

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(All amounts in millions of Naira unless otherwise stated)

**24 Right of Use Assets**

This note provides information for leases where the Bank is a lessee.

	<b>Building</b> ₦'m	<b>Total</b> ₦'m
Opening balance as at 1 January 2021	2,776	2,776
Additions during the year	1,340	1,340
Lease modification	(333)	(333)
Closing balance as at 31 December 2021	<u>3,783</u>	<u>3,783</u>
Opening balance as at 1 January 2020	4,050	4,050
Additions during the year	15	15
Disposals	(1,289)	(1,289)
Closing balance as at 31 December 2020	<u>2,776</u>	<u>2,776</u>
<b>Depreciation</b>		
Opening balance as at 1 January 2021	1,036	1,036
Charge for the year	398	398
Closing balance as at 31 December 2021	<u>1,434</u>	<u>1,434</u>
Disposal		
Opening balance as at 1 January 2020	413	413
Charge for the year	623	623
Closing balance as at 31 December 2020	<u>1,036</u>	<u>1,036</u>
<b>Net book value as at 31 December 2021</b>	<b><u>2,349</u></b>	<b><u>2,349</u></b>
<b>Net book value as at 31 December 2020</b>	<b><u>1,740</u></b>	<b><u>1,740</u></b>

**25 Lease liabilities**i *Lease liabilities*

	<b>31 December</b> <b>2021</b>	<b>31 December</b> <b>2020</b>
	<b>N'm</b>	<b>N'm</b>
Opening balance as at 1 January 2021	1,335	2,645
Additions	822	11
Interest expense	257	232
Payments made during the period		
-Principal	(244)	(218)
-Interest	(136)	(105)
Lease modification (2020: terminations)	(236)	(1,230)
Closing balance as at 31 December 2021	<u>1,798</u>	<u>1,335</u>
Current lease liabilities	401	291
Non-current lease liabilities	1,397	1,044
	<u>1,798</u>	<u>1,335</u>

ii *Amounts recognised in the statement of profit or loss*

	<b>31 December</b> <b>2021</b>	<b>31 December</b> <b>2020</b>
	<b>₦'m</b>	<b>₦'m</b>
Depreciation charge on right-of-use assets	398	623
Interest expense	257	232
	<u>655</u>	<u>855</u>

The total cash outflow for leases as at December 2021 was ₦380 million.

iii *Liquidity risk (maturity analysis of lease liabilities)*  
For the year ended 31 December 2021

	<b>Less than</b> <b>6 months</b>	<b>6-12</b> <b>months</b>	<b>Between</b> <b>1 and 2</b> <b>years</b>	<b>Between 2</b> <b>and 5</b> <b>years</b>	<b>Above 5 years</b>	<b>Total contractual</b> <b>cashflows</b>	<b>Carrying amount</b>
Lease liability	394	394	770	1,961	1,116	4,635	1,798

For the year ended 31 December 2020

	<b>Less than</b> <b>6 months</b>	<b>6-12</b> <b>months</b>	<b>Between</b> <b>1 and 2</b> <b>years</b>	<b>Between 2</b> <b>and 5</b> <b>years</b>	<b>Above 5 years</b>	<b>Total contractual</b> <b>cashflows</b>	<b>Carrying amount</b>
Lease liability	267	267	535	1,313	286	2,668	1,335

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**26 Property, plant and equipment  
Group and Bank**

	Land	Leasehold buildings	Leasehold improvements	Plant & machinery	Furniture & fittings	Motor vehicles	Computer hardware	Property under construction	Total
<b>Cost</b>									
As at 01 January 2021	5,446	31,031	18,672	12,155	2,609	4,528	17,713	4,554	96,708
Additions	-	680	48	1,234	124	325	932	1,967	5,312
Reclassification*	-	-	(13)	13	-	-	-	(20)	(20)
Disposals/Write-offs	-	(2,765)	(363)	(556)	(41)	(346)	(193)	(656)	(4,920)
<b>At 31 December 2021</b>	<b>5,446</b>	<b>28,946</b>	<b>18,344</b>	<b>12,846</b>	<b>2,692</b>	<b>4,507</b>	<b>18,452</b>	<b>5,846</b>	<b>97,080</b>
<b>Accumulated depreciation</b>									
As at 01 January 2021	-	4,894	12,579	8,718	2,451	3,361	11,400	2,412	45,815
Charge for the year	-	581	482	873	55	420	3,056	-	5,466
Disposals	-	(350)	(217)	(550)	(41)	(341)	(193)	-	(1,691)
<b>At 31 December 2021</b>	<b>-</b>	<b>5,125</b>	<b>12,844</b>	<b>9,041</b>	<b>2,465</b>	<b>3,440</b>	<b>14,263</b>	<b>2,412</b>	<b>49,590</b>
<b>Net book amount at 31 December 2021</b>	<b>5,446</b>	<b>23,822</b>	<b>5,500</b>	<b>3,805</b>	<b>227</b>	<b>1,067</b>	<b>4,189</b>	<b>3,434</b>	<b>47,490</b>

