Board, members attend courses and training programmes suited to enhancing their functions. If the situation necessitates it, the Directors are entitled to seek independent professional advice on matters for which they require clarification. Titan Trust Bank has always placed emphasis on the performance of the Board as well as on the performance of individual members in relation to their contributions to the Board and the Bank.

Functions of the Board:

The Board meets regularly (at least once every quarter) to perform its stewardship and oversight functions, primary among which are:

- Review of the Bank's goals as well as the strategy for achieving these goals.
- Evaluation of present and future strengths, weaknesses and opportunities of the Bank. Comparisons with competitors, locally and internationally, and best practice.
- Review and approval of the Bank's financial objectives, plans and actions and significant allocation and expenditure.
- Approval of the annual budget;
- Approval of the annual and half-yearly financial statements, annual report and reports to shareholders.
- Consideration and where appropriate, declaration or recommendation of the payment of dividends.
- Reviewing the Bank's audit requirements.
- Reviewing the performance of, necessity for, and composition of Board Committees.
- Approval of the remuneration of the Chairman, Non-Executive Directors and Management.
- Reviewing risk management policies and controls, including compliance with legal and regulatory requirements.
- Reviewing the Bank's code of conduct and ethical standards.
- Reviewing shareholder and client relationships.

The Board also performs certain of its functions through Board Committees and Management Committees. The delegation of these functions does not in any way derogate from the discharge by members of their duties and responsibilities.

BOARD COMMITTEES

The Board Governance, Nomination and Renumeration Committee

The Board Governance, Nomination and Renumeration Committee is made up of four (4) Non-Executive Directors. This Committee is responsible for the overall governance, nomination and renumeration responsibility of the Bank. This committee's terms of reference are as follows:

- Review and continuously assess the size and composition of the Board and Board Committees, and recommend the appropriate Board structure and size, age, skills, competencies, composition, knowledge, experience and background of the directors in line with the needs of the Bank and diversity required to fully discharge the Board's duties;
- Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;
- Recommendation of membership criteria for the Board, Board Committee.

- Identification at the request of the Board of specific individuals for nomination to the Bank and making of recommendations on the appointment and election of New Directors (including the MD/CEO) to the Board, in line with the Bank's approved Director selection criteria;

- Review the effectiveness of the process for the selection and removal of Directors and making recommendations where appropriate;

- Make recommendations to the Board annually with respect to the compensation and benefits for the executive directors;

- Undertake the annual assessment of the independent status of each Independent Directors;

- Review and recommend for Board ratification, all terminal compensation arrangements for Directors and senior management.

- Recommendation of appropriate compensation for Non-Executive Directors for Board and Annual General Meeting consideration;

- Assessing the Bank's financial and non-financial goals versus actual performance, evaluate the CEO in light of his performance, and recommend for approval of the independent members of the Board the CEO's compensation level based on this evaluation;

- Ensuring that there is an approved training policy for Directors, and monitoring of compliance with the policy;

- Review and make recommendations on the Bank's succession plan for the Chairman of the Board, Directors, Managing Director/ Chief Executive Officer and all other Executive Directors and Non-Executive Directors and other senior management staff to ensure leadership and continuity. The Succession planning is reviewed periodically with provision made for succession in emergency situations as well as long-term vacancies;

- Regular monitoring of compliance with Bank's code of ethics and business conduct for Directors and staff;

- Review of the Bank's organization structure and to make recommendations to the Board for approval;

- Ensure annual review or appraisal of the performance of the Board and its committees is conducted. The review/appraisal cover all aspects of the Board's structure, composition, responsibilities, individual competencies, Board operations, Board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship towards shareholders;

- Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistleblowing policies among others;

The Board Finance and General Purpose Committee:

The Board Finance & General Purpose Committee has oversight responsibility for issues relating to the Bank's budgetary process, procurements and strategic planning. The Committee considers large scale procurement by the Bank, as well as matters relating to staff welfare, discipline, staff remuneration and promotion. The Committee is made up of five (5) members: three (3) non-Executive Directors and two (2) Executive Directors. It is chaired by a non-executive Director. This committee's terms of reference are as follows:

Human Resources related:

- to set and review the KPIs for the executive directors;

- to review and make recommendation on all staff policy related matters.

- to review and advise on major organizational changes and significant new human resources policies/programs or material changes to existing human resource policies and programs;

- to review and monitor, on at least an annual basis, compensation and benefit programs and make recommendations thereon to the Board.

- to periodically review the Bank's human resources policies and make recommendations thereunto the Board;

- to review and monitor the overall employment environment and consider any other human resource issues as it considers appropriate or as may be referred to it by the Board.

Finance related:

- to review and recommend for approval the annual business plan of the bank with respect to profitability, liquidity and capital expenditure in order to assess the achievability of the Bank's strategic, operational and merchandizing initiatives;

- to review the profit, cash flow and capital expenditure forecasts as they are updated and analyzed throughout the fiscal year;

- to review and make recommendations to the Board on the Bank's dividend policy, if any; and

- to annually evaluate the committee's performance as compared to the requirements of this Charter,

- to review and make recommendations on branch expansion and/or closures to the Board.

- to discharge any other duties or responsibilities delegated to the Committee by the Board.

The Board Credit Committee:

The primary function of this Committee is to consider all matters pertaining to the granting of credits by the Bank in accordance with approved policies and approval of credits in excess of the limits delegated to the Management Credit Committee, significant revisions to credit policies, and establish portfolio distribution guidelines in conformity with government regulations. The Committee is made up of five (5) members: three (3) non-Executive Directors and two (2) Executive Directors. It is chaired by a non-executive Director. The committee's terms of reference are as follows:

- Reviewing the strategies of the Bank to develop and achieve the credit and lending goals of the Bank, and make appropriate recommendation to the Board;

- Ensure that the Bank is in compliance with the minimum capital adequacy ratio as may be specified by the Central Bank of Nigeria from time to time;

- Reviewing the Bank's Credit Policy which is established to ensure the credit quality of the Bank and the Bank's loan portfolio and maintain profitability. The Committee's review also takes into account, changes in applicable laws or regulations as well as changing economic and/ or banking conditions. The Committee also makes recommendations appropriately to the Board for final approval;

- Considering all Credits which are in excess of the limits delegated from time to time by the Board of Directors to the Management Credit Committee (MCC) and recommending same to the Board for approval;

- Considering in line with necessary laws and regulations, all insider-related credit applications, including those of Directors and top Management staff and related parties, irrespective of the size and recommending same to the Board for approval;

- Monitoring loan quality through the review of quarterly reports on 'criticized' facilities and potential loss forecasts;

- Approving write-off of facilities, or part thereof, and recommending requests for write-offs above its limit to the Board for approval;

- Reviewing the Bank's compliance with regulatory requirements and internal policies applicable to Credit, including any legal and inhouse lending limit restrictions and insider loan transactions;

- Working with Management to ensure the timely identification and management of problem credits; overseeing Management's administration of the Bank's credit risk portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality, and receiving and reviewing its reports thereon;

- Reviewing fully-provisioned loans and loan recovery efforts from time to time;

- Approving credit guidelines for strategic plans and projects;

- Ensuring the adequacy of the Bank's internal control procedures with respect to risk assets to safeguard their quality;

- Notifying all Director-related loans to the Board;

- Reviewing the Asset and Liability Management of the Bank;

The Board Audit, Risk and Compliance Committee:

The Committee functions as a Standing Committee of the Board with responsibility for internal control over financial reporting, including internal and external audit. This committee also has oversight responsibility for the overall risk assessment of various areas of the Bank's operations and compliance. The Committee is made up of three Non-Executive Directors.

The committee's terms of reference include;

- To receive, as and when appropriate from the Bank's audit staff, the reports of the inspection/ audit reviews and assessments.

- To review the reports of financial services regulatory examinations relating to the Bank as applicable.

- To obtain from management on an annual basis, reasonable assurance that the policies and controls designed to maintain compliance with those laws and regulations applicable to the Bank's various business activities are being adhered to.

- To review disclosure regarding risks contained in the Bank's Annual Report and Quarterly Reports.

- To align the Bank's risk/ returns profile as well as recommend improvement options to the Board of Directors.

- Review the Bank's capital management options and strategies.

- Monitor the Bank's compliance with set out risk parameters and other risk related regulatory requirements.

- Maintain oversight of the integrity of the Bank's financial and non-financial reporting.

- To preserve and oversee the independence of the external auditors by setting clear hiring polices for employees or former employees of external auditors.

- To review the independence of the external auditor and ensure that where non audit services are provided by the external auditors, there is no conflict of interest;

- To recommend the appointment, retention, compensation and oversight of external auditors' work.

- To recommend the appointment and removal of the Head of Internal Audit. In recommending the Head of Internal Audit, the Committee must take cognisance of the qualification and experience required of a Head of Internal Audit as provided by CBN's Competency Framework for the Banking Industry.

- To assist in the oversight of compliance with legal and other regulatory requirements, assessment of qualifications and independence of the external auditors and performance of the Bank's internal audit function as well as that of the external auditors.

- To review with external auditors, any audit scope limitations or problems encountered and management responses to them.

- Review the bank's code of conduct and ethics and ensure system is in place to enforce code.

- Ensure adequate whistle blowing procedures are in place and that a summary of issues reported are presented to the Board.

- Review and approve the mandate of the compliance function on a periodic basis; Assess the performance, independence and effectiveness of the compliance function;

- Assess the Bank's compliance with legal and regulatory requirements and ensure the Bank's internal policies and procedures (AML/CFT) are in line with the applicable laws and regulations;

- Exercise oversight over management's processes to ascertain the integrity of the Bank's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Bank's internal audit function as well as that of the external auditors.

- Oversee the process for the identification of fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms are in place.

- Ensure the development of a Related Party Transactions policy and monitor its implementation by management. The Committee considers any related party transaction that may arise within the Bank.

- To review and discuss with the management the Bank's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and management with the exception of credit risk policies. Upon review, to recommend to the Board for approval the said guidelines, policies and processes.

- Exercise oversight over the process for the identification and assessment of risks across the Bank and the adequacy of prevention, detection and reporting mechanisms;

- Review and recommend for approval of the Board, at least annually, the Bank's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated, and relevant assets are managed effectively;

- To review and recommend for Board approval the Bank's risk appetite and strategy relating to key risk, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

- To discuss with the Bank's Chief Risk Officer, the Bank's risk assessment and risk management guidelines, policies and processes, as the case may be.

- To receive, as and when appropriate from the Bank's internal audit staff, the results of risk management reviews and assessments.

- To review disclosure regarding risk contained in the Bank's annual Report and half yearly Reports.

- To review reports on selected risks topics as the Committee deems fit from time to time.

- Review the adequacy and effectiveness of risk management and controls in the Bank and monitor the bank's compliance with set out risk parameters and other risk related regulatory requirements.

- To discharge any other duties or responsibilities delegated to the committee by the Board.

GENERAL MEETINGS

The Bank recognizes that its Shareholders are key stakeholders in the enterprise and that General Meetings are the primary avenue for interaction between the Shareholders, Management and the Board. Since Shareholders collectively constitute the highest decision-making organ in the Company, the Bank complies strictly with regulatory requirements and is positioned to convene at least one General Meeting (the Annual General Meeting) in each financial year, to give all Shareholders the opportunity to participate in governance. The meeting will be convened and conducted in a transparent manner. The Board takes a keen interest in its responsibility to ensure that material developments (financial and non-financial) are promptly communicated to Shareholders. The Board is also conscious of regulatory reporting requirements and routinely discloses material information to all stakeholders. To achieve this, the Bank has developed formal structures for information dissemination via direct communication to all interested parties using electronic and print media as well as its website, www.titantrustbank.com. The Bank's Company Secretariat is well equipped to handle enquiries from Shareholders in a timely manner. The Company Secretary also ensures that any concerns expressed by investors, are communicated to Management and the Board as appropriate.

MANAGEMENT COMMITTEES

Executive Committee (EXCO):

The EXCO comprises the Managing Director (MD/CEO) and the Executive Director. EXCO has the MD/CEO as its Chairman. EXCO is charged with overseeing the business of the Bank within agreed financial and other limits set by the Board from time to time. The Committee meets weekly (or such other times as business exigency may require) for the purposes of the following key objectives:

- Ensure implementation of the Bank's business plan and strategy upon approval of same by the Board;
- Review budget presentations for each financial year ahead of presentation to the Board;
- Evaluate the Bank's strategy at quarterly intervals and update the Board on same;
- Review the Bank's budget performance at quarterly intervals and update the Board on same at bi-annual intervals;
- Review the Bank's Quarterly, Half-Yearly and Full Year financial statements ahead of presentation to the Board and the Regulators;
- Review and approve proposals for capital expenditure and acquisitions within its approval limit;
- Make recommendations to the Board on dividend and/or corporate actions for each financial year; and
- Any other matter as the Board may direct.

Management Committee (MANCO):

The Management Committee comprises the senior management of the Bank and has been established to identify, analyze, and make recommendations on risks arising from day to-day activities. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with. Members of the management committee make contributions to the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet weekly and as frequently as the need arises. The primary responsibility of this Committee is to ensure the implementation of the Bank's strategic and business plan as approved by the Board, efficient deployment and management of the Bank's resources.

Assets and Liabilities Committee (ALCO):

The ALCO is responsible for the management of a variety of risks arising from the Bank's business including market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies. The primary functions of this Committee are the creation of a balance sheet structure to allocate sources and utilization of funds in a manner that would improve the Bank's financial performance; maximizing the value of capital overtime whilst controlling risk exposures; and managing the Bank's liquidity with respect to the composition of portfolio of liquid assets, control of cash flow, control of short- term borrowing capacity, monitoring of undrawn commitments, and contingency funding plans.

Management Credit Committee (MCC):

The primary purpose of the Committee is to advise the Board of Directors on its oversight responsibilities in relation to the Bank's credit exposures and lending practices. The Committee also provides guidance on development of the Bank's credit and lending objectives. The Management Credit Committee is responsible for ensuring that the Bank complies with the credit policy guide as established by the Board. The Committee also makes contributions to the Board Credit Committee.

The Committee can approve credit facilities to individual obligors not exceeding in aggregate a sum as pre-determined by the Board from time to time. The Committee is responsible for reviewing and approving extensions of credit, including one-obligor commitments that exceed an amount as may be determined by the Board. The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of performance is carried out. The secretary of the committee is the Head of the Credit Administration Department. The Committee meets weekly or fortnightly depending on the number of credit applications to be considered. Primarily, the Management Credit Committee approves credits in line with the Bank's credit policy. All credits exceeding the approval limit of the MCC are recommended to the Board Credit Committee for approval. The MCC also regularly assesses the Bank's risk asset portfolio to determine the optimum mix; the amount of exposures per customer and related group of customers; and approves the limits of interbank placements. The MCC meets regularly to review watch-listed/non-performing accounts and approve specific provisions to be made on non-performing accounts.

Cost Management Committee:

The Committee periodically reviews the costs/ expenses of the Bank and recommends appropriate cost reduction/control measures; reviews and streamlines the acquisition of capital expenditure and bulk purchases of consumables with a view to reducing cost without compromising quality; and generally, reviews the procurement procedures of the Bank.

The remuneration policy of Titan Trust Bank Limited is designed to establish a framework for defining

Director's Remuneration Policy

and structuring the remuneration of executive and non-executive directors noting the Bank's scope of operations, productivity and performance as well as shareholder value creation. The remuneration policy also takes cognizance of the relevant Codes of Corporate Governance in Nigeria with a view to ensuring adherence to the highest standards of Corporate Governance.

OBJECTIVES OF REMUNERATION POLICY

The primary objectives of the Bank's remuneration policy and practices are to:

- Motivate directors to pursue and promote balance between the short term and long term growth of the Bank while maximising shareholders' return;
- Enable the Bank to attract and retain people of proven ability, experience and skills in the market in which it competes for talent;
- Link rewards to the creation of value for shareholders; ensure an appropriate balance between fixed and variable remuneration while reflecting the short and long term objectives of the Bank.
- Encourage fairness and demonstrate a clear relationship between remuneration and performance based on set targets on individual and corporate performance;
- Encourage behaviour consistent with Titan Trust Bank's values, principles and Code of Business Conduct. This will lead to an appropriate balance in performance, governance, controls, risk management, customer service, people management, brand and reputation management;
- Ensure that remuneration arrangements are equitable, transparent, well communicated and easily understood, aligned with the interest of shareholders and adequately disclosed;
- Limit severance payments on termination to pre-approved contractual arrangements which does not commit the Bank to paying for non performance; and
- Comply with the relevant legal and regulatory requirements.
- The system established to remunerate executive directors places a premium on their executive duties. It applies remuneration guide used by listed companies as well as best practice to pay their senior staff.
- The remuneration policy for executive directors considers various elements, including the following:
- Fixed remuneration, taking into account the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts in banks of equivalent status both within and outside Nigeria.
- Variable annual remuneration linked to the Bank's financial results. The amount of this remuneration is subject to achieving specific quantifiable targets, aligned directly with

shareholders' interests.

The structure of executive-directors' remuneration is in line with the general policy for senior-management remuneration. The contracts signed with each director determine their respective remunerations and entitlements.

Composition of Remuneration Committee:

The remuneration packages of the Managing Director (MD) and the Executive Director are determined by the Board Governance, nomination and renumeration and are subject to the Board's approval. The compensation of the MD and the Executive Director shall include incentive schemes to encourage continued improvement in performance against the criteria set and agreed by the Board. The Governance, Nomination and Remuneration Committee sets operational targets consisting of a number of key performance indicators (KPIs) covering both financial and non-financial measures of performance for the executives at the beginning of each year.

Typical KPIs and assessment criteria include: Achieving pre-determined growth in the Bank's turnover, profit after tax, return on asset etc; Meeting strategic and operational objectives; and Assessment of personal effort and contribution Remuneration of the MD and the Executive Director consist of both fixed and variable remuneration components. The components of remuneration for Executive Director comprise base salary (a fixed sum payable monthly which is reviewed annually), benefits (including car allowances, medical allowance, etc.), an annual bonus, long term incentives and pension contributions.

The performance of the executive director is measured against these criteria at the end of the financial year and their evaluation result is used to determine the variable element of their remuneration.

Complaint Management Policy & Procedures

1. BACKGROUND

Titan Trust Bank is committed to delivering exceptional customer service to its customers at every touch point. To ensure this, the Bank has put in place a Customer Charter to serve as a reminder of this commitment to our customers.

The purpose of this document is to ensure all activities are performed in line with the bank's service guidelines and create exceptional service regardless of the channel. This document describes the procedure for escalating and managing customer complaints arising from a service failure in a fair and transparent manner.

It also includes the responsibilities of all involved in the resolution process. The Compliant Management Procedure (CMP) will be supported by an automated Customer Complaint Management System (CCMS) which is a web-based application deployed bank wide.

For complaints not resolved to the customers satisfaction, this will be escalated to Internal Audit for resolution. The policies and procedures required for this system's use are as detailed below;

2. POLICIES AND PROCEDURES

a. Complaints from customers can be received through any of the following means:

- Telephone(Contact Centre numbers – 0700 020 0200, 01-2265129, 01-2265100, or any of the Bank's telephone numbers).
- The contact E-mail box (contactcentre@titantrustbank.com) / any other mailbox in the Bank).
- The Customer Complaint form (paper-based form to be picked up in the banking hall).
- Surface mail [addressed to the Customer Relations Unit (CRU), a branch/ unit within the bank or any staff].
- Face-to-face interaction (verbally).

b. The complaint must be logged into the Customer Complaint Management System (CCMS) by the staff that received the complaint. The staff must also ensure that the contact details of the customer are included to enable direct communication with the customer upon resolution of the complaint by the resolver also known as case owner. The application shall auto-assign the complaint based on category & issue types to the respective case owners (Resolving Unit) factoring the SLA for that complaint type.

c. CCMS shall automatically forward a notification to the customer stating that the complaint has been received and will be resolved within the CBN stipulated SLA. The case reference number and other complaint details shall be included in the notification.

d. The staff responsible for the complaint (Resolver/Case Owner) shall attend to the complaint and resolve it in line with the

Service Level Agreements (SLA) defined by CBN for the complaint category and issue. Detailed update actions shall also be entered into the CCMS until resolution is complete. A case owner is also responsible for ensuring that detailed resolution actions are entered into a case before case closure.

e. All complaints shall be resolved within the specified timeline (based on the SLA of the unit) from date of receipt. Complaints not resolved within stipulated timelines shall be duly escalated based on the SLA. For complaints that cannot be resolved within SLA, the first update will be sent within the first 2 working days and subsequently every 3 working days until resolved. However, complaints with immediate resolution/first contact resolution (FCR) shall be communicated to the customer same day of receipt, and logged as resolved on the CCMS.

f. On satisfactory resolution of a complaint, the Resolver/Case Owner shall provide comprehensive resolution details which shall also include possible root causes of the complaint as well as attach supporting documents to back up the decision or action taken and then close the case. (An email notification shall be forwarded to the CRU to show that the case has been resolved).

g. The Customer Service Unit (CSU) shall monitor the complaint resolution process via the CCMS. All complaints shall be reviewed by the contact centre upon successful resolution of the complaints by the Resolver/Case Owner. Customer Relationship Unit (CRU) staff shall notify the customer on the same day if received before close of business.

3. UNRESOLVED COMPLAINTS

1. Complaints not resolved to the customers' satisfaction are referred to Internal Audit, who shall designate the task to any other officer in the unit. Customers are expected to send feedback to the Contact centre not later than 14 days after receipt of resolution status.

2. Internal audit shall only accept complaints via email – telephone – 234-1-2265129 or a formal letter of complaint addressed to the bank.

3. Internal audit shall make rulings within the shortest possible time after the complaint has been received. Feedback on decisions taken shall be forwarded to the customer and Contact centre.

4. REWARD AND PENALTY SCHEME FOR LOGGING OF COMPLAINTS

The Reward and Penalty Scheme for CCMS is designed to encourage staff to log complaints and also to boost staff confidence in the Bank's Complaint Management process. This will in turn increase customer satisfaction and loyalty.

i Categories

The following categories exist under the scheme:

- Staff that log the most complaints
- Branches that log the most complaints
- Regions that log the most complaints

ii Reward Structure

A target will be set for every staff/branch and region in any of the categories mentioned above. The targets will be reviewed bi-annually by the Customer Experience Unit. The reward is to be determined and communicated by the Customer Experience Unit.

iii Penalty

Failure to log a complaint - This involves staff/branch's failure to log a complaint. This can be monitored if the duplicate copy of the complaint form (retained by the customer) is returned to the branch by the customer

A caution letter will be sent to the indicted staff and depending on the weight of the complaint and its impact on the business, the Head of Internal Control and Human Resources will determine the sanction to be applied in line with the Bank's disciplinary policy.

