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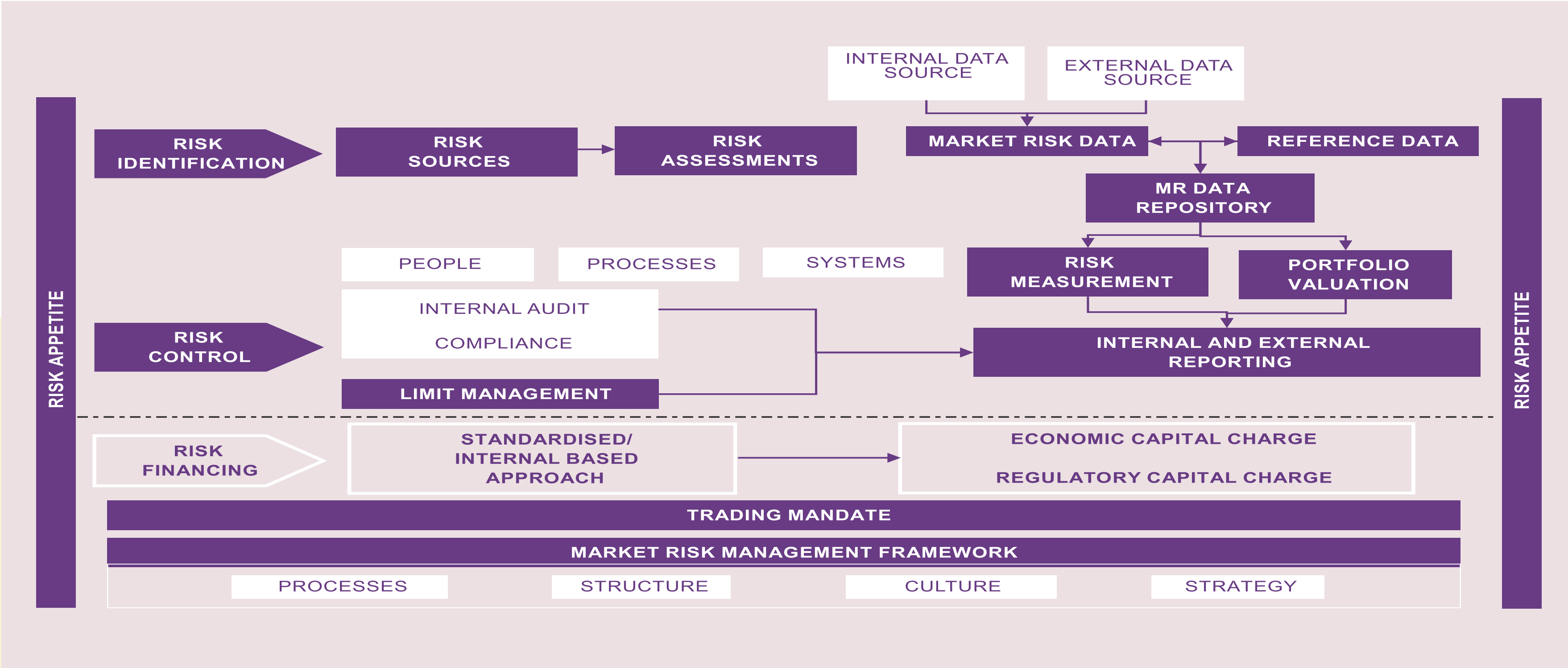

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3.3.1 Repricing period of financial assets and liabilities

The table below indicates the earliest time the Group can vary the terms of the underlying financial asset or liabilities and analyze the Group's interest rate risk exposure on assets and liabilities which are included at carrying amount and categorised by the earlier of contractual re–pricing or maturity dates.

Group and Bank

31 December 2021			Re-pricing period				
	Carrying amount	Total	Less than 90 days	91 - 180 days	181 - 365 days	Over 1 year	Non-interest bearing
Financial assets							
Cash and balances with central banks	19,558	19,558	-	-	-	-	19,558
Due from banks and other financial institutions	52,673	52,673	0	-	-	-	52,673
Financial assets held at fair value through profit or loss	654	654	654	-	-	-	-
Loans and advances to customers	260,072	260,072	74,611	4,727	4,966	175,769	-
Fair value through OCI	18,650	18,650	-	-	-	-	18,650
Amortised Cost Investments	330,912	330,912	70,700	80,200	68,237	111,775	-
Assets pledged as collateral	52,686	52,686	0	0	18,432	34,254	-
Other loans and receivables	173,550	173,550	173,550	-	-	-	-
Other assets	342,984	342,984	-	-	-	-	342,984
	1,251,739	**1,251,739**	**319,515**	**84,927**	**91,635**	**321,798**	**433,865**
Financial liabilities							
Deposits from customers	1,021,514	1,021,513	704,230	317,283	-	-	-
Borrowings	84,102	84,102	553	3,190	3,599	76,760	-
Lease liability	1,798	1,798	180	-	180	1,438	-
Other financial liabilities	71,090	71,090	-	-	-	-	71,090
	1,178,504	**1,178,503**	**704,963**	**320,473**	**3,779**	**78,198**	**71,090**
	73,235	**73,236**	**(385,448)**	**(235,544)**	**87,856**	**243,600**	**362,774**

Group and Bank

31 December 2020			Re-pricing period				
	Carrying amount	Total	Less than 90 days	91 - 180 days	181 - 365 days	Over 1 year	Non-interest bearing
Financial assets							
Cash and balances with central banks	52,995	52,995	-	-	-	-	52,995
Due from banks and other financial institutions	57,812	57,812	24,500	-	-	-	33,312
Financial assets held at fair value through profit or loss	43,087	43,087	43,087	-	-	-	-
Loans and advances to customers	204,784	299,000	85,779	5,434	5,709	202,078	-
Fair value through OCI	17,821	17,821	-	-	-	-	17,821
Amortised Cost Investments	275,211	328,753	99,102	38,123	68,237	123,291	-
Assets pledged as collateral	42,164	78,984	1,268	245	17,613	59,858	-
Other loans and receivables	210,677	210,676	210,676	-	-	-	-
Other assets	217,193	217,193	-	-	-	-	217,193
	1,121,744	**1,306,321**	**464,412**	**43,802**	**91,559**	**385,227**	**321,321**
Financial liabilities							
Deposits from customers	914,323	912,799	629,283	283,516	-	-	-
Borrowings	89,398	89,771	590	3,405	3,842	81,934	-
Lease liability	1,335	2,668	267	-	267	2,134	-
Other financial liabilities	59,957	59,957	-	-	-	-	59,957
	1,065,013	**1,065,195**	**630,140**	**286,921**	**4,109**	**84,068**	**59,957**
	56,731	**241,126**	**(165,728)**	**(243,119)**	**87,450**	**301,159**	**261,364**

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3. Financial risk management continued

3.3 Market risk
3.3.2 Market risk measurement techniques

Exposure to market risks - trading portfolios

Typically, the bank trades in the following financial instruments:
1. Treasury bills
2. Bonds
3. Foreign currencies
4. Money market products

a Exposure to Interest rate risk

The principal risk to which the Bank's non trading portfolios are exposed to , is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of change in market interest rates. Interest rate risk is managed principally using interest rate gaps. The exposure of the group to interest rate changes and the contractual re-pricing dates at the end of the reporting period are is alraedy shown above in note 3.3.1. Below are some of the key variables used in quantifying, monitoring, controlling and reporting market risk exposure (traded and non traded) across the group:

• Open position assessment: - for trading and currency risk exposures.
• Value at Risk model (VaR) - for trading and currency risk exposures
• Expected shortfall - for trading and currency risk exposures
• Interest and exchange rate sensitivity - For balance sheet level interest and exchange rate exposures assessment
• Stress testing - Both trading and non-trading exposures.