\* The reclassification of ₦20 million is in respect of software solution purchased wrongly entered as Property, plant and equipment.

	Land	Leasehold buildings	Leasehold improvements	Plant & machinery	Furniture & fittings	Motor vehicles	Computer hardware	Property under construction	Total
<b>Cost</b>									
As at 01 January 2020	5,446	30,699	18,639	16,925	3,014	3,859	16,444	11,450	106,476
Additions	-	332	37	654	66	897	2,812	1,604	6,402
Reclassification	-	-	-	1,457	52	-	4,834	(6,343)	-
Disposals/Write-offs	-	-	(4)	(6,881)	(523)	(228)	(6,377)	-	(14,013)
Transferred to intangible assets	-	-	-	-	-	-	-	(2,157)	(2,157)
<b>At 31 December 2020</b>	<b>5,446</b>	<b>31,031</b>	<b>18,672</b>	<b>12,155</b>	<b>2,609</b>	<b>4,528</b>	<b>17,713</b>	<b>4,554</b>	<b>96,708</b>
As at 01 January 2020	-	4,284	11,973	14,594	2,911	3,274	15,405	2,412	54,853
Charge for the year	-	610	609	1,005	63	315	2,372	-	4,974
Disposals	-	-	(3)	(6,881)	(523)	(228)	(6,377)	-	(14,012)
Impairment	-	-	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>4,894</b>	<b>12,579</b>	<b>8,718</b>	<b>2,451</b>	<b>3,361</b>	<b>11,400</b>	<b>2,412</b>	<b>45,815</b>

₦2.412 bn relates to property under construction that have become obsolete.

<b>Net book amount at 31 December 2020</b>	<b>5,446</b>	<b>26,137</b>	<b>6,093</b>	<b>3,437</b>	<b>158</b>	<b>1,167</b>	<b>6,313</b>	<b>2,142</b>	<b>50,893</b>
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(All amounts in millions of Naira unless otherwise stated)

**27 Intangible assets**

	<b>Group</b>	<b>Bank</b>
	<b>Computer software</b>	<b>Computer software</b>
<b>Cost</b>		
At 1 January 2021	11,962	11,962
Additions	2,168	2,168
Reclassification*	20	20
<b>At 31 December 2021</b>	<b>14,150</b>	<b>14,150</b>
<b>Amortisation</b>		
At 1 January 2021	9,691	9,691
Amortisation charge	398	398
<b>At 31 December 2021</b>	<b>10,089</b>	<b>10,089</b>
<b>Net book value</b>		
<b>At 31 December 2021</b>	<b>4,061</b>	<b>4,061</b>

\* The reclassification of ₦20 million is in respect of software solution purchased wrongly entered as Property, plant and equipment.

<b>Cost</b>		
At 1 January 2020	9,780	9,780
Additions	53	53
Reclassification	2,156	2,156
Disposals	(27)	(27)
<b>At 31 December 2020</b>	<b>11,962</b>	<b>11,962</b>
<b>Amortisation</b>		
At 1 January 2020	9,600	9,600
Amortisation charge	118	118
Disposals	(27)	(27)
<b>At 31 December 2020</b>	<b>9,691</b>	<b>9,691</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>2,271</b>	<b>2,271</b>

\*Intangible assets are all externally generated

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**28 Assets classified as held for sale and discontinued operations**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Discontinued operations (note 28a)	-	-	500	1,655
Assets of disposal group held for sale (note 28b)	1,894	14,680	-	-
<b>Total assets classified as held for sale</b>	<b>1,894</b>	<b>14,680</b>	<b>500</b>	<b>1,655</b>
Liabilities of disposal group held for sale	837	9,984	-	-