Where a branch or region is indicted and depending on the weight of the complaint and its impact on the business, the Head of Internal Control and Human Resources will determine the sanction to be applied in line with the Bank's disciplinary policy.

5 BENEFITS OF CUSTOMER COMPLAINTS MANAGEMENT SYSTEM (CCMS)

i. Enables a fair and transparent treatment of all customer complaints.

ii. Assist the Bank to redesign services with the customer as the focal point.

iii. The Bank will be in a better position to continuously re-assess customer's needs.

iv. The CCMS will highlight where there is a need to change organisational practices to better serve the customer. Staff can be re-trained on service delivery based on number of complaints and resolution of said complaints.

v. The CCMS will enable the tracking of complaints.

Corporate Governance Principles

Titan Trust Bank ensures compliance with the corporate governance principles established by the Code of Corporate Governance for Banks and Discount Houses in Nigeria, issued by the Central Bank of Nigeria (CBN) and the Nigerian Code of Corporate Governance (NCCG) issued by the Financial Reporting Council (FRC). In the quest to adopt best practices in the industry, the Bank established a Corporate Governance Framework which sets out a top-level framework for corporate governance in the Bank, This is revised from time to time to keep it in line with International best practices on good governance, Corporate governance and extant regulations, codes and laws.

Financial Reporting and Accounting

The audit for the period under review was conducted by the firm of KPMG Professional Services which is independent of the Bank. In keeping with the provisions of section 359 subsections (3) & (4) of the Companies and Allied Matters Act, the report of the Auditors is submitted to the Audit Committee which examines the report and makes recommendations to the shareholders at each Annual General Meeting.
Compliance with laws, rules, legislations, regulatory pronouncements, internal policies, best business

ATTENDANCE AT BOARD COMMITTEE MEETINGS

Directors' attendances at meetings are as shown below:

Key: √ Present X Absent

Full Board Meeting:

Name	5 Feb	22 Apr	29 July	5 Nov
Mr. Babatunde Lemo	√	√	√	√
Mr. Mudassir Amray	√	√	√	√
Dr. (Mrs). Adaeze Udensi	√	√	√	√
Alh. Aminu Bashari	x	√	√	√
Mr. Andrew Chukwudi Ojei	√	√	√	√
Alh. Abubakar Mohammed	√	√	√	√
Mr. Mackombo Omoile	x	x	√	√

Board Governance, Nomination & Renumeration Committee:

Name	4 Feb	20 Apr	24 July	2 Nov
Alh. Aminu Bashari	x	√	√	√
Mr. Andrew Chukwudi Ojei	√	√	√	√
Alh. Abubakar Mohammed	√	√	√	√
Mr. Mackombo Omoile**	x	x	√	√

Board Audit, Risk & Compliance Committee:

Name	4 Feb	20 Apr	24 July	2 Nov
Alh. Abubakar Mohammed	√	√	√	√
Alh. Aminu Bashari	x	√	√	√
Mr. Mudassir Amray	√	√	√	√
Mr. Andrew Chukwudi Ojei	√	√	√	√
Dr. (Mrs). Adaeze Udensi	√	√	√	√

Board Finance and General Purpose Committee:

Name	4 Feb	20 Apr	24 July	2 Nov
Mr. Mudassir Amray	√	√	√	√
Dr. (Mrs). Adaeze Udensi	√	√	√	√
Alh. Abubakar Mohammed	√	√	√	√
Mr. Andrew Chukwudi Ojei	√	√	√	√
Mr. Mackombo Omoile**	x	x	√	√

Board Credit Committee:

Name	4 Feb	20 Apr	24 July	2 Nov
Mr. Mudassir Amray	√	√	√	√
Dr. (Mrs). Adaeze Udensi	√	√	√	√
Alh. Aminu Bashari	√	√	√	√
Mr. Andrew Chukwudi Ojei	√	√	√	√
Mr. Mackombo Omoile**	x	x	√	√

BY ORDER OF THE BOARD

Ekene Louis Samuel
Company Secretary/Head, Legal
FRC/2020/002/00000022153
Plot 1680, Sanusi Fafunwa Street, Victoria Island,
Lagos.
26 February 2021

Financials

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2020

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act (CAMA 2020), the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 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.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Mudassir Amray	Mr. Babatunde Lemo
Managing Director/CEO	Chairman
FRC/2020/002/00000020256	FRC/2016/ICAN/00000014753
26 February 2021	26 February 2021

Statement of Corporate Responsibility for the Financial Statements for the year ended 31 December 2020

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

a. That we have reviewed the audited financial statements of the Bank for the year ended 31 December 2020.

b. That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c. That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the year ended 31 December 2020.

d. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the Bank during the year ended 31 December 2020.

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

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

g. That we have disclosed the following information to the Bank's Auditors and Board Audit, Risk and Compliance Committee:

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

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

Mr. Mudassir Amray
Managing Director/CEO
FRC/2020/002/00000020256
26 February 2021

Mr. Mark Oguh
Chief Financial Officer
FRC/2013/ICAN/00000001563
26 February 2021

Report of the Board Audit, Risk & Compliance Committee to Members of Titan Trust Bank Limited

In accordance with the provision of Section 404[3] of the Companies and Allied Matters Act, 2020, we the members of the Board Audit, Risk & Compliance Committee of Titan Trust Bank Limited hereby report on the Financial Statements for the year ended 31 December 2020 as follows:

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

We are of the opinion that accounting, and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2020 were satisfactory and reinforce the Bank's internal control systems.

As required by the provisions of the Central Bank of Nigeria circular BSD/1/2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider - related credits of the Bank and found them to be as disclosed in the financial statements. We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from the management during their statutory audit, and we are satisfied with management's responses thereon as well as the effectiveness of the Bank's system of accounting and internal control.

Mr. Andrew Chukwudi Ojei
FRC/2013/MULTI/00000003195
26 February 2021

For Chairman
Board Audit, Risk & Compliance Committee

Members of the Board Audit, Risk & Compliance Committee Are:

1. Alh. Abubakar Mohammed - Chairman
2. Mr. Chukwudi Andrew Ojei - Member
3. Alh. Aminu Bashari - Member

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Titan Trust Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Titan Trust Bank Limited ("the Bank"), which comprise:

the statement of financial position as at 31 December 2020;
the statement of profit or loss and other comprehensive income; the statement of changes in equity;
the statement of cash flows for the year then ended; and
the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December, 2020, and of its financial performance and its 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 (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

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

Key Audit Matters

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

Impairment allowance for loans and advances to customers

The Bank's loans and advances to customers are categorized into retail and corporate loans. The determination of impairment losses on these loans and advances to customers is inherently a significant area for the Bank as significant judgments and assumptions are made by the Bank over the estimation of the impairment allowance. The Bank uses an Expected Credit Loss (ECL) model to determine the impairment allowance for loans and advances. The ECL methodology incorporates the expected future credit losses due to macro- economic variables including the impact of COVID-19.

The Bank's ECL model includes certain judgments and assumptions such as:

- the determination of the probability of a loan becoming past due and subsequently defaulting;
- the determination of the Bank's definition of default;
- the criteria for assessing significant increase in credit risk (SICR);
- the credit conversion factors applied in the ECL model for off balance sheet exposures;
- the determination of the loss given default (LGD)
- the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collaterals;
- the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, exchange rates and the gross domestic product (GDP) rates used in determining the expected credit losses in the loans and advances portfolios; and
- the determination of the impact of COVID-19 on the Bank's ECL estimation.

We focused on the impairment allowance for loans and advances to customers due to the significant judgments, estimates and assumptions made by the Bank in determining the impairment allowance required.

How the matter was addressed in our audit

Our procedures included the following:

we evaluated the design and implementation and tested the operating effectiveness of the controls relating to the Bank's review of credit risk gradings for the Bank's loans and advances. The Bank's review includes details of data inputted into the risk grading system as well as timing of the reviews of the credit risk grades allocated to counterparties.

we evaluated the design and implementation and tested the operating effectiveness of the controls relating to the Bank's monitoring and identification of loans displaying indicators of impairment.

we checked that the Bank's definition of default is reasonable in line with its business model.

we assessed the appropriateness of the Bank's determination of significant increase in credit risk (SICR) and the resultant classification of loans into various stages of credit risk for reasonableness.

with the assistance of our Financial Risk Management specialists, we:

- assessed the appropriateness of the Bank'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;

- tested the accuracy and appropriateness of the data used in determining the exposure at default, including the credit conversion factor and outstanding loan balance;

- assessed the reasonableness of the loss given default (LGD) used by the Bank in the ECL model and other evidence of future cash flows by evaluating the valuation reports and assessing haircuts applied by the Bank on the recoverability of collateral considering the current economic conditions;

- challenged the appropriateness of the Bank's forward-looking assumptions comprising the inflation rates, exchange rates and GDP growth rates used in the ECL calculations using publicly available information;

- tested the accuracy of the Bank's impairment model by independently re-performing the calculations of impairment allowance for the loans and advances.

- we obtained and assessed information provided by the Bank to determine if and how the impact of COVID-19 has been considered on a portfolio/product/sector basis to identify vulnerable sectors in light of COVID-19 and the impact of this on the staging of loans in these groups

Other Information

The Directors are responsible for the other information. The other information comprises the Directors report, Corporate Governance report, Statement of Directors' responsibilities and other national disclosures, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with the Board Audit Risk and Compliance 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 Board Audit Risk and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence.

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

Report on Other Legal and Regulatory Requirements

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

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

ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books

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

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

iv. The Bank did not pay any penalties in respect of contravention of the Banks and Other Financial Institutions Act during the year ended 31 December 2020

ii. Related party transactions and balances are disclosed in note 35 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabir

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
21 April, 2021
Lagos, Nigeria

Statement of profit or loss and other comprehensive income

For the period ended 31 December

In thousands of Naira	*Note*	*31 December 2020*	*31 December 2019*
Gross earnings		**8,558,250**	**2,527,387**
Interest income	6	4,947,152	2,486,340
Interest expense	7	(1,498,404)	(40,712)
Net interest income		**3,448,748**	**2,445,628**
Net impairment loss on financial assets	8	(335,592)	(24,659)
Net interest income after impairment loss on financial assets		**3,113,156**	**2,420,969**
Fees and commission income	9	1,026,086	8,993
Fees and commissions expense	9(a)	(51,775)	(7,062)
Net fee and commission income		**974,311**	**1,931**
Net trading income	10	2,585,012	32,054
Net operating income		**6,672,479**	**2,454,954**
Personnel expense	11	(1,050,800)	(583,921)
Depreciation	20,21	(393,866)	(181,100)
Amortisation	22	(253,462)	(20,280)
Other operating expense	12	(2,043,583)	(1,069,510)
Total expenses		**(3,741,7111)**	**(1,854,811)**
Profit before income tax		**2,930,768**	**600,143**
Income tax	13	(29,165)	(44,500)
Profit		**2,901,603**	**644,643**
Other comprehensive income net of income tax:			
Items that will be reclassified to profit or loss			
Fair value gain on FVOCI investments	19(d)	124,958	59,291
ECL impairment allowance on FVOCI investments		(15,899)	19,952
Total other comprehensive income		**109,059**	**79,243**
Total comprehensive income for the period		**3,010,662**	**723,886**
Earnings per share			
Earnings per share (Basic/Diluted)(Kobo)	30(a)	4.97	1.10

The accompanying notes are an integral part of these financial statements

Statement of financial position

In thousands of Naira

Name	Note	31 December 2020	31 December 2019
Assets			
Cash and balances with central banks	14	25,508,748	234,728
Financial assets at fair value through profit or loss	15	2,210,277	241,806
Assets pledged as collateral	16	10,609,415	1,959,478
Loans to banks	17	25,627,834	5,043,725
Loans and advances to customers	18	38,742,372	3,037,052
Investment securities			
- Fair value through other comprehensive income	19(a)	20,533,452	19,792,081
- Amortised cost	19(b)	3,381,547	6,267,299
Property and equipment	20	2,370,588	1,077,437
Right of use assets	21	506,411	421,083
Intangible assets	22	1,026,821	1,180,815
Deferred tax Assets	23	50,472	50,472
Other assets	24	5,775,134	395,432
Total assets		**136,343,071**	**39,701,408**
Liabilities			
Current income tax liability	13	29,195	5,972
Deposits from customers	25	85,970,588	9,390,033
Other liabilities	27	11,025,349	76,147
Lease liability	28	347,582	300,383
Borrowings	29	6,030,822	-
Total liabilities		**103,403,536**	**9,772,535**
Equity			
Share capital	30	29,204,987	29,204,987
Retained earnings	31	2,062,751	415,164
Other reserves			
- Statutory reserve	31	1,063,874	193,393
- Regulatory risk reserve	31	419,621	36,086
- Fair value reserve	31	188,302	79,243
Total shareholders equity		32,939,535	29,928,873
Total equity and liabilities		**136,343,071**	**39,701,408**

The accompanying notes and significant accounting policies are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 26 February, 2021 and signed on its behalf by:

Mr. Mudassir Amray
Managing Director/CEO
FRC/2019/002/00000020256

Mr. Mark Oguh
Chief Financial Officer
FRC/2013/ICAN/00000001563

Mr. Babatunde Lemo
Chairman
FRC/2016/ICAN/00000014753

Statement of changes in equity

For the period ended 31 December 2020

In thousands of Naira	Share Capital	Share premium	Statutory reserve	Regulatory risk reserve	Fair value reserve	Retained Earnings	**Total**
Opening Balance	29,204,987	-	193,393	36,086	79,243	415,164	29,928,873
Profit for the year	-	-	-		-	2,901,603	2,901,603
Transfer to statutory/regulatory risk reserve	-	-	870,481	383,535	-	(1,254,016)	-
Other comprehensive income:							
Fair value movement on FVOCI financial assets	-	-	-	-	124,958	-	124,958
ECL Impairment allowance on FVOCI assets	-	-	-	-	(15,899)	-	(15,899)
Total other comprehensive income	-	-	-	-	**109,059**	-	**109,059**
Total comprehensive income	-	-	**870,481**	**383,535**	**109,059**	**1,647,587**	**3,010,662**
Balance at 31 December 2020	**29,204,987**	-	**1,063,874**	**419,621**	**188,302**	**2,062,751**	**32,939,535**

The accompanying notes and significant accounting policies are an integral part of these financial statements

Statement of changes in equity

For the period ended 31 December 2019

In thousands of Naira	Share Capital	Share premium	Statutory reserve	Regulatory risk reserve	Fair value reserve	Retained Earnings	Total
Opening Balance	-	-	-	-	-	-	-
Profit for the period	-	-				644,643	**644,643**
Transfer to statutory/regulatory risk reserve	-	-	193,393	36,086	-	(229,479)	-
Other comprehensive income:							
Fair value movement on FVOCI financial assets	-	-	-	-	59,291	-	**59,291**
ECL Impairment allowance on FVOCI assets	-	-	-	-	19,952	-	**19,952**
Total other comprehensive income	-	-	-	-	79,243	-	**79,243**
Total comprehensive income	-	-	193,393	36,086	79,243	415,164	**723,886**
Transactions with equity holders of the Bank							
Shares issued	29,204,987	-	-	-	-	-	**29,204,987**
Balance at 31 December 2019	**29,204,987**	-	**193,393**	**36,086**	**79,243**	**415,164**	**29,928,873**

The accompanying notes and significant accounting policies are an integral part of these financial statements

Statement of cash flows

For the period ended 31 December

In thousands of Naira	Note	31 December 2020	31 December 2019
Profit after tax		2,901,603	644,643
Add:			
Income tax	13	29,165	(44,500)
Profit before tax		2,930,768	600,143
Adjustments for:			
Depreciation	20,21	393,866	181,100
Amortization	22	253,462	20,280
Impairment charge on loans and advances	8	209,546	218
Impairment charge/(write back) on investment securities	8	(16,438)	21,209
Impairment charge on loans to banks	8	6,038	2,377
Impairment charge/(write back) on assets pledged as collateral	8	(855)	855
Impairment charge on off balance sheet items	8	137,301	-
Interest income	6	(4,947,152)	(2,486,340)
Interest expense	7	1,498,404	40,712
Fair value (gain) on financial assets FVTPL	10	58,233	(7,504)
Foreign exchange gains	10	(482,350)	(509)
		40,823	**(1,627,459)**
Change in financial assets FVTPL	32(i)	(2,026,704)	(230,912)
Change in assets pledged as collateral	32(vii))	(8,649,937)	(1,914,050)
Change in mandatory reserve deposits	32(viii)	(22,357,209)	(164,496)
Change in loans and advances to customers	32(ii)	(35,386,464)	(3,037,270)
Change in other assets	32(iii)	(5,379,702)	(395,432)
Change in deposits from customers	32(iv)	76,185,269	9,390,033
Change in deposit from banks	32(v)	-	394
Change in other liabilities	32(ix)	10,845,650	59,075
		13,271,726	**2,079,489**
Interest received		3,766,995	1,959,406
Interest paid on customer deposits	32(iv)	(878,201)	(3,361)
Interest paid on borrowings	32(xi)	(65,229)	-
Income tax paid	13	(5,942)	-
VAT paid	32(ix)	(33,749)	(17,072)
Proceeds from borrowings	29	6,000,000	-
Net cash flow generated from operating activities		**22,055,600**	**4,018,462**
Investing activities			
Net purchase of investment securities	32(vi)	3,270,397	(25,491,809)
Payment for Right-of-Use asset	32(x)	(86,030)	(252,580)
Purchase of property and equipment	20	(1,717,979)	(1,164,008)
Purchase of intangible assets	22	(107,897)	(1,201,095)
Net cash used in investing activities		**1,358,491**	**(28,109,492)**
Financing activities			
Issue of shares	30	-	29,204,987
Cash generated from financing activities		-	**29,204,987**
Increase in cash and cash equivalents		**23,414,091**	**5,113,957**
Effect of exchange rate fluctuations on cash and cash equivalents held		86,829	-
Cash and cash equivalents at beginning of period		**5,113,957**	-
Cash and cash equivalents at end of period	33	**28,614,877**	**5,113,957**

The accompanying notes and significant accounting policies are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2020

1. REPORTING ENTITY

Titan Trust Bank Limited (the Bank) is a Company domiciled in Nigeria. It was incorporated in Nigeria as a private limited liability company on 12 December 2018. The address of its corporate office is Plot 1680, Sanusi Fafunwa Street, Victoria Island, Lagos. The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Titan Trust Bank Limited provides a full range of financial services including investment, commercial and retail banking, securities dealing and payment services.
The financial statements of the Bank for the year ended 31 December 2020 were authorised for issue on 26 February 2021 by the Board of Directors of Titan Trust Bank Ltd.

2. ACCCOUNTING POLICIES

2.1 Introduction of summary of significant accounting policies

The following standards and ammendments became effective from 1 January 2020.

(a) Amendments to IFRS 3
Effective for periods beginning on or after 1 January 2020

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:

- 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.

The ammendments do not have a material effect on the Bank's financial statements, because the Bank has not acquired any subsidiaries during the year.

(b) Amendments to IFRS 9 and IAS 39 and IFRS 7
Effective for periods beginning on or after 1 January 2020

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The amendments are effective from 1 January 2020. Early application is permitted.

The Bank currently does not have any financial instruments with hedging relationships, hence the standard is not applicable to the Bank as at year end.

(c) Revised Conceptual Framework for Financial Reporting
Effective for periods beginning on or after 1 January 2020

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards.

(d) Definition of material - Amendment to IAS 1 and IAS 8
Effective for periods beginning on or after 1 January 2020

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 1 and 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) Covid-19 Related Rent Concessions (Amendment to IFRS 16)
Effective for periods beginning on or after 1 June 2020

The COVID-19 has driven many lessees to seek rent concessions from lessors, including deferral or waivers of rent. In response, IFRS 16 was amended in May 2020 to provide relief on the accounting for COVID-19 related rent concessions for lessees. These amendments introduce an optional practical expedient that allows lessees to not assess whether eligible COVID-19 related rent concessions are lease modifications, and to account for them as if they were not lease modifications.

IFRS 16 Leases was amended to allow a one-year extension to the practical expedient available to lessees when accounting for COVID-19- related rent concessions.

On 10 March 2021, the Board agreed to extend the relief to rent concessions that reduce lease payments originally due on or before 30 June 2022. The amendment will be effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. The amendment will have no impact on the entity.

2.2 Standards and interpretations yet to be effective

(a) IFRS 4 Insurance Contracts
Effective for periods beginning on or after 1 January 2021

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- The amendment to IFRS 4 enables an insurer applying the temporary exemption from IFRS 9 to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform

The standard has no impact on the Bank.

(b) IAS 16 Property, Plant and Equipment
Effective for periods beginning on or after 1 January 2022

Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss
The Bank is yet to adopt the amendment.

(c) Other standard issued but not yet effective are:

The following new and amended standardsa are not effective and are not expected to have a significant impact on the Bank's financial statements:

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16) effective 1 January 2021

Annual Improvements to IFRS Standards 2018 - 2020, effective 1 January 2022

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37), effective 1 January 2022
Reference to Conceptual Framework (Amendments to IFRS 3), effective 1 January 2022

Classification of Liabilities as Current or Non-current (Amendments to IAS 1), effective 1 January 2023
IFRS 17 Insurance Contracts and amendments to

IFRS 17 Insurance Contracts, effective 1 January 2023

Sale of Contribution of Assets between an Investor and its Associate of Joint Venture (Ammendments to IFRS 10 and IAS 28),Available for optional adoption and effective date has been deferred indefinitely .

2.3 Basis of preparation

(a) Statement of compliance

The financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). The financial statements comply with the Companies and Allied Matters Act, CAMA 2020, Banks and other Financial Institutions Act 2020, Financial Reporting Council of Nigeria Act 2011 and the relevant Central Bank of Nigeria (CBN) guidelines and circulars.

(b) Functional and presentation currency

These financial statements are presented in Naira, which is the Bank's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items

- FVOCI financial assets which are measured at fair value.
- FVTPL financial assets which are measured at fair value
- Financial assets which are measured at amortized cost using effective interest rate.
- Loans and advances to customers and loans to banks which are measured at amortized cost using effective interest rate.
- other financial liabilities that are not classified as at fair value through profit or loss which are measured at amortized cost using the effective interest rate method.

(d) Use of judgements and estimates

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

(e) Going Concern Assumption

The financial statements have been prepared on the basis that the Bank will continue to operate as a going concern.

2.4 Foreign currency translation

(a) Foreign transactions and balances

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured (i.e. spot exchange rate).