The Group applies a Value at Risk (VAR) methodology to its trading portfolios (including assets and liabilities that are designated at fair value) to estimate the market risk exposures of open positions.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, at certain level of confidence (often 99%) given a time horizon (usually 1 day). There is therefore a specified statistical probability (1%) that actual loss may be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (1 day). The likely estimate of the size of 1% expected violation of the VaR number is accessed via stress testing. VaR also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred in the past.
Traded Instruments: The instruments the bank's trade in are strictly provided for in the trading policy which include: Federal Government securities and foreign currencies. The policy also clarifies requirements for trading in new products as well as position and loss limits at dealers and product levels.

FGN Bond Trading: Polaris Bank Limited is not currently involved in bond trading. Our bonds holding are not being actively traded.

Treasury Bills Trading: Increased volatility at the shorter end of the curve (less than one year) increased the risk profile of the Treasury Bills portfolio. The portfolio highest VaR (99% confidence interval, 1 day holding period) was 1.57%, lowest at 0.06% and average 0.53% of position size.

FX Trading Activities: - The Bank currency trading activity is limited to trading Naira/USD currency pair throughout the financial year. Volatility levels spiked in the year on the back of sustained pressure on the local currency, interventions and continuous changes in the markets operational policies . Trading activities in USD/NGN currency pair recorded the highest VaR figure (99% confidence interval one day horizon) of 4.82% of the position size, minimum of 0.20% and average of 1.28%.

The integrity of the VAR model is validated via back-testing model over a reasonable period. Although a valuable guide to risk, VAR is always viewed in the context of its limitations i.e.

• The use of historical data as a proxy for estimating future events may not be reflective of the growing complexities and changes in the interactions of market drivers.
• The holding period assumption may also be flawed particularly in times of market illiquidity when it takes much longer to liquidate positions
• The likely size of losses under the permissible 1% violation is not stated, which might exceed the bank's loss threshold

In adjusting for these limitations, the Group has, in addition to stress testing, adopted the expected shortfall model, to gain a statistical sense of the likely size of the extreme loss events. VaR is also assessed at 99% confidence interval and a 10-day holding period as additional stress factor.

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Period ended 31 December 2021

VaR ANALYSIS	Treasury bills	FX
Maximum	1.57%	4.82%
Minimum	0.06%	0.20%
Average	0.53%	1.28%

Exposure to market risks - non-trading portfolios

Non trading interest rate risk exposures resides on the Group's balance sheet, resulting from disproportionate impact of interest rate changes on cash flows arising from asset and liability maturity mismatches leading to volatilities in net interest margin.

Decisions on interest rate direction is the responsibility of the ALCO, who works with the risk team in the day to day monitoring and forecasting of market directions, based on macro-economic fundamentals, market dynamics and the monetary/fiscal policy objectives.

Interest rate risk exposure is occasioned by timing differences and optionalities in the maturities of assets and liabilities on the banking book. Trading book exposures on the other hand is due to proprietary positions in rate and price sensitive financial assets in the secondary market. These exposures are managed independently by the Market Risk Management function via appropriate policies, procedures and models aided by technology.

The table below shows the result of interest rate sensitivity by applying a change of a 100 basis points. The impact on profit or loss is as follows:

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
		Pre tax		Pre tax
Decrease				
Assets	(2,063)	(2,939)	(2,063)	(2,939)
Liabilities	2,796	2,875	2,796	2,875
	733	(64)	733	(64)
Increase				
Assets	2,063	2,939	2,063	2,939
Liabilities	(2,796)	(2,875)	(2,796)	(2,875)
	(733)	64	(733)	64

At 31 December 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, other components of equity would have been ₦148 million lower for the Bank. Foreign borrowing has been excluded from the analysis as they are not considered sensitive to local rate changes.

The aggregated figures presented above are further analysed into their various components as shown in the following tables:

Components of Balance Sheet Interest Rate sensitivity

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
	Pre tax	Pre tax	Pre tax	Pre tax
Decrease				
Financial assets				
Due from banks and other financial institutions	(173)	(242)	(173)	(242)
Loans and advances to customers	(551)	(1,458)	(551)	(1,458)
Amortised cost financial assets	(1,293)	(1,073)	(1,293)	(1,073)
Assets pledged as collateral	(46)	(166)	(46)	(166)
	(2,063)	(2,939)	(2,063)	(2,939)
Financial liabilities				
Deposits from customers	2,771	2,875	2,771	2,875
Borrowings	25	-	25	-
	2,796	2,875	2,796	2,875
Total	**733**	**(64)**	**733**	**(64)**

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	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Increase				
Financial assets				
Due from banks and other financial institutions	173	242	437	242
Loans and advances to customers	551	1,458	244	1,458
- Amortised cost financial assets	1,293	1,073	514	1,073
Assets pledged as collateral	46	166	53	166
	2,063	2,939	1,248	2,939
Financial liabilities				
Deposits from customers	(2,771)	(2,875)	(1,027)	(2,875)
Borrowings	(25)	-	(77)	-
	(2,796)	(2,875)	(1,104)	(2,875)
Total	(733)	64	145	64

Cash flow interest rate risk: This risk arises from the timing differences of exposure of interest rate sensitive assets and liabilities to changes in market interest rates. The Group manages the cash flow interest rate risk by matching floating rate assets to floating rate liabilities as much as feasible, while residual exposures are actively managed via different market instruments including interest rate swaps where practicable.

At 31 December 2021, if interest rates on borrowed funds at amortised cost increased or reduced by 50 basis points with all other variables held constant, the effect on profit or loss would have been as set out below:

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
	Pre tax	Pre tax	Pre tax	Pre tax
Decrease	13.0	5.6	13.0	5.6
Increase	(13.0)	(5.6)	(13.0)	(5.6)
	-	-	-	-

b Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar, UK pound and Euro. Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt.