**28a Discontinued operations**

The associated assets and the liabilities of the subsidiary has been presented as held for sale having met all the conditions to be classified as such in accordance with IFRS 5 as the carrying amount is expected to be recovered principally by a sale rather than through continuing use. These subsidiaries include:

2021

<b>Name</b>	<b>Country of incorporation and place of business</b>	<b>Nature of business</b>	<b>Proportion of ordinary shares directly held by parent (%)</b>	<b>Proportion of ordinary shares held by non-controlling interests (%)</b>	<b>Carrying amount</b>
• Mainstreet Bank Estate Company Ltd	Nigeria	Property development	100	-	500
					<b>500</b>

2020

<b>Name</b>	<b>Country of incorporation and place of business</b>	<b>Nature of business</b>	<b>Proportion of ordinary shares directly held by parent (%)</b>	<b>Proportion of ordinary shares held by non-controlling interests (%)</b>	<b>Carrying amount</b>
• Skye Bank Guinea	Guinea	Banking	73	27	1,156
• Mainstreet Bank Estate Company Ltd	Nigeria	Property development	100	-	500
					<b>1,656</b>

**28b Asset of disposal group held for sale**

The assets and liabilities of the subsidiary held for sale (adjusted for intercompany balances) are as follows;

	<b>MBL Estate</b>	<b>Total</b>
Cash and Cash Equivalent	-	-
Other Assets and receivables	1,894	1,894
<b>Total Assets</b>	<b>1,894</b>	<b>1,894</b>
Other Liabilities	837	837
<b>Total Liabilities</b>	<b>837</b>	<b>837</b>

For consolidation purpose, balances held with or owed to the Parent are eliminated as intercompany balances.

**Financial risk management disclosures for non-current assets and non-current liabilities held for sale**

In accordance with IFRS 5, the assets and liabilities held for sale were carried at the lower of their fair value less costs to sell and carrying amount. The financial assets are cash and balance balances, Loans and advances to customers, investment securities and other assets.

**28c** The summarised results from discontinued operations from the disposed subsidiary up until the date of disposal have been included in the consolidated income statement are as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
Net interest income	110	96
Net fee and commission income	-	307
Other operating income	2,117	766
Operating expenses	(363)	(869)
<b>Profit before tax of discontinued operations</b>	<b>1,864</b>	<b>300</b>
(Loss)/Gain on sale of subsidiaries (see note 28d below)	(1,134)	6,017
Net translation reserve reclassified from OCI to profit or loss due to disposal of foreign subsidiary	3,239	-
Taxation	(126)	(105)
<b>Profit after tax from discontinued operations</b>	<b>3,843</b>	<b>6,212</b>

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**28d Details of sale of subsidiary**

Polaris bank fully disposed one of its subsidiaries during the year: Skye Bank Guinea. The sale was effective in October 2021.

The book value of the net assets for the subsidiaries disposed at the date of disposal is as follows:

	Skye Bank Guinea	Total
Cash & balance with host Central Bank	3,189	3,189
Due from bank	397	397
Investment Securities	6,389	6,389
Loans and Advances	3,040	3,040
Other Assets	282	282
Property, plant and equipments	27	27
<b>Total Assets</b>	<b>13,324</b>	<b>13,324</b>
Deposits	8,039	8,039
Current tax liabilities	127	127
Other liabilities	441	441
<b>Total Liabilities</b>	<b>8,607</b>	<b>8,607</b>
<b>Net assets of disposal group</b>	<b>4,717</b>	<b>4,717</b>

The profit/(loss) on the disposed subsidiaries is as follows:

**Group**

	31 December 2021
	Skye Bank Guinea
Proceeds from sale of subsidiaries	2,346
Disposal cost	(37)
Net proceeds from sale of subsidiaries	2,309
Share of NCI	1,274
Less: Net assets of subsidiaries at disposal	(4,717)
<b>Loss on sale</b>	<b>(1,134)</b>

**Bank**

	31 December 2021
Proceeds from sale of subsidiaries	2,346
Disposal cost	(37)
Net proceeds from sale of subsidiaries	2,309
Carrying amount of investments	(1,156)
<b>Profit on sale</b>	<b>1,153</b>