The local currency (Nigerian Naira) is the functional and presentation currency for the Bank's financial statements, thus foreign currency balances are translated using the spot exchange rate at the reporting date. The translation rate applied by the

Bank is the rate per the Nigerian Inter- bank Foreign exchange market (NAFEX) as published by the FMDQ OTC. The translation rates for third currencies are derived by multiplying the interbank rate (i.e. the USDollar/Naira) with applicable cross rates of those currencies.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the carrying amount of the asset or liability in the functional currency at the beginning of the year, adjusted for any movements during the year due to effective interests, payments, additions, fair value changes etc. and the carrying amount in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the spot exchange rate at the date on which the fair value was determined. Non-monetary items that are measured based on historical cost denominated in a foreign currency are translated with the spot exchange rate as at the date of the transaction.
Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of FVOCI financial instruments are recognised in other comprehensive income.

2.5 Financial assets and liabilities

The Bank's financial assets comprises:

- Treasury bills;
- Federal government bonds
- Derivative Assets
- Loans to Banks
- Cash and cash equivalent
- Loans and advances to customers

(a) Initial recognition and measurement
Financial instruments are recognised initially when the Bank becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

Financial assets are recognised or de-recognised on the date the Bank commits to purchase or sell the instruments (trade day accounting).

(b) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at amortised cost or fair value depending on their classification category

(c) Classification
(i) Financial assets

Subsequent to initial recognition, all financial assets of the Bank are measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL)

The Bank's financial assets are subsequently measured at amortised cost if they meet both of the following criteria and are not designated as at FVTPL:

- 'Hold to collect' business model test - The asset is held within a business model whose objective is to hold the financial asset in other to collect contractual cash flows; and
- 'SPPI' contractual cash flow characteristics test - The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date.

Interest in this context is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

Debt instruments are measured at fair value through other comprehensive income (FVOCI) by the Bank if they meet both of the following criteria and are not designated as FVTPL:

- 'Hold to collect and sell' business model test: The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and
- 'SPPI' contractual cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets (equity investments) are measured at fair value through other comprehensive income.

A financial asset is classified and measured at fair value through profit or loss (FVTPL) by the Bank if the financial asset is:

- A debt instrument that does not qualify to be measured at amortised cost or FVOCI;
- An equity investment which the Bank has not irrevocably elected to classify as at FVOCI and present subsequent changes in fair value in OCI;
- A financial asset where the Bank has elected to measure the asset at FVTPL under the fair value option.

Business model assessment

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

- the stated policies and objectives for the portfoilio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank's continuing recognition of the assets.

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

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount oustanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

(ii) Financial liabilities

Financial liabilities are either classified by the Bank as:

- Financial liabilities at amortised cost; or at FVTPL
- Financial liabilities are measured at amortised cost by the Bank unless either:
- The financial liability is held for trading and is therefore required to be measured at FVTPL, or
- The Bank elects to measure the financial liability at FVTPL (using the fair value option).

(iii) Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the Bank (issuer)to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has issued no loan commitments that are measured at FVTPL.

The Bank conducts business involving commitments to customers. The majority of these facilities are set-off by corresponding obligations of third parties.

Contingent liabilities and commitments comprise usance lines and letters of credit.

Usance and letters of credit are agreements to lend to a customer in the future subject to certain conditions. An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. Letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the Customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Contingent liabilities and commitments are initially recognized at fair value which is also generally equal to the fees received and amortized over the life of the commitment. The carrying amount of contingent liabilities are subsequently measured at the higher of the present value of any expected payment when a payment under the contingent liability has become probable and the unamortised fee.

(d) Derecognition

(i) Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (e)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank sometimes enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

(ii) Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(e) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see (d)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: - fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and - other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows 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 derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument

(f) Offsetting financial instruments

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and loss arising from a group of similar transactions such as in the Bank's trading activity.

(g) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, then the Bank measures the assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio- level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value heirachy as of the end of the reporting period during which the change has occurred.

(i) Pledge of assets as collateral

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated at amortised cost or fair value through other comprehensive income (FVOCI). Where assets pledged as collateral are designated as FVOCI, subsequent measurement is at fair value through other comprehensive income.

2.6 Impairment

2.6.1 Recognition of ECL

The Bank recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease receivables;
- Financial guarantee contracts issued; and

- Loan commitments issued.

- No impairment loss is recognised on equity investments.

- The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and

- Other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instrument for which a 12-month ECL is recognised are referred to as 'stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.
The Bank considers debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' or its is a sovereign debt instruments issued in the local currency.

2.6.2 Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

- Financial guarantee contracts: the expected payments to reimburse the holder less any amount that the Bank expects to recover.

- When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;

- POCI assets: a credit-adjusted effective interest rate;

- lease receivables: the discount rate used in measuring the lease receivable;

- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and

- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

2.6.3 Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

2.6.4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision. Debt instruments measured at FVOCI, no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve.

2.7 Write-off

The Bank shall write-off an impaired financial asset (and the related impairment allowance), either partially or in full, where there is no reasonable expectation of recovery. After a full evaluation of a non-performing exposure, if at least one of the following conditions apply:

- continued contact with the obligor is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require the approval of the Board of Directors. A write-off constitutes a derecognition event. However, financial assets that are written off could still be subject to enforcement activities. Whenever amounts are recovered on previously written off credit exposures, such amount recovered shall be recognized as income on a cash basis only.

2.8 Reclassification of financial instruments

Financial assets are required to be reclassified in certain rare circumstances among the amortised cost, FVOCI and FVTPL categories. When the Bank changes its business model for managing financial assets, the Bank reclassifies all affected financial assets in accordance with the new model. The reclassification is applied prospectively from the reclassification date. Accordingly, any previously recognised gains, losses or interest are not to be reinstated. Changes in the business model for managing financial assets are expected to be very infrequent.

2.9 Restructuring of financial instruments

Financial instruments are restructured when the contractual terms are renegotiated or modified or when an existing financial instrument is replaced with a new one due to financial diffculties of the borrower. Restructured loans represent loans whose repayment periods have been extended due to changes in the business dynamics of the borrowers. For such loans, the borrowers are expected to pay the principal amounts in full within extended repayment period and all interest, including interest for the original and extended terms.

If the terms of a financial asset is restructured due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset is included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

2.10 Collateral

The Bank obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for customers in the event that the customer defaults.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability see note 3.2(b)(i).

2.11 Revenue recognition

(i) Interest income and expense

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 Bank 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.

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 rate of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 2.6.3.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes interest on financial assets measured at fair value through other comprehensive income, fair value through profit or loss and at amortized cost.

Interest expense presented in the statement of profit or loss and OCI includes only interest on financial liabilities measured at amortised cost.

(ii) Fees and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, fees on electronic products, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) Income from performance bonds, financial guarantees and letters of credit

Income from performance bonds or financial guarantees and letters of credit are initially measured at fair value and subsequently recognised on a straight line basis over the life of the bond or guarantee.

(iv) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

2.12 Impairment of non-financial assets

At each reporting date, the carrying amount of non-financial assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Additionally, assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Cash and cash equivalents

'Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.13.1 Statement of cash flows

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

The cash flows from operating activities are determined using the indirect method. Profit for the period is therefore adjusted by income/expense and non-cash items, such as measurement gains or losses, changes in impairment allowances, as well as changes from operating assets. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The Bank's assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach).

Interest and dividends received on investment securities, loans and advances to customers are classified as investing activities; interest paid on customer deposits are classified as operating cash flows, while dividends paid to shareholders are included in financing activities.

2.14 Property and equipment

(i) Recognition and measurement

The cost of an item of property and equipment is initially recognized by the Bank if and only if it is probable that future economic benefits associated with the item will flow to the Bank; and the cost of the item can be measured reliably. All property and equipment used by the Bank is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of a property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Land	Not depreciated
Leaseholds improvements	Over the shorter of the useful life of the item and the lease term.
Buildings	50 years
Motor vehicles	5 years
Office equipment	5 years
Computer	4 years
Furniture and fittings	5 years

(ii)Subsequent costs

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

(iii) Depreciation

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

The assets' residual values, depreciation methods and useful lives are reviewed at each annual reporting date, and adjusted if appropriate.

(iv) De-recognition

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

(v) Capital Work-In-Progress

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

2.15 Intangible assets

The cost of an intangible asset is initially recognized by the Bank if and only if it is probable that future economic benefits associated with the item will flow to the Bank; and the cost of the item can be measured reliably. Subsequent measurement is as detailed below:

Software

Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure is expensed when incurred.

Software is amortised on a straight line in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is between three to five years.

Software under development which are not available for use are tested for impairment annually. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

An intangible asset shall be derecognized by the Bank on disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is recognised.

2.16 Leases

At inception of a contract, the Bank assess whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone prices. On initial recognition, the carrying value of the lease liability also includes

:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group, should it be reasonably certain that this option will be exercised;
- Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets:

The Bank recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease Liability

The Bank recognises a lease liability at the lease commencement date . The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rat.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

2.17 Income taxation

Income tax expense comprises current tax (company income tax, tertiary education tax, police trust fund levy and National Information Technology Development Agency levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Bank had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

In line with the Finance Act 2020, minimum tax if applicable will be determined based on 0.25% of gross turnover, less franked investment income, provided the Company earned gross turnover up to N25 million in the relevant year of assessment.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

Finance Act 2020

The Finance Act was signed into law on 4 January 2021. It introduces changes to the Companies Income Tax Act, Value Added Tax Act, Petroleum Profits Tax Act, Personal Income Tax Act, Capital Gains Tax Act, Customs and Excise Tariff Etc. (Consolidation) Act and Stamp Duties Act. Having now been passed by both arms of the National Assembly, and thereafter assented to by the President, it is expected that its provisions will come into force in 2021.

The Finance Act is applicable to 2020 year end financial statements. are treated as income tax in line with IAS 12. Following the Finance Act, 2020, the minimum tax rate has been amended to 0.25% of company turnover, and companies with turnover of less than NGN25 million in a year of assessment will be exempted from the minimum tax.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset only if certain criteria are met.

2.18 Employee benefits

(a) Defined contribution scheme
Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Bank contributes 10% of basic salary, rent and transport allowances, with the employee contributing a further 8% in line with the provisions of the Pension Reforms Act 2014. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Other employee benefits

Other employee benefits are expensed when they are incurred. Other personnel expenses relate to one-off discretionary payments and other benefits paid to staff of the Bank. There is no other constructive or contractual obligations on the Bank aside from the actual amount incurred.

2.19 Operating Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in theincome statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

2.20 Provisions

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

(a) Levies

A provision for levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

2.21 Share capital

(a) Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are dedcuted from the initial measurement of the equity instruments.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders.

Dividends for the period that are declared after the date of the statement of financial position are disclosed in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

2.22 Statutory reserve

The Nigerian Banking industry regulations require banks to make an annual appropriation to a statutory reserve. An appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

2.23 Regulatory risk reserve

The regulatory risk reserve represents a reserve created when credit impairment on loans and advances as accounted for under IFRS using the expected credit loss model differs from the prudential provisioning requirements set by the Central Bank of Nigeria

2.24 Fair value reserve

The fair value reserve warehouses cummulative fair value gains/losses on financial assets classifed as fair value through other comprehensive income. Fair value gains on financial assets (excluding equity investments) are reclassified to profit or loss account on disposal of the assets.

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction and overview

This note presents information about the Bank's exposure to financial risks and the Bank's management of capital.

Enterprise risk review

The underlying premise of Enterprise Risk Management is that every entity exists to provide value for its stakeholders. All organizations face uncertainty, uncertainty presents both risks and opportunities, with the potential to erode or enhance value.

In recent years, managing an enterprise's risk in a consistent, efficient and sustainable manner has become a critical priority, as the business environment faces unprecedented levels of complexity, changing geopolitical threats, new regulations and increasing shareholders' demand.

Titan Trust Bank seeks to achieve an appropriate balance between risk and reward in its business strategy, and continues to build and enhance the risk management capabilities that will assist it in delivering its growth plans in a controlled environment.

The Bank's Enterprise Risk Management (ERM) framework addresses specific risk areas such as credit, market, liquidity, operational, strategic and reputational risks.

Full implementation of the requirements of the ERM Framework is on-going under the oversight of the following committees which are tasked with monitoring the implementation on behalf of the Board:

- Board Audit, Risk and Compliance Committee (BARCC)
- Board Credit Committee (BCC)
- Board Finance and General-Purpose Committee
- Board Governance, Nomination and Renumeration Committee

The Bank's ERM Framework ensures risks are managed using a structured and disciplined approach that aligns strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the opportunities and threats faced. The Bank's "Enterprise-wide" Risk Management methodology ensures the removal of functional, divisional, departmental or cultural barriers to managing risks.

The main benefits and objectives to the Bank of the ERM implementation include the following:

- It provides a platform for the Board and Management to confidently make informed decisions regarding the trade-off between risk and reward;
- It aligns business decisions at the operating level to the Bank's appetite for risk;
- It balances operational control with the achievement of strategic objectives;
- It enables Executives to systematically identify and manage significant risks on an aggregate basis;
- It enables the evaluation of new and existing investments on both a standalone and portfolio basis; and
- It minimizes operational surprises and related costs or losses.

Risk Management governance structure

The following management committees, comprising of senior management staff, support the Executive Committee in performing its risk management roles:

(i) Asset and Liability Committee (ALCO)

The Asset and Liability Committee (ALCO) is responsible for market and liquidity risk management. It is primarily concerned with the setting of limits on portfolio mix and the liquidity management of the Bank. The Committee is further responsible for the supervision of pricing or spread on earning assets and liabilities.

(ii) Management Credit Committee (MCC)

The Management Credit Committee (MCC) is responsible for managing credit risks in the Bank. The Committee focuses on management of the Bank's credit risk exposures. The MCC deliberates on issues concerning credit risk relating to credit approval, restructure and recommendation of write offs.

Business units

Business Units and their staff, as primary risk owners/managers, are responsible for the day-to-day identification, mitigation, management and monitoring of risks within their respective functions. Business Units and their staff are also responsible for the following:

- Implementing the Bank's risk management strategies;
- Managing day-to-day risk exposures by using appropriate procedures and controls in line with the Bank's risk management framework;
- Identifying risk issues and implementing remedial action to address these issues; and
- Reporting and escalating material risks and associated issues to appropriate authorities.

Units and functions with primary responsibility for independent risk oversight and monitoring

These units and functions include the following:

- Enterprise Risk Management Division;
- Legal Department;
- Corporate Communications Department
- Human Resource Department and
- Compliance Department

- Internal Audit Department (i.e. Corporate Audit function), is the unit responsible for evaluating and providing independent assurance.

3.2 Credit risk

Credit risk is the possibility of a loss resulting from a counter party's failure to meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs of collection. Although it is impossible to know exactly who will default on obligations, properly assessing and managing credit risk can lessen the severity of loss. Interest payments from the borrower or issuer of a debt obligation are a lender's or investor's reward for assuming credit risk.

Titan Trust Bank has a credit risk management policy approved by its Board. The credit risk management objectives are:

1. To provide a clear and consistent direction for the Bank for creating and managing credit exposures;

2. To maintain a high quality risk assets portfolio and minimize credit losses arising from errors of judgement.

3. To achieve the lowest non-performing loans in the industry while maximizing returns on assets created;

4. To maximize stakeholder value;

5. To develop a strong credit risk culture where all staff actively participate in the risk management process.

The credit risk appetite of the bank is defined by its expression or willingness to accept risk up to a level that minimizes erosion of earnings or capital due to avoidable losses from credit activities. The Bank's Credit Risk Management Strategy is driven by its objectives and includes adoption of the following strategies for the management of credit risk;

i. A selective and disciplined approach to credit origination and focus on customers that will create attractive value for the Bank;

ii. Adherence by all to the Bank's credit risk policy, developed to enable staff identify, measure and manage credit risk exposures;

iii. The Board and Senior Management set the tone for the right risk culture in the Bank;

iv. Adequate pricing for the risks taken by the Bank;

v. Establishment and enforcement of the Bank's exposure and provisioning policy in accordance with the International Financial Reporting standards and other regulatory requirements; and

vi. Broadening of the knowledge and skills of all credit personnel through training and capacity building programmes.

(a) Credit risk measurement

(i) Loans and advances

In measuring credit risk in loans and advances to

Titan Trust Bank's Credit Rating Methodology

Grade	Rating	Description	Grade
1	AAA	Highest quality, with minimal credit risk	Investment grade
2	AA	High quality subject to very low credit risk	Investment grade
3	A	Considered upper-medium and may possess certain speculative characteristics	Investment grade
4	BBB	Considered medium-grade and may possess certain speculative characteristics	Investment grade
5	BB	Considered to have speculative elements and are subject to substantial credit risk	Standard grade
6	B	Considered speculative and are subject to high credit risk	Standard grade
7	CCC	Considered to be of poor standing and are subject to very high credit risk	Non-Investment grade
8	CC	In or near default, with possibility of recovery	Non-Investment grade
9	C	In default with little chance of recovery	Default grade
10	D	In default with no chance of recovery	Default grade

customers and banks at a counterparty level, the Bank reflects the following components:

i. the client or counterparty's character and capacity to pay off its contractual obligations;

ii. current exposures to the counterparty and its likely future development;

iii. credit history of the counterparty; and

iv. the likely recovery ratio in case of default obligations - value of collateral and other ways out.

The Bank's rating scale methodology reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Methodology for risk rating

When lending to Large Corporates & SMEs, the Bank considers five factors: Character, Capacity, Capital, Collateral and Conditions. Analysing a borrower's position using the 5Cs of credit, can ensure the Bank has a holistic view of the overall credit risk incident on their business.

Consideration is also given to covenants, collateral and credit rationing to controlling credit losses for the Bank. Frequent contact with borrowers, monitoring the flow of borrower's business through their bank account, regular reviews of borrower's reports and site visits, and periodically updating the borrowers ratings.

(ii) Debt securities and other bills

For credit risk associated with debt securities, ratings assessments by external agencies such as Standard & Poor's, Moody's, Agusto & Co and Fitch are taken into consideration. In addition to this, limits have been put in place to monitor credit risk exposures per issue, issuer and sector.

(b) Risk limit control and mitigation policies

The Bank manages limits and controls concentrations of credit risk wherever they are identified - in particular, to individual counterparties and groups, and to industries and countries.

The Bank operates a centralized credit approval process where all credits irrespective of amount shall be considered by the MCC.

Sequel to the recommendation of the BCC, the Board of Directors delegated the credit approval authority to the MCC up to a given limit. All credits above this limit is approved by the Board.

Some other specific control and mitigation measures are outlined below.

(i) Collateral

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

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similiar instruments, which are secured by portfolios of financial instruments.

The guiding principles behind collateral acceptability are adequacy and realizability. The Management

Credit Committee (MCC) approves the guidelines for acceptability of collateral/security. The Committee also provides a clear articulation of:

- Acceptable collateral in respect of each credit product including description, location restrictions in respect of landed property, guidelines in respect of minimum realizable value of such collateral;

- Required documentation/perfection of collateral;

- Conditions for waivers of collateral requirement and guidelines for approval of collateral waiver;

- Acceptability of cash and other forms of collateral denominated in foreign currency.

All items pledged as security for credit facilities are usually registered in the name of the Bank. Additional criteria including insurance cover as may be defined in the Bank's risk management policy. Collateral as security in respect of approved credit exposures include mortgage on landed property, quoted stocks/shares of actively traded blue chip companies only, charge on assets (fixed and/or floating), guarantees issued by other banks acceptable to Titan Trust Bank, lien on asset being financed and others.

Collateral must be appreciating or at least stable. Estimates of the value of the collateral item(s) should be adequate to ensure full recovery of the Bank's principal credit exposure.

The fair values of collaterals are based upon the latest valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the neighborhood taking into cognizance the advantages and disadvantages of the comparatives over the subject property and any other factor which can have effect on the valuation e.g. subsequent movements in property prices, after making allowance for dilapidations. The fair values of non- property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instrument and other acceptable valuation methodologies.
The same fair value approach is used in determining the collaterals value in the course of sale or realization. The Bank does not take physical possession of properties or other assets held as collateral and uses external agents to realize the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

(c) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan..

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

The Bank's maximum exposure to credit risk as at 31 December 2020, is represented by the net carrying amounts of the financial assets set out in Note 5 below, with the exception of financial guarantees issued by the Bank for which the maximum exposure to credit risk is represented by the maximum amount the Bank would have to pay if the guarantees are called (refer to Note 34 Contingent Liabilities and Commitments).

31 December 2020 *In thousands of Naira*	Loans and Advances to customers Term loans	 Overdrafts	 Staff loans	 Total
12 months ECL	34,748,419	4,176,204	27,513	38,952,136
Lifetime ECL not credit impaired	-	-	-	-
Lifetime ECL credit impaired	-	-	-	-
Gross loans and advances	**34,748,419**	**4,176,204**	**27,513**	**38,952,136**
Less allowance for impairment				
12 - months ECL (see note18(a))	(111,584)	(97,017)	(1,163)	(209,764)
Lifetime ECL not credit impaired	-	-	-	-
Lifetime ECL credit impaired	-	-	-	-
Total allowance for impairment	**(111,584)**	**(97,017)**	**(1,163)**	**(209,764)**
Net loans and advances	**34,636,835**	**4,079,187**	**26,350**	**38,742,372**

31 December 2019 *In thousands of Naira*	Loans and Advances to customers Term loans	 Overdrafts	 Staff loans	 Total
12 months ECL	4,791	2,995,405	37,074	3,037,270
Lifetime ECL not credit impaired	-	-	-	-
Lifetime ECL credit impaired	-	-	-	-
Gross loans and advances	4,791	2,995,405	37,074	3,037,270
Less allowance for impairment				
12 - months ECL	-	-	(218)	(218)
Lifetime ECL not credit impaired	-	-	-	-
Lifetime ECL credit impaired	-	-	-	-
Total allowance for impairment	**-**	**-**	**(218)**	**(218)**
Net loans and advances	**4,791**	**2,995,405**	**36,856**	**3,037,052**

Credit rating - 12 month ECL: All financial assest excluding loans and advances

The following table shows the maximum exposure to credit risk for financial assets excluding loans and advances to customers.