In view of the current devaluation of naira, the Bank also ensures that currency trading limits are in line with market realities, foreign currency lending and funding is subject to approvals by top management. In this case the Bank makes use of limits and management action triggers for strict adherence to the Bank's internal policies and risk appetite. Further, management ensures that repricing of the assets is in line with market realities.

The Group maintains strict policy guidance for all its foreign currency related activities, and Board approval is required where business exigencies necessitate currency exposure creation, which must still be contained within permissible threshold and adequately mitigated. The Group ensures that foreign currencies denominated assets are matched with foreign currency denominated liabilities to reduce currency risk exposure (exchange exposure gap). Periodic reports on the Group's foreign currency exposure are rendered up to the Board level. In line with the Basel II provision, both trading and non-trading currency exposures are treated as trading positions, and are therefore subject to fair valuation relative to prevailing market exchange rate (mark-to-market).

The Group's exposure to foreign currency exchange rate risk at 31 December 2021 and 31 December 2020 has been shown in note 3.4 below. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

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3. Financial risk management continued

Foreign currency sensitivity analysis

The Groups principal foreign currency exposure is to US Dollars, as it consitituesa significant portion of the Group's foreign currency exposue as at 31 December 2021. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 5% increase in the US Dollar/Naira exchange rates at the year end, assuming all other variables remain unchanged. The sensitivity rate of 5% represents the directors' assessment of a reasonable possible change based on historic volatility.

Group	**Impact on statement of changes in Comprehensive income**			
	Group 31 December 2021	**Group 31 December 2020**	**Bank 31 December 2021**	**Bank 31 December 2020**
Naira strengthens by 5%	20,441	29,496	17,617	29,963
Naira weakens by 5%	(18,495)	(26,686)	(15,939)	(27,109)

The NGN/USD exchange rate applied in the conversion of balances as at year end is ₦424.22/USD1. The strengthening or weakening of Naira may not produce symmetical results depending on the proportion and nature of balance sheet.

c Price risk
The group’s exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI) or at Fair value through P/L.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.
The majority of the group’s equity investments are publicly traded and are included either in the Oneland Stock Exchange 200 Index or the NYSE International 100 Index.

Price sensitivity analysis for financial instruments measured at FVOCI:
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as FVOCI. Quantitative exposure of the Group's equity securities is shown below.

	Group 31 December 2021	**Group 31 December 2020**	**Bank 31 December 2021**	**Bank 31 December 2020**
Quoted equity investment	10	10	10	10
Unquoted equity investment	18,640	17,811	18,640	17,811
	18,650	**17,821**	**18,650**	**17,821**

Sensitivity analysis for the Group's equity securities is shown as follows.
Impact on Other comprehensive income:

Unfavourable change @ 2% decrease in unobservable inputs	(373)	(355)	(373)	(355)
Favourable change @ 2% increase in unobservable inputs	373	355	373	355

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3. Financial risk management continued

The table below summarizes the Group's financial assets and financial liabilities at gross amount, categorised by currency:

3.4 Financial instruments by currency
Group and Bank

31 December 2021

	Total	Naira	USD	GBP	Euro
Financial assets					
Cash and balances with central banks	19,558	11,983	5,831	798	947
Due from banks and other financial institutions	52,673	28,602	17,936	879	5,255
Financial assets at fair value through profit or loss	654	654	-	-	-
Loans and advances to customers	260,072	165,417	94,655	-	-
Fair value through OCI investments	18,650	18,650	-	-	-
- Amortised cost investments	330,912	326,026	4,886	-	-
Assets pledged as collateral	52,576	52,576	-	-	-
Other loans and receivables	173,938	173,938	-	-	-
Other assets	342,984	342,984	-	-	-
	1,252,017	1,120,830	123,308	1,677	6,202
Financial liabilities					
Deposits from customers	1,021,514	936,612	73,694	2,467	8,740
Borrowings	84,102	81,817	2,286	-	-
Lease liability	1,798	1,798	-	-	-
Other liabilities	71,090	69,885	-	-	-
	1,178,504	1,090,112	75,980	2,467	8,740

Group and Bank

31 December 2020

	Total	Naira	USD	GBP	Euro
Financial assets					
Cash and balances with central banks	52,995	26,601	21,273	663	2,933
Due from banks and other financial institutions	57,812	24,500	25,466	1,549	6,297
Financial assets at fair value through profit or loss	43,087	43,087	-	-	-
Loans and advances to customers	204,784	165,079	39,655	-	50
Fair value through OCI investments	17,821	17,821	-	-	-
- Amortised cost investments	275,211	273,221	2,116	-	-
Assets pledged as collateral	42,164	42,164	-	-	-
Other loans and receivables	210,677	210,677	-	-	-
Other assets	217,193	216,121	1,072	-	-
	1,121,744	1,019,271	89,582	2,212	9,280
Financial liabilities					
Deposits from customers	914,323	806,948	96,094	1,853	9,428
Borrowings	89,398	76,790	12,584	-	24
Lease liability	1,335	1,335	-	-	-
Other liabilities	59,957	59,957	-	-	-
	1,065,013	945,030	108,678	1,853	9,452

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4.1 Operational Risk

Polaris Bank Limited defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk, but excludes strategic and reputational risk, in line with general market convention.

Operational risk easily infiltrates every banking function across the board. Every threat that the Bank faces can crystallize into some operational risk, however, it is not an objective to eliminate all exposure to operational risk as this would not be commercially viable nor possible. The Bank's approach to managing operational risk is to adopt fit-for-purpose operational risk practices that assist business line management in understanding their inherent risk and reducing their risk profiles in line with the Bank's risk tolerance, while maximizing their operational performance and efficiency.

The Bank has set minimum requirements for managing operational risk through the Bank's risk management and governance standards. These requirements have been fully employed and entrenched across the Bank's operations. In addition to meeting the Bank minimum standards, the operational risk framework sets out a planned and consistent methodology for managing operational risk across the Bank. The risk management approach involves identifying, assessing, measuring, managing, mitigating, and monitoring the risks associated with operations, enabling ample analysis and reporting of the Bank's operational risk profile.

The framework is based on the following core components:
1. Risk Identification and Control Methodology: This is a process through which operational risks and their effective controls are assessed and examined across business units in the Bank.

2. Risk and Control Self-Assessments: As part of operational risk management processes, business units across the bank are required to identify their processes and identify the various operational risks that affects each process and activity and analyze the controls in place if they are effective or put controls in place for processes without controls. For any activity that its inherent risk is higher than the approved management risk threshold, corrective action plans must be defined and put in place to reduce the level of the risk. Operational risk management works with the different risk champions across all business units to identify and monitor their processes and put adequate controls in place.