**29 Deposits from customers**

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Current accounts	317,674	301,662	317,694	301,662
Savings account	288,454	245,574	288,454	245,574
Term deposits	327,757	259,712	327,757	259,712
Domiciliary accounts	87,609	107,375	87,609	107,375
	<b>1,021,493</b>	<b>914,323</b>	<b>1,021,514</b>	<b>914,323</b>
Current	1,021,207	914,323	1,021,207	914,323
Non-current	286	-	307	-
	<b>1,021,493</b>	<b>914,323</b>	<b>1,021,514</b>	<b>914,323</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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**30 Borrowings**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
CBN - State Bailout Funds (note i)	52,570	52,986	52,570	52,986
CBN - RSSF (note ii)	2,750	-	2,750	-
CBN/BOI intervention fund (note iii)	1,099	3,185	1,099	3,185
European Investment Bank (note iv)	2,297	6,302	2,297	6,302
CBN - Excess Crude Account (note v)	18,252	18,362	18,252	18,362
CBN - CACS (note vi)	829	2,258	829	2,258
Foreign loans and borrowings for letters of credits(note vii)	6,305	6,305	6,305	6,305
	<b>84,102</b>	<b>89,398</b>	<b>84,102</b>	<b>89,398</b>
<b>Borrowings</b>				
Local	75,500	76,791	75,500	76,791
Foreign	8,602	12,607	8,602	12,607
	<b>84,102</b>	<b>89,398</b>	<b>84,102</b>	<b>89,398</b>
Current	7,836	7,836	7,836	7,836
Non-current	76,266	81,562	76,266	81,562
	<b>84,102</b>	<b>89,398</b>	<b>84,102</b>	<b>89,398</b>
<b>Movement in borrowings</b>				
At beginning of the year	89,398	100,920	89,398	100,920
Addition during the year	-	3,329	-	3,329
Interest expense	1,066	1,563	1,066	1,563
Interest paid	(381)	(2,195)	(381)	(2,195)
Repayments (principal)	(5,981)	(14,219)	(5,981)	(14,219)
At end of year	<b>84,102</b>	<b>89,398</b>	<b>84,102</b>	<b>89,398</b>

- i The amount of ₦52.57billion represents the outstanding balance on bailout facilities granted to the Bank by the CBN for on-lending to state governments for payment of salaries of the workers of each states. The facility has a tenor of 20 years with a 2% interest rate per annum payable to the CBN. The Bank is under obligation to disburse the loan at an interest rate of 9% per annum. To cushion the effect of the corona virus pandemic in 2021, the CBN reviewed the rate on these facilities; effective 1 March 2020, the interest payable to the CBN was adjusted to 1% per annum while the interest receivable from the disbursement to customers was adjusted to 5% per annum. Repayment of principal and interest on the bailout facilities resumed in July 2021.
- ii The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to stimulate the output growth, productivity and job creation, the Real Sector Support Facility (RSSF) was birthed. The facility is used support to large enterprises and start-ups which requires financing needs of ₦500 million up to a maximum of ₦10.0 billion. The RSSF activities is targeted the manufacturing, agricultural value chain and selected service subsectors. The balance of ₦2.75billion of this facility represents the outstanding balance on the loan granted to Honeywell in 2017. The funds are received from the CBN at 2%, and disbursed at 9% to the beneficiary. To cushion the effect of the corona virus pandemic in 2021, the CBN reviewed the rate on this facility; effective 1 March 2020, the interest payable to the CBN was adjusted to 1% per annum while the interest receivable from the disbursement to the customer was adjusted to 5% per annum. The principal is repayable quarterly (after a one-year moratorium) and the tenor of the facility is 7 years.
- iii The amount of ₦1.09 billion represents outstanding balance on-lending facilities to various customers of the bank availed by the Central Bank of Nigeria (CBN). CBN, in a bid to unlock the credit market in Nigeria during the financial year 2010, approved for disbursement a total sum of ₦500 billion Debenture Stock through the Bank of Industry to various participating banks for onward lending to Nigerian SME/Manufacturing sector. The bank accessed this fund to the tune of ₦9.5 billion for Agricultural financing, ₦9.1billion for Manufacturing/SME funds and ₦263 million on Aviation with a term of 15 years at the rate of 1% per annum.
- iv The amount of ₦2.29 billion (USD 34.45 million) represents the outstanding balance of a global credit granted to Polaris bank by European Investment Bank used for the finance of small and medium sized investment projects in the productive and human capital sectors in Nigeria. The facility is due to mature in May 2022. The facility is granted at a rate of 6.27% per annum.
- v The amount of ₦18.25 billion represents outstanding balance on the excess crude account loan granted to the Bank by the Central Bank of Nigeria for on-lending to state governments. The facility has a tenor of 20 years with a 2% interest rate per annum payable to the CBN. The Bank is under obligation to disburse the loan at an interest rate of 9% per annum. To cushion the effect of the corona virus pandemic in 2021, the CBN reviewed the rate on these facilities; effective 1 March 2021, the interest payable to the CBN was adjusted to 1% per annum while the interest receivable from the disbursement to customers was adjusted to 5% per annum. Repayment of principal and interest on these facilities resumed in July 2021.
- vi The amount of ₦829 million represents the outstanding balance on the on-lending facilities provided by the Central Bank of Nigeria through the Commercial Agricultural Credit Scheme (CACS). This is an intervention activity granted by the Central bank of Nigeria in collaboration with the Federal Government of Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank.
- vii The represents borrowings from correspondence banks include loans from foreign banks utilised in funding letters of credits negotiated on behalf of Polaris Bank's customers for international trade.