31 December 2019 *In thousands of Naira*	Cash and balances with central banks excluding mandatory deposits with CBN	Financial assets at FVTPL	Assets pledged as collateral	Loans to banks	Investment securities	Other financial assets
12 months ECL	70,232	241,806	1,960,333	-	26,060,637	43,478
Lifetime ECL not credit impaired	-	-	-	-	-	-
Lifetime ECL credit impaired	-	-	-	-	-	-
Gross amount	70,232	241,806	1,960,333	-	26,060,637	43,478
ECL - impairment	-	-	(855)	-	(1,257)	-
Carrying amount	**70,232**	**241,806**	**1,959,478**	-	**26,059,380**	**43,478**

31 December 2020 *In thousands of Naira*	Cash and balances with central banks excluding mandatory deposits with CBN	Financial assets at FVTPL	Assets pledged as collateral	Loans to banks	Investment securities	Other financial assets
12 months ECL	2,987,043	2,210,277	10,609,415	25,636,249	23,915,717	5,635,019
Lifetime ECL not credit impaired	-	-	-	-	-	-
Lifetime ECL credit impaired	-	-	-	-	-	-
Gross amount	2,987,043	2,210,277	10,609,415	25,636,249	23,915,717	5,635,019
ECL - impairment	-	-	-	(8,415)	(718)	-
Carrying amount	**2,987,043**	**2,210,277**	**10,609,415**	**25,627,834**	**23,914,999**	**5,635,019**

Financial assets exposure: grade versus staging

31 December 2020 *In thousands of Naira*	Staging	Investment Grade (AAA-BBB)	Standard Grade (BB-B)	Non-Investment Grade (CCC,CC)	Default Grade (C,D)	*Total*
Cash and balances with central banks excluding mandatory deposit with CBN	Stage 1	2,987,043	-	-	-	**2,987,043**
Financial assets at FVTPL	Stage 1	10,037	2,200,240	-	-	**2,210,277**
Assets pledged as collateral	Stage 1	10,609,415	-	-	-	**10,609,415**
Loans and advances to customers	Stage 1	5,941,164	32,801,190	18	-	**38,742,372**
Loans to banks	Stage 1	2,000,242	23,627,592	-	-	**25,627,834**
Investment securities	Stage 1	23,914,999	-	-	-	**23,914,999**
Other financial assets	Stage 1	-	5,635,019	-	-	**5,635,019**

31 December 2019 In thousands of Naira	Staging	Investment Grade (AAA-BBB)	Standard Grade (BB-B)	Non-Investment Grade (CCC,CC)	Default Grade (C,D)	*Total*
Cash and balances with central banks excluding mandatory deposit with CBN	Stage 1	-	70,232	-	-	**70,232**
Financial assets at FVTPL	Stage 1	-	241,806	-	-	**241,806**
Assets pledged as collateral	Stage 1	-	1,960,333	-	-	**1,960,333**
Loans and advances to customers	Stage 1	-	3,037,052	-	-	**3,037,052**
Loans to banks	Stage 1	-	5,043,725	-	-	**5,043,725**
Investment securities	Stage 1	-	19,790,824	-	-	**19,790,824**
Other financial assets	Stage 1	-	43,478	-	-	**43,478**

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

In thousands of Naira 31 December 2020	Note	Carrying value	Amount committed/ guaranteed	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial guarantees	34.2	4,925,254	4,925,254	3,897,539	777,715	-	50,000	200,000	-
Contingent letters of credit	34.2	24,627,961	25,420,461	2,608,138	19,229,695	3,230,057	327,350	25,221	-
		29,553,215	**30,345,715**	**6,505,677**	**20,007,410**	**3,230,057**	**377,350**	**225,221**	-

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments

In thousands of Naira 31 December 2019	Note	Carrying value	Amount committed/ guaranteed	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial guarantees	34.2	200,000	200,000	-	-	-	-	200,000	-
Contingent letters of credit	34.2	4,055,464	4,055,464	-	-	4,055,464	-	-	-
		4,255,464	**4,255,464**	-	-	**4,055,464**	-	**200,000**	-

3.2.2 Credit concentrations

The Bank monitors concentration of credit risk by sector and by geographic location. An analysis of concentration of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below:

(a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2020. For this table, the Bank has allocated exposures to regions based on the region of domicile of the counterparties.

In thousands of Naira 31 December 2020	Cash and balances with central banks excluding mandatory deposits with CBN	Financial assets at FVTPL	Assets pledged as collateral	Loans to banks	Loans & Advances to Customers	Investment securities	Other assets	Total
In Nigeria:								
Lagos	2,987,043	2,210,277	10,609,415	21,875,859	29,052,289	23,915,717	5,635,019	96,285,619
Abuja	-	-	-	-	4,397,027	-	-	4,397,027
North East	-	-	-	-	-	-	-	-
North Central	-	-	-	-	-	-	-	-
North West	-	-	-	-	-	-	-	-
South East	-	-	-	-	-	-	-	-
South South	-	-	-	-	3,700,649	-	-	3,700,649
South West	-	-	-	-	1,802,172	-	-	1,802,172
Outside Africa	-	-	-	3,760,390	-	-	-	3,760,390
Total	**2,987,043**	**2,210,277**	**10,609,415**	**25,636,249**	**38,952,137**	**23,915,717**	**5,635,019**	**109,945,857**

In thousands of Naira 31 December 2019	Cash and balances with central banks excluding mandatory deposits with CBN	Financial assets at FVTPL	Assets pledged as collateral	Loans to banks	Loans & Advances to Customers	Investment securities	Other assets	Total
In Nigeria:								
Lagos	70,232	241,806	1,959,478	2,126,882	2,036,881	26,059,380	43,478	32,538,137
Abuja	-	-	-	-	-	-	-	-
North East	-	-	-	-	-	-	-	-
North Central	-	-	-	-	-	-	-	-
North West	-	-	-	-	-	-	-	-
South East	-	-	-	-	-	-	-	-
South South	-	-	-	-	-	-	-	-
South West	-	-	-	-	1,000,171	-	-	1,000,171
Outside Africa	-	-	-	2,916,843	-	-	-	2,916,843
Total	**70,232**	**241,806**	**1,959,478**	**5,043,725**	**3,037,052**	**26,059,380**	**43,478**	**36,455,151**

(b) Industry sectors

In thousands of Naira 31 December 2020	Cash and balances with central banks excluding mandatory deposits with CBN	Financial assets at FVTPL	Assets pledged as collateral	Loans to banks	Loans & Advances to Customers	Investment securities	Other assets	Total
Agriculture	-	-	-	-	90,381	-	-	90,381
Manufacturing	-	-	-	-	27,648,899	-	-	27,648,899
Finance and Insurance	2,987,043	-	-	25,636,249	-	762,667	5,635,019	35,020,978
General commerce	-	-	-	-	2,628,082	-	-	2,628,082
Government	-	2,210,277	10,609,415	-	-	23,153,050	-	35,972,742
General (retail)	-	-	-	-	191,636	-	-	191,636
Oil and gas	-	-	-	-	3,507,308	-	-	3,507,308
Construction	-	-	-	-	-	-	-	-
Real estate	-	-	-	-	2,507,514	-	-	2,507,514
Other	-	-	-	-	2,378,317	-	-	2,378,317
Information and Communication	-	-	-	-	-	-	-	-
Total	**2,987,043**	**2,210,277**	**10,609,415**	**25,636,249**	**38,952,137**	**23,915,717**	**5,635,019**	**109,945,857**

In thousands of Naira 31 December 2019	Cash and balances with central banks excluding mandatory deposits with CBN	Financial assets at FVTPL	Assets pledged as collateral	Loans to banks	Loans & Advances to Customers	Investment securities	Other assets	Total
Agriculture	-	-	-	-	2,000,217	-	-	2,000,217
Manufacturing	-	-	-	-	-	-	-	-
Finance and Insurance	70,232	-	-	5,043,725	-	6,268,556	43,478	11,425,991
General commerce	-	-	-	-	995,102	-	-	995,102
Government	-	241,806	1,959,478	-	-	19,790,824	-	21,992,108
General (retail)	-	-	-	-	41,733	-	-	41,733
Oil and gas	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Information and Communication	-	-	-	-	-	-	-	-
Total	**70,232**	**241,806**	**1,959,478**	**5,043,725**	**3,037,052**	**26,059,380**	**43,478**	**36,455,151**

3.2.3 Collateral held and other credit enhancements, and their financial assets

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against loans and advances to customers.

Assets obtained by taking possession of collateral

In thousands of Naira	Loans and advances to customers 31 December 2020	Loans and advances to customers 31 December 2019
Stage 1	23,164,631	65,000
Stage 2	-	-
Stage 3	-	-
Total	23,164,631	**65,000**

	Loans and advances to customers 31 December 2020	Loans and advances to customers 31 December 2019
Stage 1		
Real estate property	4,037,806	65,000
Bank guarantees	-	-
Cash	8,006,600	-
Debenture	5,255,346	-
Government Debt Instruments	-	-
Pledges Goods and Receivables	4,774,679	
Others	1,090,200	-
Total	**23,164,631**	**65,000**

The Bank's policy is to pursue timely realisation of the collateral in an orderly manner and dispose these assets as soon as possible in line with the legal framework surrounding the possession of collaterals.

3.2.4 Amount arising from ECL

For inputs, assumptions arising and techniques used for estimating impairment see accounting policy in note 2.6

Corporate exposures	Retail exposures	All exposures
– 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 – Quoted bond and credit default swap (CDS) prices for the borrower where available – 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 – Affordability metrics – External data from credit reference agencies, including industry-standard credit scores	– Payment record – this includes overdue status as well as a range of variables about payment ratios – Utilisation of the granted limit – Requests for and granting of forbearance – Existing and forecast changes in business, financial and economic conditions

3.2.5 Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank does not have sufficient default experiences to model the probability of default therefore the Bank has employed sovereign and corporate S & P's probability of default rates as it deems it to be a reliable and suitable data for the Bank's current portfolio.

In determining the ECL for other assets, the Bank applies the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future economic conditions (expected changes in default rates) without undue cost and effort.

3.2.6 Significant increase in credit risk

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 Bank'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 Bank 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 Bank 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 based on the terms of the contract.

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 Bank 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.

The Bank 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 30 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).

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

3.2.7 Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank 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 Bank. 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 Bank 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 Bank; 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. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes, except where there is regulatory waiver on specifically identified loans and advances.

3.2.8 Incorporating forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Bank Risk Management Committee and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and local monetary authorities, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers for credit risk are: oil prices, USD exchange rate - Inter-bank rate and GDP growth.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above

IFRS 9 requires the calculation of probability-weighted ECL impairments. Three ECL figures are calculated for each account (optimistic, best-estimate and downturn ECLs) and probability-weighted to arrive at a single ECL impairment for each account. The likelihood of the best- estimate, downturn and optimistic scenarios are determined by Titan Trust Bank's management.

The likelihood of the base case, upturn and downturn scenarios are calculated using the confidence interval estimation technique.

Possible outcomes for the different scenarios (base case, upturn and downturn) are influenced by the macro-economic variable considered by management – Real GDP growth rate. The Z-score is used to calculate the probability of having the base, upturn and downturn scenarios by comparing Nigeria's GDP and inflation historical experience from 1961 – 2016. The three scenarios used in the calculation of ECL are;

1. The Base case scenario – which captures TTB's view of the most likely economic future

2. The upturn scenario – which presents possible favourable future economic developments

3. The downturn scenario – which presents possible adverse future economic developments.

3.2.9 Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD)
- exposure at default (EAD)

Stage 1

Account-level ECL figures are calculated projecting monthly expected losses for 12 months of each account. The forward-looking, macro- adjusted monthly PDs are applied to the applicable LGD estimate and EAD or the collateral adjusted EAD (if secured) at the start of each month.

Stage 2

Account-level ECL figures are calculated projecting monthly expected losses for the remaining lifetime of each account. The forward-looking, macro-adjusted monthly PDs are applied to the applicable LGD estimate and the EAD or collateral adjusted EAD (if secured) at the start of each month

Stage 3

Account-level ECL figures are calculated by applying the applicable LGD estimate to the balance as at the reporting date. A PD of 1 is assumed.

These parameters are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information as described above.

Probability of Default (PD)

Probability of Default is the likelihood of a the counter-party to a financial asset defaulting over a given time period. This input varies with the time period involved The Bank does not have sufficient default experiences to model the probability of default therefore the Bank has employed sovereign and corporate S & P's probability of default rates as it deems it to be a reliable and suitable data for the Bank's current portfolio.

The 12-month PD estimates were used to form the basis of the lifetime PD curves, which are required to calculate lifetime expected credit losses for Stage 2 accounts. In addition, macro-economic adjustment is applied to account for differences in the current economic conditions and those underlying the PDs.

Exposure at Default (EAD)

Exposure at default (EAD) is the expected exposure in the event of a default. In order to calculate IFRS 9 ECLs, assumptions are made about how exposures will run-off over their lifetime. For the financial assets, the assumed contractual payments, based on the original balance, interest/coupon rate and term, are calculated and applied to derive the expected lifetime exposure at default for any given month. For loans and staff loans, the corresponding expected monthly lifetime collateral value is deducted to obtain an unsecured EAD structure, which is used in the final ECL calculations. All Titan Trust Bank's investment securities are unsecured, so no lifetime collateral is deducted.

For off-balance sheet exposures, the bank applies the loan equivalent factor in estimating EAD for off-balance sheet exposures.

Loss Given Default

Loss given default is the magnitude of likely loss if there is a default. For the loans and staff loans, the LGD is applied on the unsecured portion of the exposure for a given facility. For secured loans, a forecasted lifetime collateral schedule matching the EAD schedule of the loan was created. The point-in-time value of the collateral was used to reduce the exposure amount to the unsecured amount.

The unsecured LGD becomes a function of the unsecured recovery rate, such that Unsecured LGD = 1 – Recovery Rate. Titan Trust Bank relied on Moodys' recovery data for the unsecured LGD for the loans, while the bank derived recovery rates for the staff loans by averaging the subsequent recoveries of exited staff.

The complement of this rate was used as the unsecured LGD, which is assumed to be constant over the lifetime of the loans.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts and revolving facilities that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type
- credit risk gradings
- collateral type
- Past due information
- date of initial recognition
- remaining term to maturity
- industry
- geographic location of the borrower

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

3.2.10 Loss allowance

Measurement basis under IFRS 9

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

In thousands of Naira			31 December 2020				31 December 2019	
Loans to banks	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	(2,377)	-	-	(2,377)	-	-	-	-
Net measurement of loss allowances (see note 8)	(6,038)	-	-	(6,038)	2,377	-	-	2,377
Closing balance	(8,415)	-	-	(8,415)	2,377	-	-	2,377
Gross amount	**25,636,249**	-	-	**25,636,249**	**5,046,103**	-	-	**5,046,103**

In thousands of Naira			31 December 2020				1 December 2019	
Cash and balances with central banks excluding mandatory deposit with CBN	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	-	-	-	-	-	-	-	-
Net measurement of loss allowances (see note 8)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Gross amount	**2,987,043**	-	-	**2,987,043**	**70,232**	-	-	**70,232**

In thousands of Naira	31 December 2020				31 December 2019			
Assets pledged as collateral at amortised cost	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	(855)	-	-	(855)	-	-	-	-
Net measurement of loss allowances (see note 8)	855	-	-	855	(855)	(855)	-	(855)
Closing balance	-	-	-	-	(855)	(855)	-	(855)
Gross amount	**10,609,415**	-	-	**10,609,415**	**1,960,333**	-	-	**1,960,333**

In thousands of Naira	31 December 2020				31 December 2019			
Loans and advances to customers at amortised cost	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	(218)	-	-	(218)	-	-	-	-
Net measurement of loss allowances (see note 8)	(209,546)	-	-	(209,546)	-	-	-	-
Closing balance	(209,764)	-	-	(209,764)	-	-	-	-
Gross amount	**38,952,136**	-	-	**38,952,136**	**4,255,464**	-	-	**4,255,464**

In thousands of Naira	31 December 2020				31 December 2019			
Investment securities at amortised cost	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	(1,257)	-	-	(1,257)	-	-	-	-
Net measurement of loss allowances (see note 8)	539	-	-	539	(1,257)	-	(1,257)	(1,257)
Closing balance	(718)	-	-	(718)	(1,257)	(1,257)	-	(1,257)
Gross amount	**3,382,265**	-	-	**3,382,265**	**6,268,556**	-	-	**6,268,556**

In thousands of Naira	31 December 2020				31 December 2019			
Investment securities at FVOCI	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	(19,952)	-	-	(19,952)	-	-	-	-
Net measurement of loss allowances (see note 8)	15,899	-	-	15,899	(19,952)	-	-	(19,952)
Closing balance	(4,053)	-	-	(4,053)	(19,952)	-	-	(19,952)
Gross amount	**20,533,452**	-	-	**20,533,452**	**19,792,081**	-	-	**19,792,081**

In thousands of Naira			31 December 2020					31 December 2019
Other financial assets	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	-	-	-	-	-	-	-	-
Net measurement of loss allowances (see note 8)	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Gross amount	**5,635,019**	-	-	**5,635,019**	**43,478**	-	-	**43,478**

In thousands of Naira			31 December 2020					31 December 2019
Off-balance sheet exposure	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total	12 - month ECL	Lifetime ECL not-credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	-	-	-	-	-	-	-	-
Net measurement of loss allowances (see note 8)	(137,301)	-	-	(137,301)	(218)	-	-	(218)
Closing balance	(137,301)	-	-	(137,301)	(218)	-	-	(218)
Gross amount	**29,553,215**	-	-	**29,553,215**	**3,037,269**	-	-	**3,037,269**

Summary of loss allowance by class of financial instruments also showing the ECL coverage ratio

31 December 2020	Gross Carrying Amount				ECL Allowance				ECL Coverage Ratio			
Financial statements items In thousands of Naira	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	Stage 1 %	Stage 2 %	Stage 3 %	**Total %**
On-balance sheet items												
Cash and balances with central banks	2,987,043	-	-	**2,987,043**	-	-	-	-	0.00	-	-	**0.00**
Financial assets FVTPL	2,210,277	-	-	**2,210,277**	-	-	-	-	0.00	-	-	**0.00**
Assets pledged as collateral	10,609,415	-	-	**10,609,415**	-	-	-	-	0.00	-	-	**0.00**
Loans to banks	25,636,249	-	-	**25,636,249**	(8,415)	-	-	**(8,415)**	(0.03)	-	-	**(0.03)**
Loans and advances to customers at amortised costs	38,952,136	-	-	**38,952,136**	(209,761)	(3)	-	**(209,764)**	(0.54)	0.00	0.00	**(0.54)**
Debt investment securities at amortised cost	3,382,265	-	-	**3,382,265**	(718)	-	-	**(718)**	(0.02)	-	-	**(0.02)**
Debt investment securities at FVOCI	20,533,452	-	-	**20,533,452**	(4,053)	-	-	**(4,053)**	(0.02)	-	-	**(0.02)**
Other financial assets measured at amortised cost	5,635,019	-	-	**5,635,019**	-	-	-	-	0.00	-	-	**0.00**
	109,945,856	-	-	**109,945,856**	(222,947)	(3)	-	**(222,950)**	**(0.61)**	-	-	**(0.61)**
Off balance sheet items												
Letters of credit	24,627,961	-	-	**24,627,961**	(137,301)	-	-	**(137,301)**	(0.56)	-	-	**(0.56)**
Financial guarantees	4,925,254	-	-	**4,925,254**	-	-	-	-	0.00	-	-	**0.00**
	29,553,215	-	-	**29,553,215**	(137,301)	-	-	**(137,301)**	(0.56)	-	-	**(0.56)**
Total	**139,499,071**	-	-	**139,499,071**	**(360,248)**	(3)	-	**(360,251)**	**(0.26)**	-	-	**(0.26)**

31 December 2019	Gross Carrying Amount				ECL Allowance				ECL Coverage Ratio			
Financial statements items In thousands of Naira	Stage 1	Stage 2	Stage 3	**Total**	Stage 1	Stage 2	Stage 3	**Total**	Stage 1 %	Stage 2 %	Stage 3 %	**Total %**
On-balance sheet items												
Cash and balances with central banks	70,232	-	-	**70,232**	-	-	-	**-**	0.00	-	-	**0.00**
Assets pledged as collateral	1,960,333	-	-	**1,960,333**	(855)	-	-	**(855)**	(0.04)	-	-	**(0.04)**
Loans to banks	5,046,103	-	-	**5,046,103**	(2,377)	-	-	**(2,377)**	(0.05)	-	-	**(0.05)**
Loans and advances to customers at amortised costs	3,037,269	-	-	**3,037,269**	(218)	-	-	**(218)**	(0.01)	0.00	0.00	**(0.01)**
Debt investment securities at amortised cost	6,268,556	-	-	**6,268,556**	(1,257)	-	-	**(1,257)**	(0.02)	-	-	**(0.02)**
Debt investment securities at FVOCI	19,792,081	-	-	**19,792,081**	(19,952)	-	-	**(19,952)**	(0.10)	-	-	**(0.10)**
Other financial assets measured at amortised cost	43,478	-	-	**43,478**	-	-	-	**-**	0.00	-	-	**0.00**
	36,147,820	-	-	**36,147,820**	**(24,659)**	-	-	**(24,659)**	**(0.22)**	-	-	**(0.22)**
Off balance sheet items												
Letters of credit	4,055,464	-	-	**4,055,464**	-	-	-	**-**	0.00	-	-	**0.00**
Financial guarantees	200,000	-	-	**200,000**	-	-	-	**-**	0.00	-	-	**0.00**
	4,255,464	-	-	**4,255,464**	-	-	-	**-**	-	-	-	**-**
Total	**40,403,284**	-	-	**40,403,284**	**(24,659)**	-	-	**(24,659)**	**(0.22)**	-	-	**(0.22)**

3.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity risk management process

The Bank's liquidity management process is primarily the responsibility of the Assets and Liabilities Commitee (ALCO). Treasury is the executory arm of ALCO and its functions include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements (in conjunction with financial control unit); and
- Managing the concentration and profile of debt maturities.

Funding approach

Sources of liquidity are regularly reviewed by Treasury to maintain a wide diversification by currency, geography, provider, product and term.

3.3.1 Management of liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses. Liquidity risk arises when the cushion provided by liquid assets is not sufficient to meet outstanding obligations. The Bank has liquidity and funding risk management process that ensures that all foreseeable funding commitments can be met when due and that access to wholesale market is coordinated and cost effective. Treasury department manages liquidity on a daily basis while ALCO tracks and reviews the liquidity situation every week.

- Ensure that an adequate liquidity cushion is maintained to meet all maturing obligations on an on-going basis.
- Control the Bank's dependence on high cost of funds by building an effective contingency funding plan.
- Set and comply with liquidity risk limits.
- Monitor the gap profile structure and the funding sources.
- Ensure a sufficient liquidity reserve of unencumbered liquid assets and the efficient usage of it.
- Ensure availability of timely information for liquidity management decisions.
- Ensure compliance with regulatory liquidity management and reporting requirements.