A 5 X 5 matrix is used in measuring identified risks in the Bank; this matrix includes using the probability of a loss event (PE) and the impact off the loss given an event (LGE). An analysis of this methods is shown below:

Likelihood	**Severity**				
	Insignificant	Minor	Moderate	Major	Significant
Certainly	Medium	Medium	High	High	High
Highly Likely	Medium	Medium	Medium	High	High
Likely	Low	Low	Medium	Medium	High
Unlikely	Low	Low	Medium	Medium	Medium
Highly Unlikely	Low	Low	Low	Medium	Medium

3. Risk Register
Polaris Bank risk register contains all identified risks and controls for all processes and activities across all business units, the Bank maintains a global risk register and it is updated regularly with risks identified from the RCSA exercise conducted by the operational risk management departments and nominated risk champions, operational risk incidents and IT risk assessment.

4. Key Risk Indicators
The RCSA process and management review of business processes will help in classifying risks by levels. Risk identified as important (Key Risks) must be monitored and reviewed periodically. Defined metrics/indicators are used to monitor all identified risks and certain risks identified as key should have thresholds for escalation. For risks that are continually below certain thresholds for period of time, a review is conducted to see if it is still a key risk or not.

5. Operational Risk Incidents
Operational risk department keeps a consolidated database of events/incidents across the various business units in the Bank. Risk and control self-assessment and key risk indicators are also integrated into this process.

Operational risk incidents are not restricted to only events that results in actual financial loss, it also involves events that have non-financial consequences and also near misses. Incident management involves recording, analyzing and management of all loss events across various business units in the Bank. Incident management helps operational risk department to determine the cause of loss events, reduce impact and exposure and to put effective controls in place.

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4.1 Operational Risk continued

Corrective action plans are developed based on the identified causes of the loss events and these action plans are assigned to the responsible business units for resolution.

6. Reporting

Operational risk reports are produced on both a regular and on event-driven basis. The reports include a profile of the key risks to business units' achievement of their business objectives, relevant control issues and operational risk incidents. Specific reports are prepared on a regular basis for the relevant business unit and committees.

7. Other Peculiar Operational Risk Exposures

The primary responsibility of managing operational risk forms part of the day-to-day responsibilities of management and employees at all levels. Business line management is ultimately responsible for owning and managing risks resulting from their activities.
Operational risk management function is independent of business line management and is part of the second line of defense. It is structured as follows:

• A central function that provides Bank wide oversight and reporting. It is also responsible for developing and maintaining the Operational Risk Management Framework.

• The primary oversight body for operational risk is the Risk Management Committee (RMC), which reports to the Board Audit Risk Management Committee (BARMC) and ultimately, the Board. Other operational risk related exposures that have peculiar features is detailed:

8. Other Peculiar Operational Risk Exposures

Physical disasters affecting the Bank could come in many different forms such as fires, floods, physical and political unrest, pandemics, failures of IT systems etc. Each of these different threats pose a risk to the continuity and going concern of the Bank and the impact of these different threats materializing will have many common implications on its day to day business.

Business Continuity Management is defined as a holistic management process that identifies potential impacts that threaten the Bank and provides a basis for planning and mitigation of these operational impacts. It further provides a framework for building resilience and the capability of an effective response that safeguards the interests of key stakeholders, the reputation, brand and value-creating activities of the Bank.

The Bank has a Business Continuity Plan (BCP) in place to ensure its ability to operate on an ongoing basis and limit its losses in the event of severe business disruptions. Crisis management is based on a command and control process for managing the business through a crisis to full recovery. These processes may also be deployed to manage non-operational crises including business crises, at the discretion of senior management.

Contingency and recovery plans for core services, key systems and priority business activities have been developed and are revisited periodically as part of existing management processes to ensure that continuity strategies and plans remain relevant.

The Bank is audited and assessed on BCMS periodically in order to ensure adherence to various standards and regulatory requirements.

Technological Innovation and Upgrade
The bank's continuous drive for Modern Infrastructure on its Information Technology Department has yielded new products such as the VULTE application amongst others which has increased customer satisfaction, as well as providing convenient banking services to our customers.

VULTe Application: The bank has taken a giant step in revolutionizing its banking services by introducing the VULTe application. VULTe is an in-house developed digital bank application designed to provide our customers with easy, safe and efficient means of carrying out banking activities. The VULTe application has also recently won the Digital Bank of the Year Award for 2021.

Disaster Recovery Capability: The investments made by the bank in setting up a colocation data center has improved our recovery capabilities. The Secondary data center (RACK CENTER) can be easily assessed and redundancies are in place to recover critical services and limit any damage the Bank and its customers may face in any unforeseen service disaster/disruption at the primary site (Main One). The current colocation arrangement has greatly improved our failover and failback capabilities as the secondary data center has the capacity to cater for the bank in case of a disruption at the primary center.

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Core Network Infrastructure Upgrade: The bank has strengthened its branch network to a Software Defined Wide Area Network (SD-WAN). The SD-WAN technology gives the Bank more visibility on the Bank's bandwidth requirements, and has optimized the network performances and availability across all business locations. The deployment of the SD-WAN has also reduced the number of negative user experience in branch locations, eliminate security vulnerabilities and transform the delivery of services to our customers.

Core Banking: The Bank's core banking application (FLEXCUBE) has been optimized to increase the efficiency of the application, enhance user experience and the increase capacity of transaction volume. The upgrade has also addressed existing vulnerabilities on the previous version of the application and also improved the performance of the application.

Non-Core Banking: The infrastructure of Non - Core Banking applications is continuously monitored and improved upon to cater for the storage and computation of the Bank's applications. Furthermore, there is an ongoing transformation of some non-core banking applications to improve user's experience and requirements.

Network Security: The Bank has deployed a new improved Palo Alto Network (Netherlands) Cortex B.V firewalls and Traps (Antivirus) that uses AI and user behavioural analysis to learn patterns on the network to detect anomalies and protect the Bank, the Bank also upgraded its security solutions such as MacAfee to protect its infrastructure against malicious attacks.

4.1 Operational Risk continued

9. Identification, Measurement, Controls & Mitigation

The Bank's identification, measurement, controls and mitigation are designed to ensure that the Bank can resume and continue its day to day business within a stipulated time frames in the event of the occurrence of a physical disaster. Business Continuity Plans are tested periodically or when there is a major change in the Bank, Failover and failback tests are conducted at least once a year, other tests are conducted quarterly for critical departments, with any identified failures or gaps in the plans highlighted, lessons learnt are captured and priority is given to resolving those failings.

The management of IT risks assists the Bank to manage risks in Information Technology (IT) and services. The utilization of Information Technology provides significant benefits to the Bank, but it also involves risk. Due to Information Technology's importance to the overall business, Information Technology risk is vital to the Bank like other key business risks because a failure to manage IT risk effectively can pose a challenge to the achievement of the Banks strategic objectives. The identification, analysis, evaluation and monitoring of IT risk covering the areas below:

- Information Technology Operation and Service delivery risks (risk of the poor performance of IT services)
- Information Technology program and project delivery risks (risk of sub-optimal value across the portfolio of Information Technology-enabled investments)
- Information Technology benefit/value enablement risks (risk of not delivering the intended value of IT).
- Cybersecurity risk as a measurement of the Bank's cybersecurity resilience.

