

FSDH MERCHANT BANK LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	GROUP		BANK	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
ASSETS				
Cash and bank balances	11,222,251	15,764,178	11,186,984	15,536,837
Loans to banks and other financial institutions	17,740,029	17,477,008	17,057,637	16,793,701
Financial instruments held for trading	1,827,142	7,704,048	1,473,271	7,653,645
Derivative financial instruments	607,076	70,037	607,076	70,037
Loans and advances to customers	40,870,509	38,025,050	40,536,858	37,376,991
Investment securities	37,521,440	55,854,215	34,026,860	51,787,647
Pledged assets	8,894,229	10,201,862	8,894,229	10,201,862
Other assets	2,041,710	1,788,907	852,999	622,233
Investment in subsidiaries	-	-	961,377	961,377
Deferred tax asset	3,231,220	3,503,749	3,223,982	3,551,132
Intangible assets	315,687	344,535	212,588	217,263
Property and equipment	1,039,052	950,335	604,044	528,239
Total assets	125,310,345	151,683,924	119,637,905	145,300,964
Assets classified as held for sale	-	48,450	-	48,450
	125,310,345	151,732,374	119,637,905	145,349,414
LIABILITIES				
Due to banks and other financial institutions	4,744,992	19,877,963	4,744,992	19,877,963
Due to customers	46,542,640	54,574,920	46,719,361	55,186,445
Derivative financial instruments	590,903	54,106	590,903	54,106
Current income tax liability	989,978	1,129,618	241,710	413,161
Other liabilities	5,137,097	9,187,852	4,754,722	8,583,434
Debt securities issued	14,341,909	12,077,787	14,524,709	12,077,787
Other borrowed funds	18,725,951	20,201,819	18,725,951	20,201,819
Total liabilities	91,073,470	117,104,065	90,302,348	116,394,715
EQUITY				
Share capital	2,794,794	2,794,794	2,794,794	2,794,794
Share premium	1,539,587	1,539,587	1,539,587	1,539,587
Treasury share reserve	-	(809,753)	-	-
Retained earnings	21,229,882	23,182,288	18,950,269	19,291,688
Statutory reserve	7,141,272	6,295,904	6,291,991	5,630,282
Fair value reserve	(429,782)	20,051	(398,113)	(301,652)
Credit risk reserve	157,039	-	157,039	-
	32,432,792	33,022,871	29,335,557	28,954,699
Non-controlling interest in equity	1,804,083	1,605,438	-	-
Total equity	34,236,875	34,628,309	29,335,557	28,954,699
Total equity and liabilities	125,310,345	151,732,374	119,637,905	145,349,414

The financial statements were approved by the board of directors on 21 March 2019 and signed on their behalf by:

Femi Agbaje Chairman FRC/2014/ICAN/00000010052	Hamda Ambah Managing Director FRC/2013/CISN/00000001749	Waslu Shafe Chief Financial Officer FRC/2015/ICAN/00000012973