Liquidity Risk management processes

The Bank has methodology and procedures for the identification, assessment, measurement, monitoring, controlling and reporting of liquidity risks within the Bank. Titan Trust Bank adopts both qualitative and quantitative approaches to identify and measure liquidity risk, which include:

1. Funding and liquidity plan

Titan Trust Bank maintains a robust liquidity management plan inclusive of placement and takings lines with counterparty banks in order to ensure appropriate monitoring, planning and provision of funds in order to meet the bank's obligations at every given time.

2. Ratio analysis (Indicators)

The Bank uses liquidity ratios to indicate its ability to meet short term obligations with liquid assets, reveal mismatches between tenured funding sources and uses, review the ability of the Bank to fund loans through customer deposits and allow management to monitor changes in liquidity.

3. Liquidity Gap analysis

Liquidity gap analysis is used to monitor the current liquidity position of the Bank. It quantifies the cumulative gap in the Bank's business- as- usual environment. The gap for any given tenor bucket represents the borrowings from or placements to the markets required to replace maturing liabilities or assets. The underlying assumptions are documented and used consistently.

4. Concentration in sources and application of funds

The Bank monitors concentration in the sources and application of funds to ensure that the funding bases are stable and diversified. A well diversified funding base makes the Bank less vulnerable to adverse changes in the perception of a group of depositors/investors, whose actions or inactions could significantly affect the Bank.

5. Liquidity risk monitoring

Trigger points in the form of targets and limits on liquidity positions are monitored and deviations from "normal" ranges of operation reported to management. Trigger points and early warning indicators are based on internal limits and have been caliberated into different trigger levels requiring different management actions at the respective levels. These internal limits are set with respect to industry standards. The Bank's liquidity management policies and procedures highlight and escalate exceptions promptly.

6 Liquidity Risk Reporting

Liquidity risks are communicated to the applicable business units, senior management and the Board. The Market Risk Department maintains an independent liquidity risk reporting which effectively and consistently communicate liquidity risk information to ALCO for appropriate decision making.

4. Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows;

	31 December 2020	31 December 2019
At the end of the year	**77.00%**	**335.71%**
Average for the year	270.50%	5,301.00%
Maximum for the year	791.47%	11,453.33%
Minimum for the year	77.00%	335.71%

3.3.2 Maturity analysis

(a) Contractual maturity of financial assets and liabilitiesrelevant time bands, groupings based on the remaining period to the contractual maturity as at the reporting date. The table includes both principal and interest cash flows. Contractual maturities do not necessarily reflect actual

The table below summarizes the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities into repayments or cash flow

In thousands of Naira 31 December 2020	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Cash and balances with central banks excluding mandatory deposits	14	2,987,043	2,987,043	2,987,043	-	-	-	-	-
Financial assets FVTPL	15	2,210,277	2,214,354	-	4,077	5,960	-	2,204,317	-
Assets pledged as collateral	16	10,609,415	26,881,980	-	1,608,820	236,800	353,620	2,828,960	21,853,780
Loans to banks	17	25,627,834	27,128,242	27,128,242	-	-	-	-	-
Loans and advances to customers	18	38,742,372	38,952,136	16,278,466	4,529,548	147,231	3,571,481	3,802,063	10,623,347
Investments securities	19	23,914,999	37,527,630	2,912,391	8,015,873	172,271	3,181,521	7,042,304	16,203,270
Other assets (less prepayments)	24	5,667,251	5,667,251	-	5,667,251	-	-	-	-
Total financial assets		**109,759,191**	**141,358,636**	**49,306,142**	**19,825,569**	**562,262**	**7,106,622**	**15,877,644**	**48,680,397**
Financial liabilities by type									
Deposits from customers	25	85,970,588	86,400,510	64,412,660	2,915,033	9,349,616	9,723,201	-	-
Other liabilities	27	11,025,349	11,025,349	-	11,025,349	-	-	-	-
Borrowings	29	6,030,822	6,045,925	3,000,000	3,045,925	-	-	-	-
Total financial liabilities		**103,026,759**	**103,471,784**	**67,412,660**	**16,986,307**	**9,349,616**	**9,723,201**	**-**	**-**
Liquidity gap		**6,732,432**	**37,886,852**	**(18,106,518)**	**2,839,262**	**(8,787,354)**	**(2,616,579)**	**15,877,644**	**48,680,397**
Cumulative liquidity gap				**19,780,334**	**22,619,596**	**13,832,242**	**11,215,663**	**27,093,307**	**75,773,704**

In thousands of Naira 31 December 2019	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Cash and balances with central banks excluding mandatory deposits	14	70,232	70,232	70,232	-	-	-	-	-
Financial assets FVTPL	15	241,806	250,000	-	-	-	250,000	-	-
Assets pledged as collateral	16	1,959,478	2,067,000	-	-	2,067,000	-	-	-
Loans to banks	17	5,043,725	5,049,778	5,049,778	-	-	-	-	-
Loans and advances to customers	18	3,037,052	3,071,538	3,001,573	2,974	4,461	8,922	32,614	20,994
Investments securities	19	26,059,380	27,990,177	4,508,195	4,466,033	2,933,000	15,958,364	124,585	-
Other assets (less prepayments)	24	43,478	43,478	43,478	-	-	-	-	-
Total financial assets		**36,455,151**	**38,542,203**	**12,673,256**	**4,469,007**	**5,004,461**	**16,217,286**	**157,199**	**20,994**
Financial liabilities by type									
Deposits from customers	25	9,390,033	9,414,603	7,235,943	2,178,660	-	-	-	-
Other liabilities	27	57,065	57,065	57,065	-	-	-	-	-
Total financial liabilities		**9,447,098**	**9,471,668**	**7,293,008**	**2,178,660**	-	-	-	-
Liquidity gap		**27,008,053**	**29,070,535**	**5,380,248**	**2,290,347**	**5,004,461**	**16,217,286**	**157,199**	**20,994**
Cumulative liquidity gap				**34,450,783**	**36,741,130**	**41,745,591**	**57,962,877**	**58,120,076**	**58,141,070**

(b) Behavioural maturity of financial assets and liabilities

The table below summarizes the behavioural maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities into relevant time bands as at the reporting date. In practice, certain liability instruments behave differently from their contractual terms. Typically, short-term deposits often extend to a longer period than their contractual maturity

In thousands of Naira *31 December 2020*	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Cash and balances with central banks	14	2,987,043	2,987,043	2,987,043	-	-	-	-	-
Financial assets FVTPL	15	2,210,277	2,214,354	-	4,077	5,960	-	2,204,317	-
Assets pledged as collateral	16	10,609,415	26,881,980	-	1,608,820	236,800	353,620	2,828,960	21,853,780
Loans to banks	17	25,627,834	27,128,242	27,128,242	-	-	-	-	-
Loans and advances to customers	18	38,742,372	38,952,136	16,278,466	4,529,548	147,231	3,571,481	3,802,063	10,623,347
Investments securities	19	23,914,999	37,527,630	2,912,391	8,015,873	172,271	3,181,521	7,042,304	16,203,270
Other assets (less prepayments)	24	5,667,251	5,667,251	-	5,667,251	-	-	-	-
Total financial assets		109,759,191	141,358,636	49,306,142	19,825,569	562,262	7,106,622	15,877,644	48,680,397
Financial liabilities by type									
Deposits from customers	25	85,970,588	86,400,510	64,412,660	2,915,033	9,349,616	9,723,201	-	-
Other liabilities	27	11,025,349	11,025,349	-	11,025,349	-	-	-	-
Borrowings	29	6,030,822	6,045,925	3,000,000	3,045,925	-	-	-	-
Total financial liabilities		**103,026,759**	**103,471,784**	**67,412,660**	**26,335,923**	**32,770,506**	**12,638,234**	**-**	**-**
Liquidity gap		**6,732,432**	**37,886,852**	**(18,106,518)**	**(6,510,354)**	**(32,208,244)**	**(5,531,612)**	**15,877,644**	**48,680,397**
Cumulative liquidity gap				**19,780,334**	**13,269,980**	**(18,938,264)**	**(24,469,876)**	**(8,592,232)**	**40,088,165**

In thousands of Naira 31 December 2019	Note	Carrying value	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Financial assets by type									
Cash and balances with central banks	14	70,232	70,232	70,232	-	-	-	-	-
Financial assets FVTPL	15	241,806	250,000	-	-	-	250,000	-	-
Assets pledged as collateral	16	1,959,478	2,067,000	-	-	2,067,000	-	-	-
Loans to banks	17	5,043,725	27,128,242	27,128,242	-	-	-	-	-
Loans and advances to customers	18	3,037,052	3,071,538	3,001,573	2,974	4,461	8,922	32,614	20,994
Investments securities	19	26,059,380	44,193,447	4,508,195	4,466,033	2,933,000	15,958,364	124,585	16,203,270
Other assets (less prepayments)	24	43,478	43,478	43,478	-	-	-	-	-
Total financial assets		**36,455,151**	**76,823,937**	**34,751,720**	**4,469,007**	**5,004,461**	**16,217,286**	**157,199**	**16,224,264**
Financial liabilities by type									
Deposits from customers	25	9,390,033	9,414,603	7,235,943	2,178,660	-	-	-	-
Other liabilities	27	57,065	57,065	57,065	-	-	-	-	-
Total financial liabilities		**9,447,098**	**9,471,668**	**7,293,008**	**2,178,660**	**-**	**2,178,660**	**-**	**-**
Liquidity gap		**27,008,053**	**67,352,269**	**27,458,712**	**2,290,347**	**5,004,461**	**14,038,626**	**157,199**	**16,224,264**
Cumulative liquidity gap				**94,810,981**	**97,101,328**	**102,105,789**	**116,144,415**	**116,301,614**	**132,525,878**

The table below shows the behavioural expiry by maturity of the Bank's contingent liabilities and commitments. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called

In thousands of Naira 31 December 2020	Note	Carrying value	Amount committed/ guaranteed	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Performance bonds and financial guarantees	34.2	4,925,254	4,925,254	3,897,539	777,715	-	50,000	200,000	-
Contingent letters of credit	34.2	24,627,961	25,420,461	2,608,138	19,229,695	3,230,057	327,350	25,221	-
		29,553,215	30,345,715	6,505,677	20,007,410	3,230,057	377,350	225,221	-

In thousands of Naira 31 December 2019	Note	Carrying value	Amount committed/ guaranteed	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Over 5 years
Performance bonds and financial guarantees	34.2	200,000	200,000	-	-	-	-	200,000	-
Contingent letters of credit	34.2	4,055,464	4,055,464	-	-	4,055,464	-	-	-
		4,255,464	**4,255,464**	-	-	**4,055,464**	-	200,000	-

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments The amounts in the tables above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Financial assets and financial liabilities	Undiscounted cash flows, which include estimated interest payments
Issued financial guarantee contracts, and unrecognized loan commitments	Earliest possible contract maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called

The Bank's expected cash flows on some financial assets and liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately.

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, and debt securities issued by Federal Government, which can be readily sold to meet liquidity requirements. In addition, the Bank maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with central banks.

3.4 Market risk

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

3.4.1 Management of market risk

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Bank's income or the value of its portfolios.

The objectives of the Bank's market risk management are to protect the Bank's capital and earnings from fluctuations caused by currency rates and interest rate movements, manage and control market risk exposures in order to optimize return while complying with existing regulatory guidelines.

Market risk management and measurement process

The Bank has robust methodology and procedures for the identification, assessment, measurement, control, monitoring and reporting of market risks within the Bank's trading portfolio and the rest of the Bank's balance sheet. The Market Risk Management Department is responsible for measuring market risk exposures in accordance with the policies defined by the Board, monitoring and reporting the exposures against the prescribed limits.

Titan Trust Bank will use a range of tools for managing market risk which include:

Sensitivity analysis

Sensitivity analysis is used to determine the impact of changes in risk factors such as interest rates, foreign exchange rates, equity prices on the earnings or portfolio values. Market risk management compares the potential impact of changes in the risk factors on the Bank's net income and equity against the levels it deems necessary to maintain profitability, remain solvent and comply with banking regulations.

Interest rate gap analysis

The Bank manages the impact of interest rate changes within self-imposed parameters set after careful consideration of a range of possible rate environments and business scenarios. These parameters in combination define the Bank's market risk tolerance.

Limits are used to control the Bank's interest rate risk exposure within its risk tolerance. Risk limits are set by product and risk types. They are usually approved by ALCO and endorsed by the Board. Limits are sets for position taken, value at risk, stop loss and profit take as well as counter party risks. The overall risk appetite of the Bank, size, complexity and capital adequacy of the Bank, profitability of business/product areas, complexity of products, liquidity of specific markets and volatility of markets are considered while setting the limits.

The market risk is managed by the market risk management function under the Risk management department. The monitoring includes establishment and monitoring of treasury limit, rendering market intelligent reports and mark to market valuation of the Bank's trading position.

Duration Gap analysis

Duration Gap Analysis compares the price sensitivity of the Bank's total assets with the price sensitivity of its total liabilities to assess whether the market value of assets or liabilities changes more when rates change. Titan Trust Bank uses duration gap (DGAP) for managing its value of equity, recognizing the timing of all cash flows for every security on the statement of financial

Monitoring exposure limits and triggers

The Bank manages the impact of changes in market factors – equity prices, interest rates and currency rates within self-imposed limits and triggers set after careful consideration of a range of possible rate environments and business scenarios. These limits are used to control the Bank's market risk exposures within its risk tolerance.

Risk Reporting

Market Risk Management Department ensures that the Bank maintains an accurate risk reporting framework that effectively and consistently communicate market risk information across the Bank. Market Risk Management use independently sourced data to generate reports, which provides the Board and Senior management with clear, concise and timely recommendations and supporting information needed to make decisions.

3.4.2 Exposure to market risk between trading and non-trading portfolios

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

In thousands of Naira			Market risk measure	
31 December 2020	*Note*	Carrying ammount	Trading portfolios	Non-trading portfolios
Assets subject to market risk				
Cash and balances with central banks excluding mandatory deposits with CBN	14	2,987,043	-	2,987,043
Financial assets FVTPL	15	2,210,277	2,210,277	-
Assets pledged as collateral	16	10,609,415	-	10,609,415
Loans to banks	17	25,627,834	-	25,627,834
Loans and advances to customers	18	38,742,372	-	38,742,372
Investments securities	19	23,914,999	-	23,914,999
Other assets	24	5,635,019	-	5,635,019
		109,726,959	**2,210,277**	**107,516,682**
Liabilities subject to market risk				
Deposits from customers	25	85,970,588	-	85,970,588
Capitalized lease liability	28	347,582	-	347,582
Other liabilities	27	11,025,349		11,025,349
Borrowings	29	6,030,822	-	6,030,822
		92,001,410		**92,001,410**

In thousands of Naira			Market risk measure	
31 December 2019	*Note*	Carrying ammount	Trading portfolios	Non-trading portfolios
Assets subject to market risk				
Cash and balances with central banks excluding mandatory deposits with CBN	14	70,232	-	70,232
Financial assets FVTPL	15	-	-	-
Assets pledged as collateral	16	1,959,478	-	1,959,478
Loans to banks	17	5,043,725	-	5,043,725
Loans and advances to customers	18	3,037,052	-	3,037,052
Investments securities	19	26,059,380	-	26,059,380
Other assets	24	43,478	-	43,478
		36,213,345	**-**	**36,213,345**
Liabilities subject to market risk				
Deposits from customers	25	9,390,427	-	9,390,427
Other liabilities	27	57,065	-	57,065
		9,447,492	**-**	**9,447,492**

3.4.3 Measurement of market risk

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

Non-trading book: Earnings at Risk

Market risk in the non-trading book emanates mainly from adverse movement in future net interest income, resulting from changes in interest rates. Analysis of this risk involves the breaking down of Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) into time buckets to determine the possible impact on Net Interest income if rates drop or increase. Interest rate risk in non- trading portfolios is measured with maturity/repricing gap analysis, Earnings At Risk and ratios analysis. The sensitivity of earnings to specified upward and downward instantaneous parallel 100 basis point shift in the yield curve, over one-year horizons under business-as-usual conditions assuming static portfolio indicates the potential risk.

3.4.4 Foreign exchange (FX) risk

Foreign exchange exposures arise because of balance sheet mismatches between foreign currency assets and foreign currency liabilities. These are mainly foreign currency loans and deposits, balances with foreign banks, customers' FX transactions, and borrowings in foreign currencies. FX trading exposures are discretionary (intentional) and typically short term FX exposures resulting from treasury trades to profit from currency movements. They contribute to the Bank's overall trading risk and are managed under the trading risk management framework.

The Bank's foreign currency exposure is managed by ALCO. The primary objectives of the Bank's foreign exchange risk management are to protect the Bank's capital base and earnings from fluctuations caused by currency rates movements in excess of approved limits, and to ensure that our open position limit is managed within existing regulatory guidelines. The Central Bank of Nigeria assign NOP limits to banks as a percentage of their shareholders' funds. These limits change from time to time based on how the regulator wants to affect the market. However, the Bank has an internal policy to further constraint the CBN assigned NOP limit by allowing traders an aggregate open position of 90% of the CBN limit.

The Bank trades and closes each day with either long or short positions within the approved internal limit. If for any reason the Bank anticipates that the net open limit might be breached, an anticipatory approval must be sought and obtained from the Managing Director and Executive Director with appropriate justification. Under no circumstance, however, shall the CBN limit be breached.

For the purpose of financial reporting, the Bank adopts NAFEX rates in translating its foreign currency denominated assets and liabilities as that is the most probable rate at which the assets and liabilities are expected to be realized and settled respectively.

The following shows the Bank's structural foreign currency exposures for the period.

		31 December 2020			
In thousands of Naira	Naira	USD	GBP	Euro	Others
Financial assets					
Cash and balances with central banks excluding mandatory deposit with CBN	2,899,925	181	25	2	-
Financial assets FVTPL	2,210,277	-	-	-	-
Assets pledged as collateral	10,609,415	-	-	-	-
Loans to banks	10,675,552	39,078	-	-	-
Loans and advances to customers	29,166,914	24,443	-	-	-
Investments securities	19,195,108	11,790	-	-	-
Other assets	5,629,616	2,072	-	-	-
Total	**80,386,807**	**77,564**	**25**	**2**	-
Financial liabilities					
Deposits from customers	51,679,675	85,620	25	2	-
Capitalized lease liability	347,582	-	-	-	-
Other liabilities	7,438,427	3,136	-	-	-
Borrowings	6,030,822	-	-	-	-
Total	**65,496,506**	**88,756**	**25**	**2**	-
Net Open Position	**14,890,301**	**(11,192)**	-	-	-

In thousands of Naira	Naira	USD	31 December 2019 GBP	Euro	Others
Financial assets					
Cash and balances with central banks excluding mandatory deposits	20,645	49,326	241	20	-
Financial assets FVTPL	241,806	-	-	-	-
Assets pledged as collateral	1,959,478	-	-	-	-
Loans to banks	664,083	4,379,642	-	-	-
Loans and advances to customers	3,037,052	-	-	-	-
Investments securities	26,059,380	-	-	-	-
Other assets	43,478	-	-	-	-
Total	**32,025,922**	**4,428,968**	**241**	**20**	-
Financial liabilities by type					
Deposits from customers	4,958,062	4,431,710	241	20	-
Capitalized lease liability	300,383	-	-	-	-
Other liabilities	-	-	-	-	-
Total	**5,258,445**	**4,431,710**	**241**	**20**	-
Net Open Position	**26,767,477**	**(2,742)**	-	-	-

3.4.5 Foreign exchange risk sensitivity analysis

Due to the Bank's foreign currency exposures, the Bank may be exposed to further losses in the event of a significant decline in the value of the Bank's local currency (Nigerian Naira). This may occur in the event of a devaluation of the exchange rate of the Naira to the US Dollars in the official exchange market by the Central Bank of Nigeria (CBN). This will have a direct impact on the Nigerian Inter-bank Foreign exchange market (NAFEX), the market where the Bank obtains its translation rates for the US Dollar.

The losses which are likely to occur in the event of devaluation of the Naira will affect the reported equity in the following ways:

• Retained earnings - increase or decrease in the carrying amount of assets or liabilities held by Bank from changes in the value of the Naira (excluding financial assets measured at fair value through other comprehensive income (FVOCI)) reported in the profit or loss

• Fair value reserves - increase or decrease in the carrying amount of financial assets measured at FVOCI from changes in the value of the Naira reported directly in equity.

The table below sets out the impact on the Bank's net open position as at 31 December 2020 in USDollars, Pounds Sterling, Euros and other currencies in the event of a 10% and 20% devaluation of the Naira in relation to other currencies.