These areas cover the Information Technology-related risks within the Bank including risk events with may be internal or external to the Bank. Internal events include operational incidents, Information Technology incidents, project failures, full (Information Technology) strategy switches and mergers. External events include changes in market conditions, new competitors, and new technology becomes available and new regulations affecting Information Technology.

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4.2 Capital Management

Capital Risk Management

Capital management is central to the Group's financial stability and sustainability. The Group endeavours to maintain the appropriate level of capital that is adequate to support our risk profile, regulatory requirements and business needs.

The Group's Capital Management philosophy is to optimize its capital structure given the peculiarities of its risk profile, by maintaining adequate levels of capital to cater for all unexpected losses, beyond meeting regulatory requirements. This philosophy guides the Group's Internal Capital Adequacy Assessment Process (ICAAP), which sets internal capital targets and defines strategies for achieving those targets consistent with our risk appetite, business plans and operating environment. As part of this process, we have implemented a program of enterprise-wide stress testing to evaluate the income and capital (economic and regulatory) impacts of several potential stress events.

In the Group, capital allocations are approved at the Board level and are monitored daily by the Group's management.

The Central Bank of Nigeria (CBN) has an oversight function and monitors all banks operating in Nigeria to ensure compliance with capital adequacy requirements. At every point in time, the Group ensures that it has sufficient capital above the regulatory capital to hedge against any unanticipated shocks.

The Group's regulatory capital comprises of two tiers:

• Tier 1 capital: share capital (net of any book values of the treasury shares), statutory reserve, non-controlling interest, retained earnings, reserves created by appropriations of retained earnings and other disclosed reserves. The book value of goodwill is deducted in arriving at Tier 1 capital.

• Tier 2 capital: qualifying subordinated debt, unrealized gains arising on the fair valuation of equity instruments held as fair value through OCI. Investments in capital of other banks and financial institutions are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk weighted asset base. The Central Bank of Nigeria prescribed a minimum limit of 10% of total qualifying capital/total risk weighted capital/total risk weighted assets as a measure of capital adequacy.

The table below summarises the composition of regulatory capital and the ratios of the bank for the years presented below.

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Tier 1 capital				
Share capital	25,000	25,000	25,000	25,000
Share premium	25,433	873,450	25,433	873,450
Statutory reserves	22,655	17,623	22,527	17,495
AGSMEIS Reserve	840	2,795	840	2,795
Retained earnings	12,992	8,614	12,686	10,040
Reorganisation reserve	-	(848,017)	-	(848,017)
Non-Controlling Interest	-	1,098	-	-
Total	**86,920**	**80,562**	**86,486**	**80,763**
Add/(less)				
Intangible assets	(4,061)	(2,271)	(4,061)	(2,271)
Adjusted Total qualifying Tier 1 capital	**82,859**	**78,291**	**82,425**	**78,492**
Tier 2 capital				
Other Qualifying Capital	-	3,239	-	-
Fair value reserves	4,065	3,235	4,065	3,235
Adjusted Total qualifying Tier 2 capital	**4,065**	**6,474**	**4,065**	**3,235**
Total regulatory capital	**86,924**	**84,766**	**86,491**	**81,727**
Total risk-weighted assets	**620,345**	**527,253**	**620,408**	**514,228**
Capital Ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	14.01%	16.08%	13.94%	15.89%
Total tier 1 capital expressed as a percentage of risk-weighted assets	13.36%	14.85%	13.29%	15.26%

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5 Fair values of financial assets and liabilities

Accounting classification, measurement basis and fair values

The tables below sets out the Group's classification of each class of financial assets and liabilities and their fair values. All fair value measurements are recurring.

Group and Bank

31 December 2021	Carrying amount					Fair value			
	Fair value through profit or loss	Amortized Costs	Fair value through OCI	Other financial liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets									
Cash and balances with central banks	-	19,558	-	-	19,558	-	19,558	-	19,558
Due from banks and other financial institutions	-	52,673	-	-	52,673	-	52,673	-	52,673
Financial assets at fair value through profit or loss	654	-	-	-	654	654	-	-	654
Loans and advances to customers	-	260,072	-	-	260,072	-	-	250,621	250,621
Fair Value through OCI									
- Equity investment measured at fair value	-	-	18,650	-	18,650	-	-	17,821	17,821
Amortised Cost Investments	-	-							
- Treasury bills	-	207,307	-	-	207,307	218,098	-	-	218,098
- Corporate bonds	-	3,692	-	-	3,692	2,335	-	-	2,335
- State government bonds	-	9,160	-	-	9,160	-	9,194	-	9,194
- Federal government bonds	-	93,466	-	-	93,466	70,275	-	-	70,275
- Eurobonds	-	2,249	-	-	2,249	-	1,962	-	1,962
- Promisory notes	-	12,689	-	-	12,689	12,249	-	-	12,249
- Commercial papers	-	2,349	-	-	2,349	-	2,363	-	2,363
Assets pledged as collateral									
- Treasury bills	-	18,432	-	-	18,432	17,855	-	-	17,855
- Federal government bonds	-	34,254	-	-	34,254	33,395	-	-	33,395
Other loans and receivables	-	173,550	-	-	173,550	-	173,550	-	173,550
Other assets	-	342,984	-	-	342,984	-		342,984	342,984
	654	1,232,435	18,650	-	1,251,739	354,861	261,519	611,426	1,227,807
Financial liabilities									
Deposits and other accounts	-	-	-	1,021,514	1,021,514	-	-	1,021,514	1,021,514
Borrowings	-	-	-	84,102	84,102	-	-	84,102	84,102
Lease liability	-	1,798	-	-	1,798	-	-	1,798	1,798
Other liabilities	-	-	-	71,090	71,090	-	-	71,090	71,090
	-	1,798	-	1,176,706	1,178,504	-	-	1,178,504	1,178,504