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Interest income on financial assets fair value through profit or loss	938,743	965,093	937,520	964,337
Interest income on financial assets fair value through other comprehensive income/available for sale	6,945,893	8,925,696	6,822,762	8,661,043
Interest income on financial assets at amortised cost/held to maturity	7,809,634	10,712,002	7,326,634	10,270,370
Interest expense	(10,287,949)	(12,906,092)	(10,320,248)	(12,946,751)
Net interest income	5,406,321	7,696,699	4,766,668	6,948,999
Impairment charge for credit losses	1,398,512	(2,263,093)	1,396,641	(2,261,359)
Net interest income after impairment charge for credit losses	6,804,833	5,433,606	6,163,309	4,687,640
Fee and commission income	5,658,718	5,410,271	798,801	1,151,310
Net gains on financial instruments held for trading	764,055	999,940	650,678	880,875
Net gains on financial instruments classified as fair value through OCI	787,458	-	787,458	-
Net gains on financial instruments classified as available for sale	-	511,025	-	511,025
Other income	344,139	535,517	1,201,737	1,109,231
Operating and administrative expenses	(7,604,355)	(7,324,343)	(4,415,538)	(4,479,755)
Profit before tax	6,754,848	5,566,016	5,186,445	3,860,326
Income tax expense	(1,388,148)	(825,410)	(775,053)	(174,085)
Profit after tax	5,366,700	4,740,606	4,411,392	3,686,241
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial (losses)/gains in defined gratuity scheme (net of tax)	-	(63,441)	-	(69,805)
Items that may be subsequently reclassified to profit or loss				
- Unrealised net gains/(losses) arising during the period	(945,532)	1,906,358	(930,616)	1,658,897
- Net gain/loss on financial assets at FVOCI reclassified to profit or loss	466,381	865,358	468,677	867,980
Net change in impairment on FVOCI financial assets	301,732	-	284,991	-
Other comprehensive income/(loss) for the year, net of tax	(177,419)	2,708,275	(176,948)	2,457,072
Total comprehensive income for the year	5,189,281	7,448,881	4,234,445	6,143,313
Profit after tax attributable to:				
Equity holders of the parent entity	4,646,755	4,099,028	4,411,392	3,686,241
Non-controlling interest	719,945	641,578	-	-
	5,366,700	4,740,606	4,411,392	3,686,241
Total comprehensive income attributable to:				
Equity holders of the parent entity	4,469,336	6,807,303	4,234,445	6,143,313
Non-controlling interest	719,945	641,578	-	-
	5,189,281	7,448,881	4,234,445	6,143,313
Earnings per share per profit attributable to equity holders of the parent bank				
Earnings per share - basic (kobo)	166	164	158	132
Earnings per share - diluted (kobo)	166	164	158	132

The summary financial statement and specific disclosures are published in compliance with the requirements of CBN Act.

An electronic copy of the full financial statements can be obtained at www.fsdhgroup.com.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF FSDH MERCHANT BANK LIMITED

Report on the summary consolidated and separate financial statements

Opinion

The summary consolidated and separate financial statements (the "summary financial statements"), which comprise the summary consolidated and separate statements of financial position as at 31 December 2018 and the summary consolidated and separate statements of comprehensive income for the year then ended are derived from the audited consolidated and separate financial statements (the "audited financial statements") of FSDH Merchant Bank Limited ("the Bank") and its subsidiary companies (together the "Group") for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements, in accordance with the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Summary financial statements

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institution Act and other relevant Central Bank of Nigeria circulars applied in the preparation of the audited financial statements of the Group and Bank. Therefore, reading the summary financial statements and the auditor's report thereon, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 26 March 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

Report on other legal and regulatory requirements

In accordance with our full audit report, we confirm that:

- we did not report any exceptions under the sixth schedule of the Companies and Allied Matters Act;
- the Bank has disclosed the information required by the Central Bank of Nigeria circular on insider related credits;
- the Bank paid penalties in respect of contraventions of relevant Central Bank of Nigeria circulars during the year ended 31 December 2018.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement partner: Chidi Oiechi
FRC/2017/ICAN/00000015955



26 March 2019

The summary financial statements disclosed were derived from the full financial statements of FSDH Merchant Bank Limited (the "bank") and its subsidiaries (together "the group") for the year ended 31 December 2018 and cannot be expected to provide a full understanding of the financial performance, financial position and cash flows of the bank and the group. The bank's auditor issued an unqualified opinion on the full financial statements for the year ended 31 December 2018 from which these summary financial statements were derived. The bank's auditor made a report under section 359 of the Companies and Allied Matters Act.

The Bank paid a penalty of two million naira to the Central Bank of Nigeria in respect of infraction during the year. In line with the CBN circular FPR/DIR/CIR/GEN/01/020, the Group received five customer complaints during the year (2017: Nil).

Reports on the Resolution of Customers' Complaints

Below is a breakdown of Complaints received and resolved by the Bank during the year ended 31 December 2018 pursuant to CBN circular dated August 16, 2011.

DESCRIPTION OF COMPLAINT	NUMBER	AMOUNT CLAIMED (N'000)	AMOUNT REFUNDED (N'000)
	2018	2018	2018
Pending Complaints brought forward from prior year	-	-	-
Received Complaints	5	240,675	417
Resolved Complaints	1	8,783	417
Unresolved Complaints escalated to CBN for intervention	1	233	NIL