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**31 Current tax liability**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Per statement of comprehensive income</b>				
Current income tax	-	-	-	-
Education tax	433	46	433	46
Technology tax	163	289	163	289
Nigeria police trust fund	1	1	1	1
NASENI Levy	41	-	41	-
Capital gains tax	26	-	26	-
Income tax charge	<u>664</u>	<u>336</u>	<u>664</u>	<u>336</u>
<b>Per statement of financial position</b>				
As at 01 January 2021	597	819	597	819
Income tax charge	664	336	664	336
Transferred to other liabilities	-	(280)	-	(280)
Tax Paid	(197)	(278)	(197)	(278)
As at 31 December 2021	<u>1,064</u>	<u>597</u>	<u>1,064</u>	<u>597</u>

Income tax liability is to be settled within one year

The computation of the Bank's income tax expense and deferred tax was carried out in accordance with the new 2021 Finance Act, CITA and other relevant tax laws.

Total income tax expense 0%

**Unrecognised deferred tax asset**

Deferred tax assets of ₦21.73 Billion as at 31 December 2021 has not been recognised because it is not probable that future taxable profits will be available against which they can be utilised.

Unused tax losses for which no deferred tax assets has been recognised was ₦19.13 billion.

**Effective tax rate reconciliation  
31 December 2021**

	<b>Group</b>		<b>Bank</b>	
	<b>Naira</b>	<b>Rate</b>	<b>Naira</b>	<b>Rate</b>
<b>Profit before tax</b>	16,289	100%	17,442	100%
Income tax using the domestic tax rate	4,887	30%	5,233	30%
Impact Capital Gain tax	26	0%	26	0%
Impact Education Tax	433	1%	433	1%
Impact NASENI Levy	41	0%	41	0%
Impact Information technology Tax expense	163	1%	163	1%
Impact NPTF Levy/tax	1	0%	1	0%
Effect of permanent differences	(4,887)	-30%	(5,233)	-30%
<b>Effective Tax Charge</b>	<u>664</u>	<u>2%</u>	<u>664</u>	<u>2%</u>

**31 December 2020**

	<b>Group</b>		<b>Bank</b>	
	<b>Naira</b>	<b>Rate</b>	<b>Naira</b>	<b>Rate</b>
<b>Profit before tax</b>	22,214	100%	28,871	100%
Income tax using the domestic tax rate	6,664	30%	8,661	30%
Impact Education Tax	46	1%	46	1%
Impact Information technology Tax expense	289	1%	289	1%
Impact NPTF Levy/tax	1	0%	1	0%
Effect of permanent differences	(6,664)	-30%	(8,661)	-30%
<b>Effective Tax Charge</b>	<u>336</u>	<u>2%</u>	<u>336</u>	<u>2%</u>

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**32 Accruals and other liabilities**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Financial liabilities</b>				
Accounts payable	32,478	33,954	32,478	33,954
Customer deposits for letters of credit	11,419	5,974	11,419	5,974
Manager's cheque	5,290	5,593	5,290	5,593
Deposit held for sale of subsidiaries	1,735	3,795	1,735	3,795
Uncleared effects	14	16	14	16
Cash card collection settlement	20,154	10,625	20,154	10,625
	<b>71,090</b>	<b>59,957</b>	<b>71,090</b>	<b>59,957</b>
<b>Non-financial liabilities</b>				
Litigation claims provision (32(i))	7,942	7,785	7,942	7,785
Off Balance Sheet ECL allowance(32(ii))	9,254	186	9,254	186
Other credit balances (32(iii))	10,407	10,687	10,407	10,687
	<b>27,603</b>	<b>18,658</b>	<b>27,603</b>	<b>18,658</b>
	<b>98,693</b>	<b>78,615</b>	<b>98,693</b>	<b>78,615</b>
Current	83,551	70,628	83,551	70,628
Non-current	15,142	7,987	15,142	7,987
	<b>98,693</b>	<b>78,615</b>	<b>98,693</b>	<b>78,615</b>