Group and Bank

31 December 2020	Carrying amount					Fair value			
	Fair value through profit or loss	Amortized Costs	Fair value through OCI	Other financial liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets									
Cash and balances with central banks	-	52,995	-	-	52,995	-	52,995	-	52,995
Due from banks and other financial institutions	-	57,812	-	-	57,812	-	57,812	-	57,812
Financial assets at fair value through profit or loss	43,087	-	-	-	43,087	40,277	2,810	-	43,087
Loans and advances to customers	-	204,784	-	-	204,784	-	-	204,784.00	204,784
Fair Value through OCI									-
- Equity investment measured at fair value	-	-	17,821	-	17,821	-	17,821	-	17,821
Amortised Cost Investments	-	-							-
- Treasury bills	-	189,520	-	-	189,520	195,778	-	-	195,778
- Corporate bonds	-	2,285	-	-	2,285	395	-	-	395
- State government bonds	-	11,261	-	-	11,261	-	12,763	-	12,763
- Federal government bonds	-	69,819	-	-	69,819	80,778	-	-	80,778
- Eurobonds	-	2,116	-	-	2,116	-	2,219	-	2,219
- Promisory notes	-	44	-	-	44	-	43	-	43
- Commercial papers	-	166	-	-	166	-	167	-	167
Assets pledged as collateral									
- Treasury bills	-	16,100	-	-	16,100	15,997	-	-	15,997
- Federal government bonds	-	26,064	-	-	26,064	34,886	-	-	34,886
- Euro bonds	-	-	-	-	-	-	-	-	-
- Corporate bonds	-		-	-		-	2,219	-	2,219
Other loans and receivables	-	210,677	-	-	210,677	-	210,677	-	210,677
Other assets	-	217,193	-	-	217,193	-	217,193	-	217,193
									-
	43,087	1,060,836	17,821	-	1,121,744	368,111	546,489	235,014	1,149,614
Financial liabilities									
Deposits and other accounts	-	-	-	914,323	914,323	-	-	914,323	914,323
Derivative financial liabilities	-	-	-		-	-	-	-	-
Borrowings	-	-	-	89,398	89,398	-	-	89,398	89,398
Lease liability	-	1,335	-	-	1,335	-	-	1,335	1,335
Other liabilities	-	-	-	59,957	59,957	-	-	59,957	59,957
	-	1,335	-	1,063,678	1,065,013	-	-	1,065,013	1,065,013

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5 Fair values of financial assets and liabilities continued

Fair value of financial assets and liabilities carried at fair value

Financial instruments at fair value (including those held at fair value through profit or loss and fair value through OCI) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and prices.

Recognised fair value measurements

There were no transfers between levels during the period. The group's policy is to recognise transfers into and transfers out of fair value hierachy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current market price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. In valuing the bonds classified as level 2, the price of the assets obtained from an over the counter securities exchange was adopted in arriving at the fair value. It was categorised under level 2 of the fair value hierachy because the price obtained was an indicative price due to the fact that the market for the instrument is not very active. No adjustment was made to the input price.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value of financial assets and liabilities not carried at fair value

The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

i Cash and balances with central banks and due from banks and other financial institutions

The carrying amount of cash and balances with central banks and due from banks and other financial institutions are reasonable approximation of their fair value.

ii Investment securities and assets pledged as collateral

The fair value for investment securities is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

iii Loans and advances to customers

The Group adopts a single approach in fair valuing its risk assets. This entails valuing all facilities with variable and fixed interest rates using the discounted cash flow approach (Level 3). The Group’s variable rate facilities are indexed to the Central Bank of Nigeria Monetary Policy Rate or Nigeria Interbank Offering Rate, with a spread to cover for the inherent risk of individual facilities.

iv Other assets

The bulk of these financial assets have short (less than 3 months) maturities with the carrying amounts of the financial assets being a reasonable approximation of fair value.

v Deposit from customers

Fair values of customers’ deposits have been determined using discounted cash flow techniques applying the rates on deposits of similar maturities and terms to discount the contractual cash flows.

vi Borrowings from local and foreign banks/institutions

The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on discounted cash flows using the contractual interest rates for these debts over their remaining maturity.

vii Other liabilities

The carrying amount of financial assets in other liabilities is a reasonable approximation of fair value.

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6 Significant accounting judgments, estimates and assumptions

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Group's results and financial position, are as follows:

a Allowances for credit losses

The measurement of the expected credit loss allowance for debt financial assets measured at amortised cost 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 techniques used in measuring ECL is further detailed in note 2.6.1j.

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;
• Choosing appropriate models and assumptions for the measurement of ECL;
• Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
• Establishing groups of similar financial assets for the purposes of measuring ECL.

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way expected credit losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows and model assumptions are determined. Please refer to note 3 for sensitivity analysis of the expected credit loss to changes to the loss given default (LGD) and probability of default (PD).

b Deferred tax assets and unrecognised tax losses

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies, the group assessed the probability of expected future taxable profits based on the expected profit for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 31.

c Depreciation and carrying value of property, plant and equipment

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

d Determination of impairment of property, plant and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

NOTES TO THE FINANCIAL STATEMENTS
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e Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 2.6. The Group measures fair values using the following hierarchy of methods.

i Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current mid price. Instruments included in Level 1 comprise primarily equity and debt securities classified as held fair value through profit or loss

i Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

ii Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes loans and advances to banks and customers, deposits from banks and customers, other liabilities and borrowings.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group uses widely recognised valuation models for determining the fair value of its financial assets. The fair values of unquoted equity investments have been generally derived using the adjusted fair value comparison approach. Quoted price per earning or price per book value, enterprise value to EBITDA ratios of comparable entities in a similar industry were obtained and adjusted for key factors to reflect estimated ratios of the investment being valued.

Adjusting factors used are the Illiquidity Discount which assumes a reduced earning on a private entity in comparison to a publicly quoted entity and the haircut adjustment which assumes a reduced earning for an entity located in Nigeria contributed by lower transaction levels in comparison to an entity in a developed or emerging market. The unobservable inputs used entails average P/B multiples of comparable companies and median of enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies.

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

Description	2021	2020	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	Bank					
Nigeria Interbank Settlement Systems	5,964	6,915	Adjusted fair value comparison approach	Median Price to earnings (P/E) ratio of similar comparable companies	P/E ratio 26.87x Illiquidity ratio 19.2%	The higher the P/E ratio of similar trading companies, the higher the fair value
Unified Payment Services Limited	6,022	5,965	Adjusted fair value comparison approach	Median Price to earnings (P/E) ratio of similar comparable companies	P/E ratio 22.62x Illiquidity ratio 19.2%	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
AFREXIM Bank	2,302	2,657	Adjusted fair value comparison approach	Median Price to Net book value (P/BV) ratio of similar comparable companies	P/BV 0.8X Illiquidity ratio 19.2%	The higher the P/E ratio of similar trading companies, the higher the fair value
FMDQ OTC Securities Exchange	4,302	2,225	Adjusted fair value comparison approach	Median Price to earnings (P/E) ratio of similar comparable companies	P/E ratio 9.5x Illiquidity ratio 19.2%	The higher the P/E ratio of similar trading companies, the higher the fair value
SANEF (Shared Agent Network Expansion Facility	50	50				
	18,640	**17,812**				

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		Group	Group	Bank	Bank
		31 December 2021	31 December 2020	31 December 2021	31 December 2,020
7	**Interest income**				
7a	***Interest income calculated using the effective interest method:***				
	Loans and advances to customers:				
	- Term loans	56,614	43,812	56,614	43,812
	- Overdraft	4,303	4,389	4,303	4,389
	Cash and short term funds	3,763	1,200	3,763	1,200
	Investment securities held at amortized cost	20,345	58,594	20,345	58,594
		85,025	**107,995**	**85,025**	**107,995**
7b	***Interest income on Financial asset at FVTPL***				
	Financial assets held at FVTPL	518	506	518	506
		518	**506**	**518**	**506**
	Gross interest income	**85,543**	**108,501**	**85,543**	**108,501**