Foreign exchange risk sensitive analysis - 31 December 2020
Impact of percentage changes in foreign currency rates

	Net Open PositionN		et Gain/(Loss) on decline of the value of Naira	
Currency In thousands	In Naira	In USD $1= N400.33	10% decrease in the value of Naira $1= N360	20% decrease in the value of Naira $1= N320
US Dollars	(11,192)	(28)	1,119	2,238
	(11,192)	(28)	1,119	2,238

	Net Open PositionN		et Gain/(Loss) on decline of the value of Naira	
Currency In thousands	In Naira	In USD $1= N400.33	10% increase in the value of Naira $1= N440	20% increase in the value of Naira $1= N480
US Dollars	(11,192)	(28)	(1,119)	(2,238)
	(11,192)	(28)	(1,119)	(2,238)

Foreign exchange risk sensitive analysis - 31 December 2019
Impact of percentage changes in foreign currency rates

	Net Open PositionN		et Gain/(Loss) on decline of the value of Naira	
Currency In thousands	In Naira	In USD $1= N364.70	10% increase in the value of Naira $1= N401	20% increase in the value of Naira $1= N438
US Dollars	(2,742)	(8)	274	548
	(2,742)	(8)	274	548

	Net Open PositionN		et Gain/(Loss) on decline of the value of Naira	
Currency In thousands	In Naira	In USD $1= N364.70	10% decrease in the value of Naira $1= N328	20% decrease in the value of Naira $1= N292
US Dollars	(2,742)	(8)	(274)	(548)
	(2,742)	(8)	(274)	(548)

3.4.6 Interest rate risk

The following is a summary of the Bank's interest rate gap position on non-trading portfolio:

			Interest Bearing				
31 December 2020 *In thousands of Naira*	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- Interest bearing	Total
Financial assets							
Cash and balances with central banks excluding mandatory deposit with CBN	-	-	-	-	-	2,987,043	2,987,043
Financial assets FVTPL	-	-	10,037	2,204,317	-	-	2,214,354
Assets pledged as collateral	-	1,608,820	590,420	2,828,960	5,581,215	-	10,609,415
Loans to banks	25,627,834	-	-	-	-	-	25,627,834
Loans and advances to customers	16,278,466	4,529,548	3,718,712	3,802,063	10,623,347	-	38,952,136
Investments securities	2,880,000	7,642,209	2,616,515	3,181,521	7,595,472	-	23,915,717
Other assets	-	-	-	-	-	5,667,251	5,667,251
Total financial assets	**44,786,300**	**13,780,577**	**6,935,684**	**12,016,861**	**23,800,034**	**8,654,294**	**109,973,750**
Financial liabilities							
Deposits from customers	17,387,337	6,779,375	25,686,772	814,783	-	35,732,243	86,400,510
Other liabilities	-	-	-	-	-	11,025,349	11,025,349
Borrowings	3,000,000	3,045,925	-	-		-	6,045,925
Total financial liabilities	**20,387,337**	**6,779,375**	**25,686,772**	**814,783**	**-**	**46,757,592**	**97,425,859**
Total interest rate gap	**24,398,963**	**7,001,202**	**(18,751,088)**	**11,202,078**	**23,800,034**	**(38,103,298)**	**12,547,891**

			Interest Bearing				
31 December 2019 *In thousands of Naira*	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-Interest bearing	Total
Financial assets							
Cash and balances with central banks excluding mandatory deposit with CBN	-	-	-	-	-	70,232	70,232
Financial assets FVTPL	-	-	250,000	-	-	-	250,000
Assets pledged as collateral	-	-	2,067,000	-	-	-	2,067,000
Loans to banks	5,049,778	-	-	-	-	-	5,049,778
Loans and advances to customers	3,001,573	2,974	4,461	8,922	32,614	20,994	3,071,538
Investments securities	4,500,000	4,466,033	2,933,000	15,950,169	100,000	-	27,949,202
Other assets	-	-	-	-	-	43,478	43,478
Total financial assets	**12,551,351**	**4,469,007**	**5,254,461**	**15,959,091**	**132,614**	**134,704**	**38,501,228**
Financial liabilities							
Deposits from customers	7,235,943	2,178,660	-	-	-	-	9,414,603
Other liabilities	-	-	-	-	-	57,065	57,065
Total financial liabilities	**7,235,943**	**2,178,660**	-	-	-	**57,065**	**9,471,668**
Total interest rate gap	**5,315,408**	**2,290,347**	**5,254,461**	**15,959,091**	**132,614**	**77,639**	**29,029,560**

3.4.7 Interest rate sensitivity analysis

The table below sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel falls in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Interest sensitivity analysis - Impact of 100 basis points changes in rates over a one year period on profit or loss and equity

31 December 2020

Time Band In thousands of Naira	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
<1 month	24,398,963	(233,963)	233,963
1-3 months	7,001,202	(58,407)	58,407
3-12 months	(18,751,088)	70,381	(70,381)
	12,649,077	**(221,989)**	**221,989**

31 December 2019

Time Band In thousands of Naira	Size of Gap	100 basis points decline in rates	100 basis points increase in rates
<1 month	5,315,408	(50,970)	50,970
1-3 months	2,290,347	(19,107)	19,107
3-12 months	5,254,461	(19,722)	19,722
	12,860,216	**(89,799)**	**89,799**

Interest rate movements affect reported equity in the following ways:

• Retained earnings - increases or decreases in net interest income and fair values of derivatives reported in profit or loss

• Fair value reserves - incease or decreases in fair values of FVOCI financial instruments reported directly in equity.

The table below sets out information on the exposure to fixed and variable interest instruments.

Exposure to fixed and variable interest rate risk

31 December 2020

Assets *In thousands of Naira*	Fixed	Floating	Total
Cash and balances with central banks excluding mandatory deposit with CBN	2,987,043	-	2,987,043
Financial assets at FVTPL	10,037	2,204,317	2,204,317
Assets pledged as collateral	10,609,415	-	10,609,415
Loans to banks	25,627,834	-	25,627,834
Loans and advances to customers	38,952,136	-	38,952,136
Investments securities	23,915,717	-	23,915,717
Other assets (less prepayments)	5,667,251	-	5,667,251
	107,769,433	-	**109,973,750**
Liabilities	Fixed	Floating	Total
Deposits from customers	50,668,267	35,732,243	86,400,510
Borrowings	6,045,925	-	6,045,925
	56,714,192	-	**92,446,435**

31 December 2019

Assets *In thousands of Naira*	Fixed	Floating	Total
Cash and balances with central banks excluding mandatory deposit with CBN	70,232	-	70,232
Financial assets at FVTPL	250,000	-	250,000
Assets pledged as collateral	2,067,000	-	2,067,000
Loans to banks	5,049,778	-	5,049,778
Loans and advances to customers	3,071,538	-	3,071,538
Investments securities	27,949,202	-	27,949,202
	38,457,750	-	**38,457,750**
Liabilities	Fixed	Floating	Fixed
Deposits from customers	9,414,603	-	9,414,603
	9,414,603	-	**9,414,603**

3.4.8 Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions of financial instruments measured at FVPTL and FVOCI. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 100 basis points increase/(decrease) in market yields. The impact of financial instruments measured at FVTPL is on the income statement while the impact of financial instruments measured at FVOCI is on the statement of other comprehensive income.

31 December 2020	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
Financial assets at FVTPL	2,210,277	-	-
Financial assets at FVOCI	20,533,452	199,628	(122,288)
Total	**22,743,729**	**199,628**	**(122,288)**

31 December 2019	Carrying Value	Impact of 100 basis points decrease in yields	Impact of 100 basis points increase in yields
Financial assets at FVTPL	241,806	1,794	(1,867)
Financial assets at FVOCI	19,792,081	199,628	(122,288)
Total	**20,033,887**	**201,422**	**(124,155)**

3.5 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs), This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The table below shows the analysis financial instruments measured at fair value at the end of each reporting period, by the level in the fair value hierachy into which the fair value measurement is categorised:

In thousands of Naira 31 December 2020	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial assets at FVTPL - Debt securities	15	2,210,277	-	-	2,210,277
Financial assets at FVOCI - Investment securities - debt	19	20,533,452	-	-	20,533,452
Total assets		22,743,729	-	-	22,743,729

In thousands of Naira 31 December 2019	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial assets at FVTPL - Debt securities	15	241,806	-	-	241,806
Financial assets at FVOCI - Investment securities - debt	19	11,364,675	8,427,406	-	19,792,081
Total assets		**11,606,481**	**8,427,406**	-	**20,033,887**

(b) Fair valuation methods and assumptions

	Methodology	Key assumptions
Trading securities Treasury bills and Government Bonds	Trading securities as well as Investment securities measured at fair value through other comprehensive income (FVOCI) are measured at fair value using the following methods: **Level 1** For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. This includes quoted debt instruments on major exchanges (for example NSE) and broker quotes from the Nigerian Financial Markets Dealer Association. These are classified as Level 1 of the fair value hierachy. **Level 2** Market Comparison/Discounted Cash flow: The fair value is estimated considering: (i) current or recent quoted prices for identical securities in markets that are not active (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	The prices quoted on the major exchanges are representative of an active market and represent actual and regularly occurring market transactions on an arm's length basis.

(c) Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value:

In thousands of Naira 31 December 2020	Carrying Value	Level 1	Level 2	Level 3	Fair Value
Financial assets					
Cash and balances with central banks	**25,508,748**	-	**25,508,748**	-	**25,508,748**
- Cash in hand	303,324	-	303,324	-	303,324
- Balances with central banks other than mandatory reserve deposits	2,683,719	-	2,683,719	-	2,683,719
- Mandatory reserve deposits with central banks	22,521,705	-	22,521,705	-	22,521,705
Loans to banks	**25,627,834**	-	**25,627,834**	-	**25,627,834**
- Current balances with banks within Nigeria	953	-	953	-	953
- Currrent balances with banks outside Nigeria	3,760,390	-	3,760,390	-	3,760,390
- Placements with banks and discount houses	21,866,491	-	21,866,491	-	21,866,491
Loans and advances to customers	**38,742,372**	38,742,372	-	-	**38,742,372**
- Overdrafts	4,079,187	4,079,187	-	-	4,079,187
- Term loans	34,635,685	34,635,685	-	-	34,635,685
- Staff loans	27,500	27,500	-	-	27,500
Asset pledged as collateral	**10,609,415**	10,634,287	-	-	**10,609,415**
Other assets	**5,635,019**	-	**5,635,019**	-	**5,635,019**
Investment securities	**3,381,547**	3,426,145	**-**	-	**3,381,547**
- Measured at amortised cost	3,381,547	3,426,145	-	-	3,381,547
Total financial assets	**109,504,935**	52,802,804	**56,771,601**	-	**109,504,935**
Financial liabilities					
Deposits from customers	**85,970,588**	-	**85,970,588**	-	**85,970,588**
- Current	32,862,541	-	32,862,541	-	32,862,541
- Savings	878,881	-	878,881	-	878,881
- Term	50,238,344	-	50,238,344	-	50,238,344
- Domiciliary	1,990,822	-	1,990,822	-	1,990,822
Deposits from Banks	-	-	-	-	-
Inter Banks Takings	-	-	-		-
Items in the course of collection	-	-	-		-
Other liabilities	**11,025,349**	-	**11,025,349**		**11,025,349**
Total financial liabilities	**96,995,937**	-	**126,549,152**		**126,549,152**
Off-balance sheet financial instruments	**29,553,215**	-	**29,553,215**		**29,553,215**
Performance bonds and guarantees	4,925,254	-	4,925,254		4,925,254
Unconfirmed and unfunded Letters of Credit	24,627,961	-	24,627,961		24,627,961

In thousands of Naira 31 December 2019	Carrying Value	Level 1	Level 2	Level 3	Fair Value
Financial assets					
Cash and balances with central banks	**221,968**	-	**221,968**	-	**221,968**
- Cash in hand	57,472	-	57,472	-	57,472
- Balances with central banks other than mandatory reserve deposits		-		-	
- Mandatory reserve deposits with central banks	164,496	-	164,496	-	164,496
Loans to banks	**5,043,725**	-	**5,043,725**	-	**5,043,725**
- Current balances with banks within Nigeria	2,633	-	2,633	-	2,633
- Currrent balances with banks outside Nigeria	3,674	-	3,674	-	3,674
- Placements with banks and discount houses	5,037,418	-	5,037,418	-	5,037,418
Loans and advances to customers	**3,037,052**	-	**3,037,052**	-	**3,037,052**
- Overdrafts	2,995,405	-	2,995,405	-	2,995,405
- Term loans	4,791	-	4,791	-	4,791
- Staff loans	36,856	-	36,856	-	36,856
Asset pledged as collateral	**1,959,478**	**1,959,478**	-	-	**2,031,287**
Other assets	**43,478**	-	**43,478**	-	**43,478**
Investment securities	-	**6,267,299**	-	-	**6,375,924**
- Measured at amortised cost	-	6,267,299	-	-	6,375,924
Total financial assets	**10,305,701**	-	**10,305,701**	-	**10,305,701**
Financial liabilities					
Deposits from customers	**9,390,033**	-	**9,390,033**	-	**9,390,033**
- Current	1,277,433	-	1,277,433	-	1,277,433
- Savings	95,451	-	95,451	-	95,451
- Term	6,140,384	-	6,140,384	-	6,140,384
- Domiciliary	1,876,765	-	1,876,765	-	1,876,765
Other liabilities	**57,065**	-	**57,065**	-	**57,065**
Total financial liabilities	**9,447,098**		**13,702,562**		**13,702,562**
Off-balance sheet financial instruments	**4,255,464**		**4,255,464**		**4,255,464**
Performance bonds and guarantees	200,000		200,000		200,000
Unconfirmed and unfunded Letters of Credit	**4,055,464**		**4,055,464**		**4,055,464**

3.5 Fair value of financial assets and liabilities (cont'd)

i. Cash and balances with central banks include cash and restricted and non - restricted deposits with Central Bank of Nigeria. The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand.

ii. Loans to banks includes balances with other banks within and outside Nigeria and short term placements.

- The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand.

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

iii. Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the market value of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate for the various loan types

iv. Deposits from banks and customers

- The estimated fair value of deposits, with no stated maturity, is the amount repayable on demand.

- The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

v. Carrying amounts of all other financial assets and liabilities are reasonable approximation of their fair values which are payable on demand.

vi. Off-balance sheet financial instruments

vii. The estimated fair values of the off-balance sheet financial instruments are based on markets prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

3.6 Capital management

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

a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;

b. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and;

c. To maintain a strong capital base to support the development of its business.

Titan Trust Bank maintains capital as a cushion towards the risk of loss in value of exposure, businesses, etc., to protect the interest of stake holders, more particularly, depositors. The Bank has a comprehensive system in place for assessing capital requirements based on current and future business activities and monitoring same on an ongoing basis. Beyond supervisory concern and disclosure issues, the Bank considers that capital availability is the central theme in the whole process, thus its computation is applied to policy, strategy and business level composition.

In line with Central Bank of Nigeria guidelines, the bank has adopted the following approaches for implementation of Base II Capital Adequacy Framework:

1. The Bank has adopted Standardized Approach for credit risk. Under this approach, the Bank applies the risk weights issued by the CBN for the various categories of exposures.

2. The market risk capital charge arises from interest rate risk in the trading book

and foreign exchange risk. The Bank has adopted the standardized approach for the computation of Market Risk capital charge.

3. The Bank adopted the Basic Indicator Approach for determining capital charge for operational risk. This was estimated as 15% of average gross annual income for the previous three financial years.

The CBN requires each bank to: (a) hold the minimum level of the regulatory capital of N25 billion and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The Bank's regulatory capital as managed by its Financial Control and Treasury units is divided into two tiers:

- **Tier 1 capital:** share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and deferred tax is deducted in arriving at Tier 1 capital; and
- **Tier 2 capital:** preference shares, qualifying debt stock, fair value reserves, fixed assets revaluation reserves, foreign currency revaluation reserves, hybrid instruments, convertible bonds and subordinated debts with original tenor of 5 years and above.

Credit risk exposures

Credit risk expsoure comprises on-balance sheet, off balance sheet and regulatory risk exposures and is calculated by applying the required regulatory risk weighting adjustment on the on-balance sheet and off-balance sheet exposures. The regulatory risk reserve is deducted from the sum of the risk-adjusted on-balance sheet and off-balance sheet exposures to arrive at the total on balance sheet and off balance sheet exposures for the purpose of capital adequacy computation.

Strategy Risk

Strategy risk is the risk of current or prospective impact on the Bank's earnings, capital, reputation or standing arising from the changes in the operating environment and from adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic or technological changes. It is a function of the compatibility of the Bank's strategic goals, strategies developed to achieve these goals, the resources deployed to meet these goals, and the quality of the implementation of the strategic plan. The Bank strategic risk management focus is to proactively identify, understand, promptly analyse and appropriately manage strategic risks that could affect the achievement of the Bank's strategic intent. In the process the Bank:

a. Ensures that exposures reflect strategic goals that are not overly aggressive and are also compatible with developed business strategies

b. Avoids products, markets and business for which it cannot objectively measure and manage their associated risk; and

c. Strives to maintain a balance between risk/ opportunities and revenue consideration within the Bank's risk appetite. Thus, risk-related issues are considered in all business decisions.

The Board of directors has the ultimate responsibility for establishing and approving the Bank's strategy in an integrated manner that aligns strategies, goals, tactics and resources. The Board members participate in the Bank's Annual Strategy Session towards the review of the Strategic Plan. When approved, such plans are cascaded to the various business units/subsidiaries for creating business unit/subsidiary plans and budgets. It is the responsibilities of the Executive Management Committee to assist the Board in developing and formulating strategies to meet the Bank's strategic goals and objectives, and ensuring adequate implementation of the Bank's strategic plan as approved by the Board.

The Bank Audit and Risk Committee is responsible for establishing a suitable reporting system which will ensure timely monitoring of strategic risk exposures, and undertaking measures for the elimination of any possible problems pertaining to internal and external factors. The strategic planning group has the primary responsibility for supporting the Board and Senior Management in managing the Bank's strategic risk and facilitating change in corporate strategic plan that contribute to the Bank's organizational development and continuous improvement.

Operational risk exposure

The Bank determines its operational risk exposure using the basic indicator approach. The basic indicator approach for operational risk entails holding capital for operational risk equal to a 3-year average of a fixed percentage of gross annual operating income. The Bank adopts a fixed percentage of 15 in calculating its operational risk exposure.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2020. During those years, the Bank complied with the externally imposed capital requirements.

In thousands of Naira		31 December 2020	31 December 2019
Tier 1 capital			
Share capital	30	29,204,987	29,204,987
Share premium	31	-	-
Statutory reserves	31	1,063,874	193,393
SMEIS reserve	31	-	-
Other reserve	31	607,923	-
Retained earnings	31	2,062,751	415,164
Total qualifying Tier 1 Capital		**32,939,535**	**29,813,544**
Less: intangible assets	22	(1,026,821)	(1,180,815)
deferred tax assets	13	(50,472)	(50,472)
Total qualifying Tier 1 capital		**31,862,242**	**28,582,257**
Tier 2 capital			
Fair value reserve	31	109,059	79,243
Total qualifying Tier 2 capital		109,059	79,243
Total regulatory capital		**31,971,301**	**28,661,500**
Risk-weighted assets:			
Credit Risk			
On-balance sheet		70.539,634	6,941,510
Off-balance sheet		9,850,846	-
Regulatory risk reserves		-	-
Total on balance sheet assets and off balance sheet exposures		**80,390,480**	**6,941,510**
Operational risk exposures		8,894,704	1,549,758
Market risk exposures		532,949	932
Total risk-weighted assets		89,818,133	**8,492,200**
Risk-weighted Capital Adequacy Ratio (CAR)		35.60%	337.50%

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk arise from the execution of an organization's business functions.

Operational risk is the risk that occurs as a result of doing business and includes: technology failures, breaches in internal controls, frauds, unforeseen catastrophes, or other operational problems which may result in unexpected losses.

Operational risks exist in all products and business activities.

Business units and support functions in the Bank have primary responsibility and accountability for the management of operational risks in their units. The various units and functions are supported by an Risk Management Unit which reports to the Board Audit and Risk Committee through the Head of Risk Management, while Internal Audit a performs an independent assessment of the implementation of the Bank's operational risk management framework.

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

Critical accounting judgments in applying the Bank's accounting policies

There were no critical accounting judgments made in applying the Bank's accounting policies.

Assumptions and estimation uncertainty

Management discusses with the Board of Directors the development, selection and disclosure of the Bank's critical accounting policies and their application, as well as assumptions made relating to estimation uncertainties. Information about assumptions, estimation and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement is disclosed below:

(a) Impairment losses on loans and advances

(i) Determination of default prior to the measurement of expected credit loss

The Bank considers an objective evidence of default for the purpose of determining its stage classification for impairment assessment. It considers all default event terms no matter if it is obligatory or facultative to constitute objective evidence of impairment in accordance to IFRS 9.

All financial assets with objective evidence of impairment will be further referred to as defaulted (or in default status). Exposure is considered defaulted, if the obligatory payments on the exposure have been passed due for at least 90 days.

An exposure is considered to be individually significant if the total amount exceeds a significance threshold expressed in percentage as of reporting date. Significant thresholds are established and reviewed at regular intervals. Significant threshold can be determined separately for each risk portfolio or for groups of porfolios. However exposures considered by the Bank as having specific risk, are deemed as individually significant exposures and have to be assessed individually.

An exposure is comprised of the following components as at the reporting date:

i. Overdue principal receivable
ii. Undue principal receivable

iii. Overdue contract interest receivable
iv. Undue accrued interest
v. Other outstanding exposure
vi. Unconditional and conditional off-balance sheet exposure, in particular available limit
vii. Unamortized discount or premium.

(ii) Measurement of the expected credit loss allowance for financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and 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). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.2.4 to 3.2.10.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Determining the credit risk grades;
- Generating the term structure of the probability of default;
- Determining whether credit risk has increased significantly;
- Incorporation of forward-looking information into the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL
- Selection and approval of models used to measure ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 3.2.4 to 3.2.10.

(iii) Uncertainty over income tax treatments

The Finance Act was signed into law on 4 January 2021. It introduces changes to the Companies Income Tax Act, Value Added Tax Act, Petroleum Profits Tax Act, Personal Income Tax Act, Capital Gains Tax Act, Customs and Excise Tariff Etc. (Consolidation) Act and Stamp Duties Act. Having now been passed by both arms of the National Assembly, and thereafter assented to by the President, it is expected that its provisions will come into force in 2021. The Finance Act is applicable to 2020 year end financial statements.

The Directors have assessed that there is no uncertainty over income tax treatments arising from the Finance Act 2020. This is because the Bank's estimate of its tax liabilities is the same under the old tax law and under the Finance Act 2020.