Interest income recognised includes interest income accrued on impaired financial asset for both Group and Bank for the period ended 31 December 2021 of ₦ 544.62 million (2020: ₦ 662.40 million)

8 Interest expense

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Savings deposits	2,425	4,112	2,425	4,112
Time deposits	14,672	14,664	14,672	14,664
Interbank takings	182	352	182	352
Borrowed funds	1,066	1,563	1,066	1,563
Current deposits	1,104	2,145	1,104	2,145
Leases	257	232	257	232
Promisory notes	-	64	-	64
	19,706	**23,132**	**19,706**	**23,132**

9 Net fee and commission income

		Group	Group	Bank	Bank
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Current account maintenance charges	2,557	1,722	2,557	1,722
	Commission on telex transfer	2,184	2,167	2,184	2,167
	Commission on off-balance sheet transactions	698	166	698	166
	Remittances fees	987	1,024	987	1,024
	Letters of credit commission and fees	508	178	508	178
	Commission on cheque book issued	217	207	217	207
	Electronic channels commission	6,028	3,687	6,028	3,687
	Collection revenue	342	638	342	638
	Other Fees and Commissions	549	980	549	980
	Total fee and commission income	**14,070**	**10,769**	**14,070**	**10,769**
	Fee and commission expense (Note 9.1)	(6,474)	(5,134)	(6,474)	(5,134)
	Net fee and commission income	**7,596**	**5,635**	**7,596**	**5,635**
	Timing of revenue recognition				
	At a point in time	13,372	10,603	13,372	10,603
	Over time	698	166	698	166
9.1	**Fee and commission expense**				
	NEFT/NIBSS transfer charges	600	285	600	285
	E banking expense	5,713	4,620	5,713	4,620
	Other fee and commission expense	161	229	161	229
		6,474	**5,134**	**6,474**	**5,134**

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10 Net trading and foreign exchange gain/(loss)

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Foreign exchange unrealised translation gains/(losses)	583	(726)	583	(726)
Net trading gain on FVTPL securities	3,992	283	3,992	283
	4,575	**(443)**	**4,575**	**(443)**

11 Other operating income

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Dividend income on fair value through OCI investments	768	321	768	321
Rental income	210	190	210	190
Recoveries*	2,487	2,440	2,487	2,440
Gain on disposal of subsidiary	-	-	1,153	6,657
Gain on disposal of property and equipment	1,601	78	1,601	78
Sundry income	132	67	132	67
	5,198	**3,096**	**6,351**	**9,753**

* Recoveries comprise of recovery on loan previously written off of ₦1.675b (2020 – ₦1.529b) and Other Recoveries of ₦812m (2020 – ₦910m)

12 Impairment loss on loans and other financial assets

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Impairment charge on other assets (Note 12.1)	1,386	339	1,386	339
Impairment write back /charge on loans and advances (Note 19.1)	(7,417)	10,622	(7,417)	10,622
Impairment charge/ write back on contingents (note 32(ii))	9,068	(1,688)	9,068	(1,688)
Impairment charge on investment (debt) securities (note 12.2)	280	126	280	126
	3,317	**9,399**	**3,317**	**9,399**

12.1 Impairment charge on other assets includes:

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Impairment charge on other receivables (note 23.1)	998	339	998	339
Impairment charge on AMCON receivable (note 23b)	388	-	388	-
	1,386	**339**	**1,386**	**339**

12.2 Impairment charge on investment (debt) securities includes:

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Impairment charge on investment securities at amortized cost (note 20)	75	126	75	126
Impairment charge on placement (note 17)	95	-	95	-
Impairment charge on assets pledged as collateral (note 22)	110	-	110	-
	280	**126**	**280**	**126**

13 Employee benefit costs

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Wages and salaries	25,390	26,351	25,390	26,351
Defined contribution	434	436	434	436
Other staff cost (note 13.1)	134	383	134	383
Termination expenses	538	683	538	683
	26,496	**27,853**	**26,496**	**27,853**

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13.1 ***Other staff cost***

Other staff cost represent benefits accruing to employees with respect to loans granted at below market interest rate

13.2 **Employees and directors**

a **Employees**

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

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Executive directors	3	3	3	3
Management	108	119	108	119
Non-management	2,206	2,156	2,206	2,156
	2,317	**2,278**	**2,317**	**2,278**

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

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
₦2,000,001 - ₦2,800,000	248	0	248	0
₦2,800,001 - ₦3,500,000	5	35	5	35
₦3,500,001 - ₦4,000,000	316	7	316	7
₦4,000,001 - ₦5,500,000	505	356	505	356
₦5,500,001 - ₦6,500,000	39	675	39	675
₦6,500,000 - ₦7,800,000	408	457	408	457
₦7,800,001 - ₦9,000,000	297	27	297	27
₦9,000,001 and above	496	718	496	718
	2,314	**2,275**	**2,314**	**2,275**

b **Directors' emoluments**

Remuneration paid to the Directors was:

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Fees and sitting allowances	51	52	51	52
Other director expenses and benefits	171	140	171	140
Total directors' related expenses (note 14)	222	192	222	192
Executive compensation	198	198	198	198
Post-employment benefit	-	139	-	139
	420	**529**	**420**	**529**

Fees and other emoluments disclosed above include amounts paid to:

Chairman	10	9	10	9
Highest paid director	84	84	84	84

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

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
₦5,000,001 and ₦10,000,000	1	1	1	1
₦10,000,001 and ₦20,000,000	4	4	4	4
₦20,000,001 and above	3	3	3	3
	8	**8**	**8**	**8**

14 Administration and general expenses

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Advertising and business promotion	1,281	683	1,281	683
Communication and operational cost	140	150	140	150
Insurance costs	395	497	395	497
Legal and professional fees	1,465	1,114	1,465	1,114
NDIC insurance premium	4,210	4,236	4,210	4,236
Repairs and maintenance	3,456	3,306	3,456	3,306
Transport, travel, accommodation	302	234	302	234
Stationery and printing	398	293	398	293
Security expenses	1,106	1,199	1,106	1,199
Training expenses	538	463	538	463
Contract services	5,834	5,595	5,834	5,595
Charities and donations	954	324	954	324
Directors' related expenses	222	192	222	192
Trade Group Subscription	294	266	294	266
AMCON sinking fund expenses	6,245	5,991	6,245	5,991
Utilities	720	684	720	684
Office expenses	490	456	490	456
Newspapers and periodicals	3	5	3	5
Relocation and recruitment expenses	276	39	276	39
Operational and other losses	177	319	177	319
Rents and rates	286	213	286	213
Auditors remuneration	200	200	200	200
Penalties for non-compliance with banking regulations	52	48	52	48
Cash shipment services	1,009	1,036	1,009	1,036
Other administrative expenses	789	932	789	932
	30,842	**28,475**	**30,842**	**28,475**