5. Classification of financial assets and financial liabilities

See accounting policies in Note 2.5(c)
The table below provides a reconciliation between line items in the statement of financial position and categories of financial instrument

In thousands of Naira 31 December 2020	Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Amortised cost	Total Carrying amount
		Financial assets				
Financial assets						
Cash and balances with central banks	14	-	-	25,508,748	-	25,508,748
Financial assets at FVTPL	15	2,210,277	-	-	-	2,210,277
Assets pledged as collateral	16	-	-	10,609,415	-	10,609,415
Loans to banks	17	-	-	25,627,834	-	25,627,834
Loand and advances to customers	18	-	-	38,742,372	-	38,742,372
Investment securities	19	-	20,533,452	3,381,547	-	23,914,999
Other assets	24	-	-	5,667,251	-	5,667,251
		2,210,277	**20,533,452**	**109,537,167**	-	132,280,896
Financial liabilities						
Deposit from customers	25	-	-		85,970,588	85,970,588
Other liabilities	27	-	-		8,668,029	8,668,029
Lease liability	28	-	-		347,582	347,582
Borrowings	29	-	-		6,030,822	6,030,822
		-			**101,017,021**	**101,017,021**

In thousands of Naira 31 December 2019	Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Amortised cost	Total Carrying amount
		Financial assets				
Financial assets						
Cash and balances with central banks	14	-	-	234,728	-	234,728
Financial assets at FVTPL	15	241,806	-	-	-	241,806
Assets pledged as collateral	16	-	-	1,959,478	-	1,959,478
Loans to banks	17	-	-	5,043,725	-	5,043,725
Loand and advances to customers	18	-	-	3,037,052	-	3,037,052
Investment securities	19	-	19,792,081	6,267,299	-	26,059,380
Other assets	24	-	-	43,478	-	43,478
		241,806	**19,792,081**	**16,585,760**	-	**36,619,647**
Financial liabilities						
Deposit from customers	25	-	-	-	9,390,033	9,390,033
Other liabilities	26	-	-	-	57,065	57,065
Lease liability	28	-	-	-	300,363	300,363
		-	-	-	**9,747,461**	**9,747,461**

6. Interest income

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Interest income		
Interest income at effective interest rate (EIR):		
Loans and advances to customers	1,629,512	65,874
Loans to banks	552,688	1,717,653
Investments securities		
• Asset pledged as collateral	-	45,428
• At amortised cost	1,763,894	145,265
• At FVOCI	1,001,058	508,280
Interest income not at effective interest rate (EIR):	-	3,840
• At FVTPL		
Total interest income	**4,947,152**	**2,486,340**

7. Interest expense

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Deposit from customers	1,273,487	3,361
Deposit from Banks	81,667	-
Borrowings	96,051	-
Interest on capitalized lease liability	47,199	37,651
Total interest expense	**1,498,404**	**40,712**

8 Impairment loss/(write back) on financial and non-financial instruments

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Loans and advances (see note 18.1)	209,546	218
Cash and balances with central banks	-	-
Loans to banks	6,038	2,377
Investment securities		
FVOCI	(15,899)	19,952
Amortised Cost	(539)	1,257
Assets pledged as collateral	(855)	855
Other financial assets	-	
Total impairment charge on financial instrument	**198,291**	**24,659**
Impairment charge on non-financial assets		-
Off balance sheet impairment	137,301	
Total impairment charge	335,592	24,659

9. Net fee and commission income

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Service fee and charges	31,890	1,113
Card fees and charges	1,818	20
Letters of credit commission	878,396	6,737
Account maintenance fee	78,814	1,044
Funds transfer commission	19,306	78
Short term processing fees	15,862	-
Total fee and commission income	1,026,086	8,993
Fee and commission expense (see (a) below)	(51,775)	(7,062)
Net fee and commission income	**974,311**	**1,931**

The net fee and commission income above does not include any amounts included in determining the effective interest rate on financial assets and financial liabilities that are not at fair value through profit or loss

(a) Fee and commission expense

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Card expense	51,775	7,062
Total fee and commission expense	**51,775**	**7,062**

10. Net trading income

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Foreign exchange income	482,350	509
Fair value gain	(58,233)	7,054
Financial assets FVTPL	2,160,895	24,491
Net trading income	**2,585,012**	**32,054**

Net trading income on foreign exchange and financial assets held for trading includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value

11. Personnel expenses

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Wages and salaries	1,018,185	577,033
Contributions to defined contribution plans (see (a) below)	26,827	6,254
Other personnel benefits (see (b) below)	5,788	634
	1,050,800	**583,921**

(a) Contributions to defined contribution plans include the Bank's contribution of 10% of each employee's basic salary, rent and transport allowances to the employee's defined contribution plans during the period in line with the Pension Reforms Act 2014. As at the reporting date, the Bank had settled all liabilities from employees' defined contribution scheme.

(b) Other personnel benefits include monthly amortisation of Prepaid staff benefit.

12. Other operating expenses

In thousands of Naira	31 December 2020	3 months to 31 December 2019
General administrative expenses	478,474	101,181
Advertising and promotion expenses	28,738	41,022
Contributions and Donations	50,250	1,000
I.T.F levy	10,492	6,273
Medical expenses	963	3,475
Office stationery and supplies	17,519	17,449
Service staff salary	43,893	14,659
Information technology	395,281	63,782
Insurance expense	39,101	14,823
Motor vehicle running expenses	7,583	2,785
Training, research & development	15,138	1,778
NDIC premium	32,284	-
Consultancy	291,040	361,282
Bank charges	401,769	43,628
Transport	4,224	2,292
Legal charges	14,741	267,604
Security and power	40,400	31,382
Professional fees	1,566	2,173
Subscription	111,424	53,611
Rent expense	-	31,811
Directors fees and emoluments	46,703	-
Auditor's remuneration	12,000	7,500
	2,043,583	**1,069,510**

13. Taxation

In thousands of Naira	31 December 2020	3 months to 31 December 2019
Current income tax expense		
Corporate income tax	-	-
Tertiary education tax	-	-
Nigerian Police Trust Fund levy	147	30
NITDA levy	29,018	5,942
	29,165	5,972
Deferred tax expense		
Deferred tax credit	-	(50,472)
Total income tax	29,165	(44,500)
Total tax expense	29,165	(44,500)
The movement in the current income tax liability is as follows:		
Balance, beginning of period	5,972	-
Tax paid	(5,942)	-
Current income tax expense	29,165	5,972
Balance, end of period	29,165	5,972

Reconciliation of effective tax rate

In thousands of Naira		31 December 2020		3 months to 31 December 2019
Profit before income tax		2,930,768		600,143
Adjustment for NITDA levy		(29,018)		(5,942)
		2,901,750		594,201
Income tax using the domestic corporation tax rate	30	870,525	30	178,260
Non-deductible expenses	30	26,473	30	830
NITDA levy	10	29,018	10	5,942
Nigerian police trust fund levy	-	147	-	30
Tax exempt income	30	(1,477,578)	30	(229,562)
Changes in unrecognized temporary differences	30	580,580	30	-
	100	29,165	100	(44,500)

14. Cash and balances with central banks

In thousands of Naira	31 December 2020	31 December 2019
Cash on hand	303,324	57,472
Balances with central banks other than mandatory deposits	2,683,719	12,760
Total balance for cash flow statements (Note 31)	2,987,043	70,332
Mandatory reserve deposits with central banks (See note (a) below)	22,521,705	164,496
Total cash and balances with central banks	25,508,748	234,728

a) Mandatory reserve deposits with the Central Bank represents a percentage of customers' deposits (prescribed from time to time by the central bank) which are not available for daily use.

15. Financial assets at FVTPL

In thousands of Naira	31 December 2020	31 December 2019
Treasury Bills	-	241,806
Corporate Euro bond	2,200,240	-
Derivative Asset	10,037	-
	2,210,277	241,806
Current	10,037	241,806
Non-current	2,200,240	-
	2,210,277	241,806

16. Assets pledged as collateral

The assets are pledged to third parties as collateral for which the counterparty has received the right to sell or de-pledge assets if the Bank defaults on agreed terms. These assets are measured at amortized cost.

The nature and carrying amounts of the assets pledged as collaterals are as follows:

In thousands of Naira	31 December 2020	31 December 2019
Treasury Bills	4,517,142	1,960,333
FGN Bonds	6,092,273	-
Assets pledged impairment allowance	-	(855)
	10,609,415	1,959,478
As at 31 December 2019 , the Bank held no collateral which it was permitted to sell or repledge in the absence of default by the owner of the collateral.		
Current	10,609,415	1,959,478
Non-current	-	-
	10,609,415	1,959,478

17. Loans to banks

In thousands of Naira	31 December 2020	31 December 2019
Current balances with banks outside Nigeria	3,760,390	3,674
Placements with banks and discount houses	21,874,906	5,039,795
Current balances with banks	953	2,633
Impairment allowance	(8,415)	(2,377)
	25,627,834	5,043,725
Current	25,627,834	5,043,725
Non-current	-	-
	25,627,834	5,043,725

18. Loans and advances to customers

In thousands of Naira	31 December 2020	31 December 2019
Overdrafts	4,176,204	2,995,405
Term loans	34,748,419	4,791
Staff loans	27,513	37,074
Gross loans and advances to customers	38,952,136	3,037,270
Less: Allowance for impairment	(209,764)	(218)
	38,742,372	3,037,052
Current	24,014,931	2,995,405
Non-current	14,727,441	41,647
	38,742,372	3,037,052

(a) ECL allowance on loans and advances to customers are analysed as follows:

31 December 2020

In thousands of Naira	Gross amount	ECL allowance	Carrying Amount
Overdrafts	4,176,204	(97,017)	4,079,187
Term loans	34,748,419	(113,910)	34,634,509
Staff loans	27,513	1,163	28,676
	38,952,136	(209,764)	38,742,372

31 December 2019

In thousands of Naira	Gross amount	ECL allowance	Carrying Amount
Overdrafts	2,995,405	-	2,995,405
Term loans	4,791	-	4,791
Staff loans	37,074	(218)	36,856
	3,037,270	(218)	3,037,052

18.1 Reconciliation of impairment allowance on loans and advances to customers:

In thousands of Naira	31 December 2020 12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	31 December 2019 12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January	(218)	-	-	(218)	-	-	-	-
Net remeasurement of loss allowances (see note 8)	(209,546)	-	-	(209,546)	(218)	-	-	(218)
	(209,764)	-	-	(209,764)	(218)	-	-	(218)

19. Investment securities

In thousands of Naira	31 December 2020	31 December 2019
(a) Investment securities at fair value through other comprehensive income		
Debt securities		
Treasury bills	2,616,515	19,673,722
Government bonds	10,776,330	118,359
Promisory Notes	7,140,607	-
	20,533,452	19,792,081
Impairment allowance	-	-
Net debt securities at fair value through other comprehensive income	20,533,452	19,792,081

(b) Investment securities at amortised cost

In thousands of Naira	31 December 2020	31 December 2019
Treasury bills	762,667	6,268,556
Government bonds	2,619,598	-
	3,382,265	6,268,556
Impairment allowance	(718)	(1,257)
Net debt securities at amortised cost	3,381,547	6,267,299
Total investment securities	23,914,999	26,059,380
Current	13,138,669	25,941,021
Non-current	10,776,330	118,359
	23,914,999	26,059,380

(c) Movement in investment securities

In thousands of Naira	Debt Securities at fair value through other comprehensive income	Debt securities at amortised cost	Total
At 1 January 2020 (Gross)	19,792,081	6,268,556	26,060,637
Additions	16,946,279	3,355,094	20,301,373
Disposals/Redemptions	(16,453,497)	(6,447,336)	(22,900,833)
Gains from changes in fair value recognised in profit or loss (see Note 10)	-	-	-
Gains from changes in fair value recognised in other comprehensive income	(124,958)	-	(124,958)
Interest accrued	373,547	205,951	579,498
Interest received	-	-	-
At 31 December 2020 (Gross)	20,533,452	3,382,265	23,915,717
ECL allowance	-	(718)	(718)
At 31 December 2020 (Net)	20,533,452	3,381,547	23,914,999

(c) Movement in investment securities

In thousands of Naira	Debt Securities at fair value through other comprehensive income	Debt securities at amortised cost	Total
At 1 January 2019 (Gross)	-	-	-
Additions	19,739,587	6,268,556	26,008,143
Disposals/Redemptions	-	-	-
Gains from changes in fair value recognised in profit or loss (see Note 10)	-	-	-
Gains from changes in fair value recognised in other comprehensive income	52,494	-	52,494
Interest accrued	-	-	-
At 31 December 2019 (Gross)	19,792,081	6,268,556	26,060,637
ECL allowance	(19,952)	(1,257)	(21,209)
At 31 December 2019 (Net)	26,039,428	6,267,299	26,039,428

20. Property and equipment
(a) Reconciliation of carrying amount

a. Reconciliation of carrying amount

b. All property and equipment are non-current.

c. None of the Bank's assets were financed from borrowings, consequently no borrowing costs have been capitalized as part of assets (31 December 2019: Nil).

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d. There were no impairment losses on any class of property and equipment during the period, (31 December 2019: Nil).

e. There are no liens or encumbrances on the Bank's assets as at year end (31 December 2019: Nil)

f. The Bank does not depreciate Land in line with the applicable standard

g. There were no contractual commitments for the acquisition of property and equipment as at 31 December 2020, (31 December 2019: Nil)

in thousands of Naira 31 December 2020	Leasehold Improvement	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Capital work in progress	Total
Cost							
Balance at 1 January 2020	395,875	34,867	125,583	171,350	318,633	117,700	1,164,008
Additions	433,544	58,334	206,056	13,965	180,360	825,720	1,717,979
Reclassification to ROU Asset	-	-	175	-	-	(117,700)	(117,525)
Disposals	-	(3,441)	-	(364)	(33,600)	-	(37,405)
Balance as 31 December 2020	**829,419**	**89,761**	**331,814**	**184,950**	**465,393**	**825,720**	**2,727,057**
Accumulated depreciation							
Balance at 1 January 2020	18,854	4,424	13,376	12,401	37,516	-	86,571
Charge for the period	94,381	12,671	38,558	44,443	85,411	-	275,464
Disposal	-	(459)	-	(68)	(5,040)	-	(5,567)
Balance as 31 December 2020	113,235	16,636	51,934	56,776	117,888	-	356,468
Balance at 31 December 2020	716,184	73,125	279,880	128,174	347,505	825,720	2,370,588
Balance at 31 December 2019	377,021	30,443	112,207	158,949	281,117	117,700	1,077,437

in thousands of Naira 31 December 2019	Leasehold Improvement	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Capital work in progress	Total
Cost							
Balance at 1 January 2019	-	-	-	-	-	-	-
Additions	395,875	34,867	125,583	171,350	318,633	117700	1,164,008
Balance as 31 December 2019	**395,875**	**34,867**	**125,583**	**171,350**	**318,633**	**117,700**	**1,164,008**
Accumulated depreciation							
Balance at 1 January 2019	-	-	-	-	-	-	-
Charge for the period	18,854	4,424	13,376	12,401	37,516	-	86,571
Balance as 31 December 2019	18,854	4,424	13,376	12,401	37,516	-	86,571
Balance at 31 December 2019	377,021	30,443	112,207	158,949	281,117	117700	1,077,437

21. Right of Use Asset

In thousands of Naira	31 December 2020	31 December 2020
Cost		
Balance at 1 January 2019	515,612	-
Additions	86,030	515,612
Reclassification from PPE	117,700	-
Disposals	-	-
Balance as 31 December 2019	719,342	515,612
Depreciation		
Balance at 1 January 2019	94,529	-
Charge for the period	118,402	94,529
Disposals	-	-
Balance as 31 December 2019	212,931	94,529
Carrying amounts	506,411	421,083

As at 31 December 2020, right-of-use assets relate to leased office premises and is classified as a non-current asset.

22. Intangible assets

In thousands of Naira	31 December 2020	31 December 2019
Cost		
Balance at 1 January 2019	1,201,095	-
Additions	102,428	1,192,666
Work-in-progress additions during the year	(8,429)	8,429
Items written off during the year	-	-
Transfer to property and equipment	-	-
Reclassification	5,469	-
Disposals	-	-
Balance at reporting date	1,300,563	1,201,095
Amortisation and impairment losses		
Balance at 1 January 2019	20,280	-
Amortisation for the period	253,462	20,280
Disposals	-	-
Balance at Reporting Date	273,742	20,280
Carrying amounts:	1,026,821	1,180,815

Work-in-progress represent the software acquired by the Bank, which are still under the implementation stage. These are not amortised until the implementation is completed and the asset is available for use.

All intangible assets are non-current. All intangible assets of the Bank have finite useful life and are amortised over five years. The Bank does not have internally generated assets.

23. Deferred taxation

a. Deferred income taxes are calculated on all temporary differences under the balance sheet method using an effective tax rate of 30%. Deferred income tax assets and liabilities are attributable to the following items:

b. Reconciliation for recognized deferred tax assets

In thousands of Naira	31 December 2020	31 December 2019
Deferred tax asset (net) at the beginning of the period	50,472	-
Origination/(reversal) of temporary differences		
ECL allowance on financial assets	61,048	7,398
Leases	(4,834)	4,834
Property and equipment	(34,879)	34,879
Intangible assets	(17,974)	3,361
Unrelieved tax losses	(3,361)	-
Closing balance	50,472	50,472

c. Recognition of deferred tax assets of N50.47 million was based on the Directors' assessment, which indicates that it is probable that the Bank will have future taxable profits against which these assets can be utilised. The directors are of the opinion that the assumptions underlying the preparation of the forecast, are reasonable and achievable.

The Bank had unrecognized deferred tax assets arising from unrelieved losses, ECL impairment on financial instruments and Property & equipment as at year end. The deferred tax asset was not recognized during the year because the availability of future taxable profit against which the deferred tax can be utilized could not be ascertained as at the reporting date. The analysis of unrecognized deferred tax asset is as follows

	31 December, 2020		31 December, 2019	
In thousands of Naira	Gross amount	Tax effect	Gross amount	Tax effect
ECL Impairment on Financial instrument	132,097	39,629	-	-
Tax losses carried forward	1,244,880	373,464	-	-
Property and equipment, and software	554,550	166,365	-	-
Net balance as at 31 December 2020	1,931,527	579,458	-	-

Tax losses carried forward

In line with the applicable tax law, tax losses are to be carried forward indefinitely, therefore the required disclosure on expiration date of unutilized tax losses does not apply.

24. Other assets

In thousands of Naira	31 December 2020	31 December 2019
Non-financial assets		
Prepayments	107,883	351,954
Financial assets:		
Account receivable (see note (i) below)	5,635,019	43,478
Other Investments (see note (ii) below)	32,232	-
	5,775,134	395,432
Impairment allowance	-	-
	5,775,134	395,432

Movement in allowance for impairment on other assets

	31 December 2020	31 December 2019
Balance, beginning of the period -	-	-
Net measurement of loss allowance (see Note 8) -	-	-
Balance, end of the period -	-	-
Current	5,742,902	395,432
Non-current	32,232	-
	5,775,134	395,432

(i) Account receivable analysis

In thousands of Naira	31 December 2020	31 December 2019
Account receivable NIP (see note a below)	5,365,360	7,129
Account receivable FX bid	68,678	-
Acoount receivable others	200,981	36,349
	5,635,019	43,478

(a) Account receivable NIP warehouses receivables due from inward transactions on the NIBSS Instant Payment (NIP) platform.

(b) Other investments represent the cummulative sum transferred to the Central Bank of Nigeria (CBN) under the Small and Medium Enterprise Equity Investment Scheme (SMEEIS) being 5% of profit after tax in line with the agreement of the Bankers Committee approved by the CBN.

In April 2017, the CBN issued guidelines to govern operations of the Agriculture/Small and Medium Enterprise Investmen Scheme (AGSMEIS) which was established to support the Federal government's efforts at promoting agric businesses an as a fine way to lift millions out of poverty.

25. Deposits from customers

In thousands of Naira	31 December 2020	31 December 2019
Demand deposits	32,862,541	1,277,433
Term deposits	50,238,344	6,140,384
Savings deposits	878,881	95,451
Domiciliary deposits	1,990,822	1,876,765
	85,970,588	9,390,033
Current	85,970,588	9,390,033
Non-current	-	-
Net balance as at 31 December 2019	85,970,588	9,390,033

26. Deposits from banks

In thousands of Naira	31 December 2020	31 December 2019
Inter Banks Takings	-	-
Items in the course of collection	-	-
	-	-
Current	-	-
Non-current	-	-
	-	-

27. Other liabilities

In thousands of Naira	31 December 2020	31 December 2019
Customers deposit for Letters of Credit	551,730	-
Accounts payable (see table (i) below)	8,116,299	57,065
Accruals	48,092	19,082
Other liabilities (see table (ii) below)	2,150,713	-
Deferred Income	21,214	-
ECL on off balance sheet items	137,301	-
	11,025,349	76,147
Current	11,025,349	76,147
Non-current	-	-
Net balance as at 31 December 2019	11,025,349	76,147

(i) Account Payable analysis

In thousands of Naira	31 December 2020	31 December 2019
Account payable NIP (see note (a) below)	7,142,046	14,797
Prepaid LC accounts	685,889	-
Collection Account	199,590	-
Account Payable Others	88,774	42,268
	8,116,299	57,065

(a) Account Payable NIP warehouses payable due to outward transactions on the NIBSS Instant Payment (NIP) platform.

(ii) Other current liabilities analysis

In thousands of Naira	31 December 2020	31 December 2019
Margin Trading Account (see note (a) below)	1,683,245	-
Trops Suspense Account	467,468	-
	2,150,713	-

a. Margin trading accouunt is used to warehouse collaterals provided by the Bank's customers for the processing of Non-deliverable forward (NDF) contracts with CBN.

b. Trops suspense account is a transit account that warehouses amounts due to the bank from FX bid transactions. This is either for funds which have been taken from customers, awaiting bid or refunds due to customers for excess bids.

28. Lease Liability

In thousands of Naira	31 December 2020	31 December 2019
Lease liability at	347,582	300,383
	347,582	300,383

The future minimum lease payments on the lease liabilities extend over a number of years.
This is analysed as follows:

Not more than one year	134,780	-
More than one year but less than five years	269,559	404,339
More than five years	-	-
Less future finance charge	(56,757)	(103,956)
At the end of the period	347,582	300,383

The present value of lease liabilities is as follows at end of the years:

Not more than one year	191,769	-
More than one year but less than five years	155,813	300,383
More than five years	-	-
At the end of the period	347,582	300,383

The Bank does not face any significant risk with regards to the lease liability. Also the Bank's exposure to liquidity risk as a result of leases are monitored by the Bank's enterprise risk management unit.

29. Borrowings

In thousands of Naira	31 December 2020	31 December 2019
Borrowing comprise:		
Short term borrowing (see (i) below)	6,030,822	-
	6,030,822	-
Current	6,030,822	-
Non-current	-	-
	6,030,822	-
At the start of the year	-	-
Proceeds from new borrowings	6,000,000	-
Interest expense	30,822	-
Repayment of borrowings	-	-
Interest paid	-	-
At the end of the year	6,030,822	-

This represents N6 billion short term borrowing obtained from a customer. The facility was disbursed in two tranches of N3billion each at the rate of 3.75%, to mature on 19 January 2021 and 1 February 2021 and is secured with FGN Bond, with the face value of N3.2 billion and fair value of N6.09 billion.

The Bank has not had any default of principal, interest or other breaches with respect to their liabilities during the year (2019: nil)

30. Share Capital

In thousands of Naira	31 December 2020	31 December 2019
Authorised	40,000,000	40,000,000
80 billion ordinary shares of 50k each		
Issued and fully paid		
58.4 billion ordinary shares of 50k each	29,204,987	29,204,987

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All shares rank equally with regard to the Bank's residual assets.