15 Depreciation and amortisation

	Group	Group	Bank	Bank
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Depreciation of property, plant and equipment (note 26)	5,466	4,974	5,466	4,974
Depreciation of right of use asset (note 24)	398	623	398	623
Amortisation of intangible assets (note 27)	398	118	398	118
	6,262	**5,715**	**6,262**	**5,715**

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16 Cash and balances with central bank

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Cash in vault	18,384	37,624	18,384	37,624
Operating account with the central bank	1,174	15,371	1,174	15,371
	19,558	**52,995**	**19,558**	**52,995**

16.1 Cash and cash equivalents

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Cash in vault (note 16)	18,384	37,624	18,384	37,624
Operating account with the central banks (note 16)	1,174	15,371	1,174	15,371
Due from banks and other financial institutions excluding long term placements and cash collateral (Note 17)	52,673	57,812	52,673	57,812
	72,231	**110,807**	**72,231**	**110,807**

Cash and cash equivalents does not include restricted cash with the Central Bank of Nigeria (CBN) which is not available for use by the group for normal day to day cash operations.

17 Due from banks and other financial institutions

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Current account balances and placements outside of Nigeria	32,968	33,312	32,968	33,312
Placements with other banks	19,800	24,500	19,800	24,500
	52,768	57,812	52,768	57,812
Impairment allowance	(95)	-	(95)	-
	52,673	**57,812**	**52,673**	**57,812**
Current	52,673	57,812	52,673	57,812

18 Financial assets held at fair value through profit or loss

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Treasury Bills	654	41,159	654	41,159
Promisory Notes	-	1,928	-	1,928
	654	**43,087**	**654**	**43,087**
Current	654	43,087	654	43,087
	654	**43,087**	**654**	**43,087**

Financial assets at fair valued through profit or loss are acquired principally for the purpose of trade in the near term and to take advantages of favourable fluctuations in the market price of the asset. Gains or losses relating to these are disclosed in note 10.

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19 Loans and advances to customers

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Loans and advances to customers				
Term loans	261,780	218,281	261,780	218,281
Overdrafts	64,625	80,719	64,625	80,719
	326,405	299,000	326,405	299,000
Impairment allowance (note 19.1)	(66,333)	(94,216)	(66,333)	(94,216)
	260,072	**204,784**	**260,072**	**204,784**
Current	86,231	57,899	86,231	57,899
Non-current	173,841	146,885	173,841	146,885
	260,072	**204,784**	**260,072**	**204,784**

19.1 Movement in impairment allowance

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Opening	94,216	72,670	94,216	72,670
Write-offs for the year	(31,825)	(51)	(31,825)	(51)
FX and other movements	11,359	10,975	11,359	10,975
(Write back)/Charge for the year	(7,417)	10,622	(7,417)	10,622
Balance at 31 December	**66,333**	**94,216**	**66,333**	**94,216**

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20 Investments held at amortised cost

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Treasury bills	209,498	191,636	209,498	191,636
Federal Government of Nigeria bonds	93,466	69,819	93,466	69,819
Corporate bonds	3,692	2,285	3,692	2,285
State Government bonds	9,160	11,261	9,160	11,261
Eurobonds	2,249	2,116	2,249	2,116
Promisory notes	12,689	44	12,689	44
Commercial papers	2,349	166	2,349	166
	333,103	277,327	333,103	277,327
Impairment of debt securities	(2,191)	(2,116)	(2,191)	(2,116)
	330,912	**275,211**	**330,912**	**275,211**
Current	211,864	195,998	211,864	195,998
Non-current	119,048	79,213	119,048	79,213
	330,912	**275,211**	**330,912**	**275,211**
Movement in impairment of debt securities :				
Opening Balance	2,116	1,990	2,116	1,990
Charge for the year	75	126	75	126
Closing Balance	**2,191**	**2,116**	**2,191**	**2,116**

21 Investment securities at fair value through other comprehensive income

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Quoted equity investment	10	10	10	10
Unquoted equity investment	18,640	17,811	18,640	17,811
	18,650	**17,821**	**18,650**	**17,821**

22 Assets pledged as collateral

In connection with the bank's financing and trading activities, the Bank has pledged assets to secure its borrowings. The Bank is not allowed to pledge these assets as security for other borrowings or to sell them to another entity. The carrying values of the Group's pledged assets are as follows:

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Federal Government of Nigeria Bonds	34,254	26,064	34,254	26,064
Treasury bills	18,432	16,100	18,432	16,100
	52,686	**42,164**	**52,686**	**42,164**
Impairment on assets pledged as collaterals	(110)	-	(110)	-
	52,576	**42,164**	**52,576**	**42,164**
Current	18,432	16,100	18,432	27,679
Non current	34,144	26,064	34,144	14,405
	52,576	**42,164**	**52,576**	**42,084**
The related liability for assets pledged as collateral include:				
Borrowings (Note 30)				
Bank of industry	1,099	3,185	1,099	3,185
	1,099	**3,185**	**1,099**	**3,185**

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies (CBN Clearing, SystemSpec, Interswitch, FMDQ and Etranzact). The pledges have been made in the normal course of business of the bank. In the event of default, the pledgee has the right to realise the pledged assets. Assets pledged as collateral have been classified and measured at amortized cost.

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23 Prepayment and other assets

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Financial assets				
Accounts receivable	5,455	3,604	5,455	3,604
Sundry receivables	14,384	11,219	14,384	11,219
Cash Reserve with CBN	325,879	204,832	325,879	204,832
Intercompany receivables	-	-	143	700
Deposit for investment in AGSMEIS	2,794	1,368	2,794	1,368
	348,512	221,023	348,655	221,723
Impairment allowance (see note 23.1)	(5,528)	(3,830)	(5,528)	(4,530)
	342,984	**217,193**	**343,127**	**217,193**
Non-financial assets				
Prepayments	1,513	2,137	1,513	2,138
Inventories	1,091	725	1,091	725
	2,604	**2,862**	**2,604**	**2,863**
Prepayment and other assets	**345,588**	**220,055**	**345,731**	**220,056**
Current	12,803	12,945	12,946	12,946
Non-current	332,785	207,110	332,785	207,110
	345,588	**220,055**	**345,731**	**220,056**

23.1 Movement in impairment allowance

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
At Opening	3,830	3,491	4,530	4,191
Charge to profit or loss	1,698	339	998	339
Total	**5,528**	**3,830**	**5,528**	**4,530**

23b Other loans and receivables

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
AMCON receivables	173,938	210,677	173,938	210,677
Impairment allowance on other loans and receivables	(388)	-	(388)	-
	173,550	**210,677**	**173,550**	**210,677**