In thousands of Naira	31 December 2020	31 December 2019
Movement in share capital during the period:		
Balance, beginning of period	-	-
New issues during the period	29,204,987	29,204,987
Balance, end of period	29,204,987	29,204,987

(a) Earning per share

The calculations of basic earnings per share has been based on the following profit attributable to shareholders and the weighted average number of shares outstanding

In thousands of Naira		31 December 2020	31 December 2019
Profit after income tax	a	2,901,603	644,643
Weighted average number of shares in issue	b	58,409,974	58,409,974
Earnings per share (Basic/Diluted) (kobo)	(a/b*100)	4.97	1.10

31. Reserves

Retained earnings: Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

In thousands of Naira	31 December 2020	31 December 2019
Movement in retained earnings during the period:		
Balance, beginning of period	415,164	-
Profit for the period	2,901,603	644,643
Transfer to statutory reserves	(870,481)	(193,393)
Transfer to regulatory risk reserve	(383,535)	(36,086)
Balance, end of period	2,062,751	415,164

Statutory reserve: Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is 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.

Fair value reserve: The fair value reserve includes the net cumulative change in the fair value of financial assets classified as fair value through other comprehensive income until the investment is derecognised or impaired.

Regulatory risk reserve: This represents the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines compared with the expected loss model used in calculating the impairment under IFRSs.

32. Reconciliation notes to the statement of cashflows

(i) Net changes in financial assets at FVTPL

In thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance for the period	15	241,806	-
Interest income		-	3,840
Interest received		-	-
Fair value changes on FVTPL		(68,270)	7,054
Closing balance for the period	15	(2,200,240)	(241,806)
Total changes in financial assets at FVTPL		(2,026,704)	(230,912)

(ii) Net changes in loans and advances to customers

In thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance for the period	18	3,037,052	-
Interest income	8	(209,546)	(218)
Interest received	6	1,629,512	65,874
Fair value changes on FVTPL		(1,101,110)	(65,874)
Closing balance for the period	18	(38,742,372)	(3,037,052)
Total changes in financial assets at FVTPL		(35,386,464)	(3,037,270)

(iii) Net changes in other assets

In thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance for the period	24	395,432	-
Closing balance for the period	24	(5,775,134)	(395,432)
Total changes in financial assets at FVTPL		(5,379,702)	(395,432)

(iv) Net changes in deposits from customers

In thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance for the period	25	(9,390,033)	-
Interest expense	7	(1,273,487)	(3,361)
Interest paid		878,201	3,361
Closing balance for the period	25	85,970,588	9,390,033
Total changes in deposits from customers		76,185,269	9,390,033

(v) Net changes in deposits from Bank

In thousands of Naira	31 December 2020	31 December 2019
Opening balance for the period	394	-
Interest expense	81,667	-
Interest paid	(82,061)	-
Closing balance for the period	-	(394)
Total changes in deposits from customers	-	(394)

(vi) Net changes in investments

In thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance for the period	19	19,792,081	-
Fair value changes on FVOCI	19(c)	124,958	59,291
Interest income	6	1,001,058	508,280
Closing balance for the period	19	(20,533,452)	(19,792,081)
Total changes in FVOCI instruments		384,645	(19,224,510)
Opening balance for the period		6,267,299	-
Treasury bills with origninal maturity of 3 months or less reclassified to cash		-	-
Closing balance for the period (Per SoFP)	19	(3,381,547)	(6,267,299)
Net closing balance for the period		(3,381,547)	(6,267,299)
Total changes in instruments at amortised cost		2,885,752	(6,267,299)
Net purchase of investment securities recognised in statement of cashflows		3,270,397	(25,491,809)

(vii) Net changes in assets pledged as collateral

In thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance for the period	16	1,959,478	-
Interest income		-	45,428
Interest received		-	-
Closing balance for the period	16	- (10,609,415)	(1,959,478)
Total changes in assets pledged as collateral		(8,649,937)	(1,914,050)

(viii) Net changes in mandatory reserve deposits

In thousands of Naira			
Opening balance for the period	14	164,496	-
Closing balance for the period	14	(22,521,705)	(164,496)
Total changes in mandatory reserve deposits		(22,357,209)	(164,496)

(ix) Net changes on other liabilities

In thousands of Naira			
Opening balance for the period	27	(76,147)	(76,147)
VAT paid		33,749	(17,072)
Provision	27	(137,301)	76,147
Closing balance for the period	27	11,025,349	76,147
Total changes in other liabilities		10,845,650	59,075

(x) Cash payment on Right-of-Use asset

In thousands of Naira			
Opening balance of ROU asset	21	(421,083)	-
Lease liability capitalised during the year	21	-	(263,032)
Reclassification to ROU asset	21	(117,700)	-
Depreciation on ROU asset	21	118,402	94,529
Closing balance of ROU asset	21	506,411	421,083
Cash paid on ROU asset		86,030	252,580

(xi) Net Changes in borrowings

In thousands of Naira			
Opening balance for the period	29	-	-
Additions	29	6,000,000	-
Interest expense	7	96,051	-
Closing balance for the period	29	(6,030,822)	-
Net changes in borrowings	29	65,229	-

33. Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include cash and non-restricted balances with central banks, amounts due from other banks and investment securities with a maturity date of 3 months or less upon acquisition

In thousands of Naira	Notes	31 December 2020	31 December 2019
Cash and balances with central banks (less mandatory reserves)	14	2,987,043	70,232
Loans to banks	17	25,627,834	5,043,725
		28,614,877	5,113,957

34. Contingent liabilities and commitments

34.1 Claims and litigations

The Bank, in its ordinary course of business, is presently not involved in any litigation cases. Therefore, there is no potential significant liability arising for which a provision is to be made in the financial statements.

34.2 Credit related commitments

In the normal course of business, the Bank is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

In thousands of Naira	31 December 2020	31 December 2019
Performance bonds and guarantees	4,925,254	200,000
Letters of credit	24,627,961	4,055,464
	29,553,215	4,255,464
Current	24,627,961	4,055,464
Non-current	4,925,254	200,000
	29,553,215	4,255,464

35. Related party transactions

The Bank's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Titan Trust Bank Ltd, see Note 36 for the compensations to key management personnel.

Parties related to the Bank engaged in the following transactions with the Bank during the period:

In thousands of Naira	31 December 2020	31 December 2019
Loans and advances to entities related to key management personnel	5,077,905	2,995,319
Deposits	9,041,952	63,276

35.1 Details of loans to related parties

As at 31 December 2020, the carrying amount of credit facilities to Related parties was N5.08billion. The balances as at 31 December 2020 were as follows:

NAME OF BORROWER	FACILITY TYPE	RELATIONSHIP	RELATIONSHIP	EXPIRY DATE	OUTSTANDING BALANCE	OUTSTANDING BALANCE	IFRS CLASS-IFICATION	NATURE OF SECURITY/STATUS
CHI PHARMACEUTICALS LIMITED	OVERDRAFT TERM LOAN TRADE LOAN	COMMON OWNERSHIP	16-10-2020	26-08-2021 27-08-2030 14-01-2021	500,000 2,000,000 192,214	440,217 2,009,563 45,977	STAGE 1	NEGATIVE PLEDGE
TGI DISTRI LTD CORMART (NIGERIA)	OVERDRAFT	COMMON OWNERSHIP	31-08-2020	17-12-2021	50,000	46,811	STAGE 1	NEGATIVE PLEDGE
LIMITED WEST AFRICAN CUBES	OVERDRAFT TRADE LOAN	COMMON OWNERSHIP	1/10/2020 31-08-2020	12/16/2020 2-1-2021	500,000 1,141,383	402,695 596,699	STAGE 1	NEGATIVE PLEDGE
LIMITED WEST AFRICAN SOY	TERM LOAN TRADE LOAN	COMMON OWNERSHIP	10/8/2020 11/18/2020	1/6/2021 2/16/2021	1,000,000 42,544	1,019,740 43,030	STAGE 1	NEGATIVE PLEDGE
INDUSTRIES LIMITED	TRADE LOAN	COMMON OWNERSHIP	11-11-2020	2-9-2021	6,482	6,568	STAGE 1	NEGATIVE PLEDGE
WACOT LTD	TRADE LOAN	COMMON OWNERSHIP	03-28-2020	2-23-2021	518,020	82,827	STAGE 1	NEGATIVE PLEDGE
CHI FARMS LIMITED	TRADE LOAN	COMMON OWNERSHIP	12-16-2020	3-16-2021	981	985	STAGE 1	NEGATIVE PLEDGE
G.B. IMPEX LIMITED	TRADE LOAN	COMMON OWNERSHIP	12-8-2020	3/8/2021	315,340	317,304	STAGE 1	NEGATIVE PLEDGE
EDCON TEXAS LIMITED	OVERDRAFT	COMMON OWNERSHIP	12-16-2020	12/9/2021	70,000	65,487	STAGE 1	NEGATIVE PLEDGE
					6,266,964	5,077,905		

The balances as at 31 December 2019 were as follows:

NAME OF BORROWER	FACILITY TYPE	RELATIONSHIP	RELATIONSHIP	EXPIRY DATE	OUTSTANDING BALANCE	EXPIRY DATE	IFRS CLASS-IFICATION	NATURE OF SECURITY/STATUS
WEST AFRICAN SOY INDUSTRIES LTD	OVERDRAFT	COMMON OWNERSHIP	31-12-2019	30-01-2020	1,000,000	1,000,171	STAGE 1	NOT APPLICABLE
TGI DISTRI LTD	OVERDRAFT	COMMON OWNERSHIP	31-12-2019	30-01-2020	1,000,000	995,102	STAGE 1	NOT APPLICABLE
WACOT LTD	OVERDRAFT	COMMON OWNERSHIP	31-12-2019	30-01-2020	1,000,000	1,000,046	STAGE 1	NOT APPLICABLE
					3,000,000	**2,995,319**		

36. Key management personnel compensation

Remuneration paid to the Bank's directors was:

In thousands of Naira	31 December 2020	31 December 2019
Directors' Fees	25,750	-
Sitting allowances	18,265	-
Short term employee benefits		
• Executive compensation	218,955	135,832
• Other allowances	34,506	21,409
• Post-employment benefits	5,265	3,510
	302,741	160,751
Fees and other emoluments disclosed above include amounts paid to:		
• Chairman	9,250	-
• Highest paid director	140,800	82,127

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

In thousands of Naira	Number 31 December 2020	Number 31 December 2019
Below N1,600,000	-	-
Between N1,600,000 N3,400,000	-	-
N3,400,000 and above	2	2
	2	2

Loans to key management personnel represent mortgage loans which are given under terms that are no more favourable than those given to other staff. However, there were no loans granted to key management during the period.

37. Employees

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

In thousands of Naira	31 December 2020	31 December 2019
Executive directors	2	2
Management	32	3
Non-management	76	56
	110	61

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

In thousands of Naira	31 December 2020	31 December 2019
N300,000 - N2,000,000	36	9
N2,000,001 - N2,800,000	5	4
N2,800,001 - N3,500,000	-	-
N3,500,001 - N4,000,000	1	-
N4,000,001 - N5,500,000	10	7
N5,500,001 - N6,500,000	-	6
N6,500,000 - N7,800,000	11	10
N7,800,001 - N9,000,000	-	9
N9,000,001 and above	47	16
	110	59

38. Statement of Prudential Adjustments

In thousands of Naira	Notes	31 December 2020	31 December 2019
Loans and advances to customers			
Specific impairment allowance on loans to customers	18.1	-	-
Collective impairment allowance on loans to customers	18.1	-	-
12-month ECL	18.1	(209,764)	(218)
Lifetime ECL not credit impaired	18.1	-	-
Lifetime ECL credit impaired	18.1	-	-
Total impairment allowance on loans to customers (a)		(209,764)	(218)
Other financial assets:			
12 month ECL		-	(2,377)
Lifetime ECL		-	-
Impairment allowance on investment in associates		-	-
Specific impairment allowance on other assets	24	-	-
Total impairment allowance on other financial assets (b)		-	(2,377)
Investment securities			
12-month ECL		(13,186)	(22,064)
(c)		(13,186)	(22,064)
Off-balance sheet exposures			
12-month ECL		(137,301)	-
(d)		(137,301)	-
Total impairment allowance (e)		(360,251)	**(24,659)**
Total impairment based on prudential guidelines (f)		**(779,874)**	**(60,745)**
Difference (g) = e - f		**419,623**	**36,086**

39. Compliance with banking regulations

During the year, the Bank did not pay penalties to any regulatory body.

40. Events after the end of the reporting period

There are no events after the reporting date which could have a material effect on the financial position of the Bank as at 31 December 2020 which have not been adequately provided for or disclosed in these financial statements.

41. Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting Process

In line with Financial Reporting Council of Nigeria certification requirement for professionals engaged in financial reporting process: External Auditors, Officers of reporting entities and other professional providing assurance to reporting entities. Below are list of professionals engaged in the financial reporting process relating to financial statements for the period ended 31 December 2020.

Name of Professional	FRC number	Role
Babatunde Olakunle Lemo	FRC/2016/ICAN/00000014753	Chairman
Mudassir Mohammed Amray	FRC/2019/002/00000020256	MD/CEO
Mark Oguh	FRC/2016/ICAN/00000001563	CFO

42. Provision of Non Audit Services

The details of services provided by the auditor (Messrs KPMG Professional Services) during the year, other than statutory audit of financial statements, and the fees earned are as follows:

in thousands of Naira	31 December 2020	31 December 2019
Agreed upon procedeurs in line with CBN code of corporate governance	3,000	-
Independent limited assurance review in line with risk based supervisory framework	3,000	-
	6,000	-

Other National Disclosures

Value added statement

For the period ended 31 December

In thousands of Naira	*31 December 2020*	*%*	*31 December 2019*	*%*
Gross earnings	8,558,250		2,527,387	
Interest expense	(1,498,404)		(40,712)	
	7,059,846		2,486,675	
Net impairment loss on financial assets	(335,592)		(24,659)	
Bought-in-materials and services (local)	(2,095,358)		(1,076,572)	
Value added	4,628,896	100	1,385,444	
Distribution of Value Added		%		%
To Employees:				
Employee costs	1,050,800	23	583,921	42
To Government:				
Government as taxes	29,165	1	(44,500)	(3)
Retained in business:				
- For replacement of property and equipment	393,866	9	181,100	13
- For replacement of intangible assets	253,462	5	20,280	1
- To (deplete)/augment reserves	2,901,603	63	644,643	47
	4,628,896	100	1,385,444	100

In thousands of Naira	*31 December 2020*	*31 December 2019*
Assets		
Cash and balances with central banks	25,508,748	234,728
Financial assets FVTPL	2,210,277	241,806
Loans to banks	25,627,834	5,043,725
Loans and advances to customers	38,742,372	3,037,052
Investment securities		
- FVOCI	20,533,452	19,792,081
- Amortised cost	3,381,547	6,267,299
Assets pledged as collateral	10,609,415	1,959,478
Property and equipment	2,370,588	1,077,437
Right of use asset	506,411	421,083
Intangible assets	1,026,821	1,180,815
Deferred taxation	50,472	50,472
Other assets	5,775,134	395,432
Total assets	**136,343,071**	**39,701,408**
Liabilities		
Deposits from banks	-	-
Deposits from customers	85,970,588	9,390,033
Current income tax liability	29,195	5,972
Deferred tax liabilities	-	-
Other liabilities	11,025,349	76,147
Capitalized lease liability	347,582	300,383
Borrowings	6,030,822	-
Total liabilities	**103,403,536**	**9,772,535**
Equity		
Share capital	29,204,987	29,204,987
Share premium	-	-
Retained earnings	2,062,751	415,164
Other components of equity	1,671,797	308,722
Total equity	**32,939,535**	**29,928,873**
Total liabilities and equity	**136,343,071**	**39,701,408**
Commitments and contingents	**29,553,215**	**4,255,464**

Financial summary	31 December 2019	31 December 2019
Gross earnings	**8,558,250**	**2,527,387**
Profit/(loss) before taxation	**2,930,768**	**600,143**
Profit for the period	**2,901,603**	**644,643**
Other comprehensive income	**109,059**	**79,243**
Total comprehensive income for the year	**3,010,662**	**723,886**

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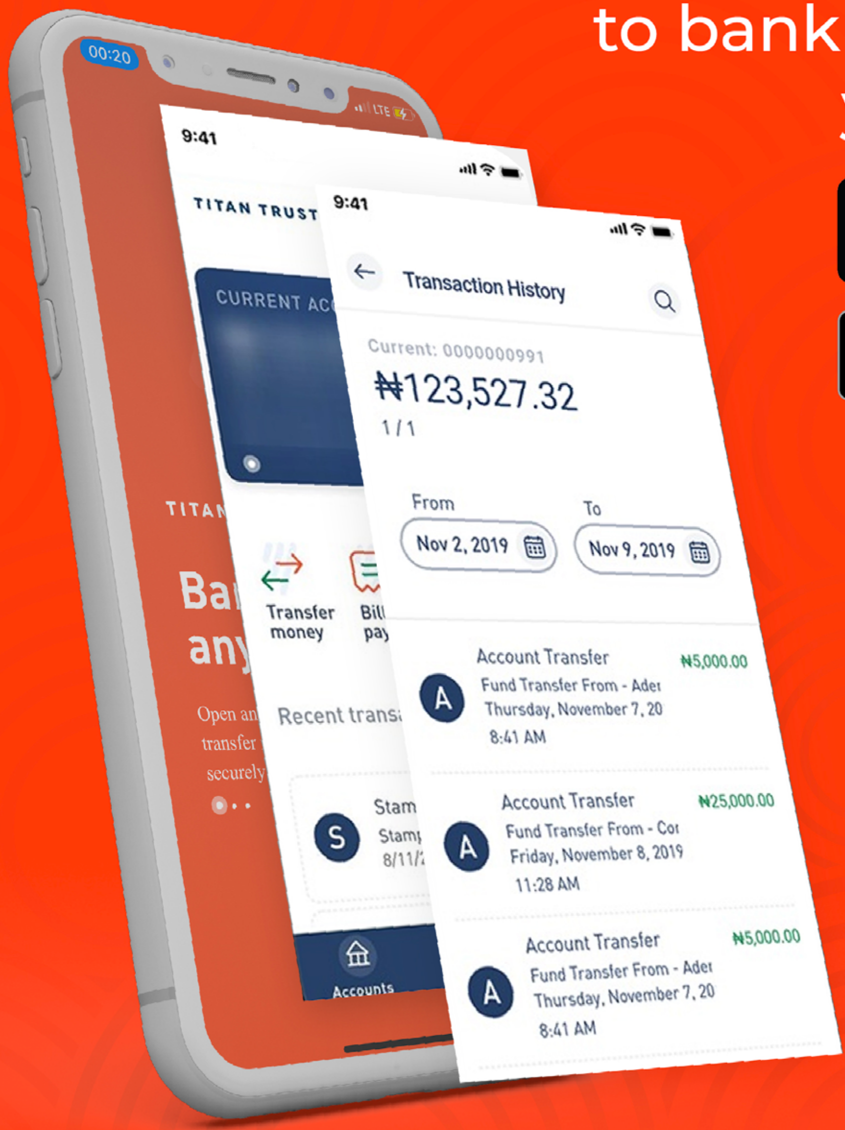

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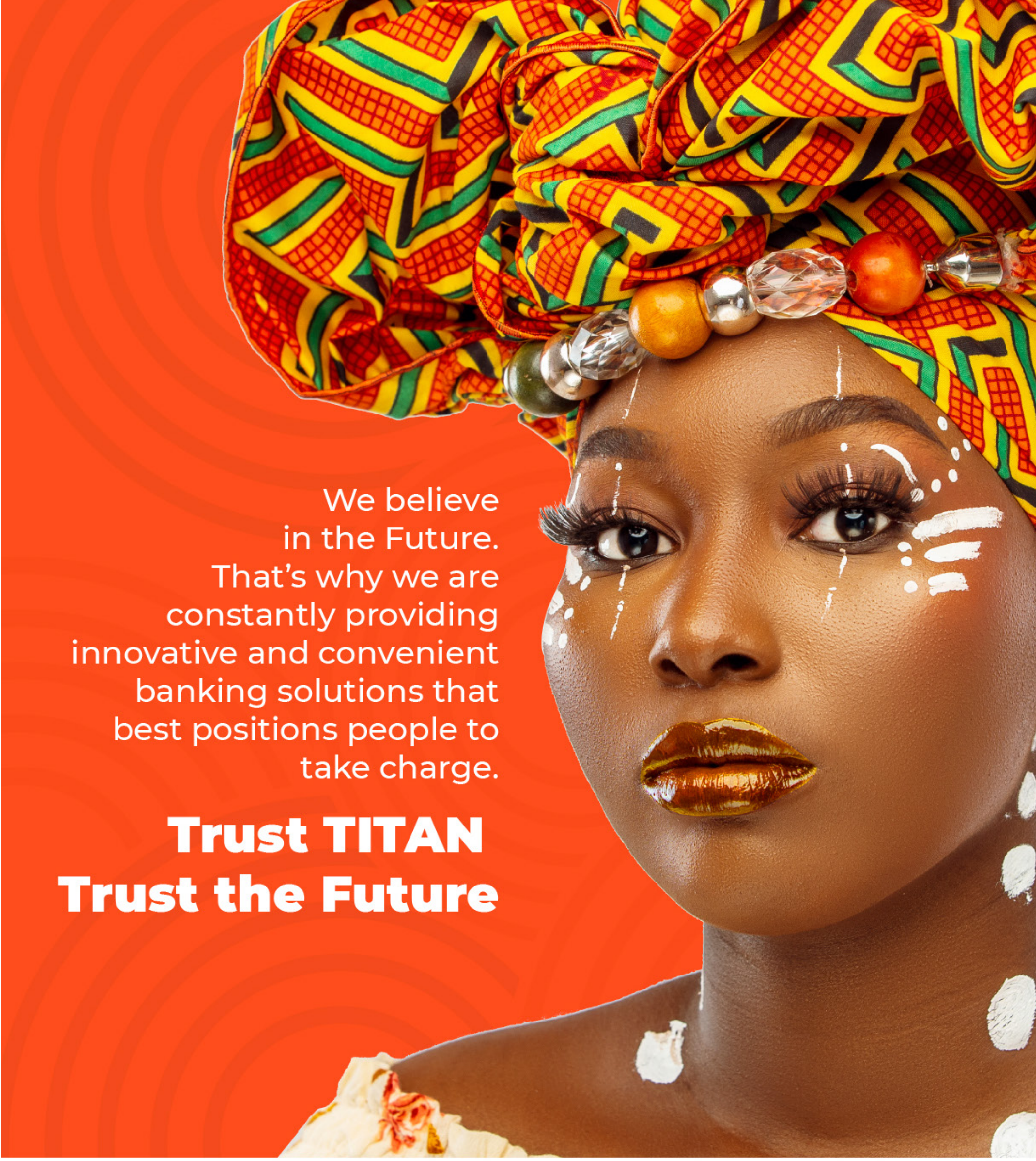
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