**32 (i) Movement in litigation claims provision**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Opening balance	7,785	7,559	7,785	7,559
Additional provision	157	226	157	226
<b>Closing balance</b>	<b>7,942</b>	<b>7,785</b>	<b>7,942</b>	<b>7,785</b>

**32 (ii) Movement in off balance sheet ECL allowance**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Opening balance	186	1,874	186	1,874
Additional provision/(write-back)	9,068	(1,688)	9,068	(1,688)
<b>Closing balance</b>	<b>9,254</b>	<b>186</b>	<b>9,254</b>	<b>186</b>

**32 (iii) Other credit balances includes:**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other accruals and provisions	8,866	10,537	8,866	10,537
Other liabilities	1,541	150	1,541	150
	<b>10,407</b>	<b>10,687</b>	<b>10,407</b>	<b>10,687</b>

**33 Share capital and reserves****a Share capital**

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Authorised</b>				
25 billion ordinary shares of ₦1 each (31 December 2021: 25 billion ordinary shares of ₦1 each)	25,000	25,000	25,000	25,000

**Issued and fully paid**

The movement on the issued and fully paid up share capital account during the year was as follows:

	<b>Group</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2021</b>
Opening	25,000	25,000
Balance, end of year	25,000	25,000

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**b) Share premium**

Share premium is the excess paid by shareholders over the nominal value of their shares

	<b>Group</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2021</b>
Opening	873,450	873,450
Transfer from reorganization reserve	(848,017)	(848,017)
Balance, end of year	<u>25,433</u>	<u>25,433</u>

During the year, the Bank obtained approval from the appropriate authorities to restructure its capital by reducing its share premium. Consequently, the balance of N848 billion in the reorganization reserve was transferred to reduce the balance in the share premium account.

**c) Other reserves****i Statutory reserve**

The banking regulations require the bank and other banking subsidiaries of the bank to make an annual appropriation to a statutory reserve. An appropriation of 30% of profit after taxation is made if the statutory reserve is less than the paid-up share capital and 15% of profit after taxation if the statutory reserve is greater than the paid up share capital.

**ii Agric-Business Small and Medium Enterprises Investment Scheme**

The AGSMEIS scheme is an initiative of the Banker's Committee of Nigeria which is aimed at supporting the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017, all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax yearly for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with the Central Bank of Nigeria.

**iii Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of FVTOCI investments.

**iv Regulatory risk reserve**

The risk regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the expected credit loss model used in calculating the impairment under IFRSs.

**v Translation reserve**

This represents the group's share of exchange differences relating to the translation of the results and net assets of the group's foreign operations.

**vi Intervention fund reserve**

This represents 10% of the Gross revenue of the bank.

**d Non-controlling interest**

This represents the non-controlling interest's (NCI) portion of the net assets of the Group.

**e Reorganisation reserve**

This represents the net liability assumed by Polaris Bank Limited in line with its establishment as a bridge bank to assume the assets and liabilities of Skye Bank Plc. The net liability assumed was transferred to reorganisation reserves.

**NOTES TO THE FINANCIAL STATEMENTS**

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**34 Cash generated from operations**

	Notes	Group		Bank	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
<i>Reconciliation of profit before tax to cash generated from operations:</i>					
Operating Profit before tax		<b>16,289</b>	<b>22,214</b>	<b>17,442</b>	<b>28,871</b>
<b>Adjustments for:</b>					
Depreciation of property and equipment	26	5,466	4,975	5,466	4,975
Depreciation of right of use assets	24	398	623	398	623
Amortisation of intangible assets	27	398	118	398	118
Profit from sale of subsidiary		-	-	(1,153)	(6,657)
Gain on disposal of property and equipment	11	(1,601)	(78)	(1,601)	(78)
Net fair value (gain) on financial assets held at fair value through profit or loss	10	(3,992)	(283)	(3,992)	(283)
Impairment on financial assets Net interest income	12	3,317	9,399	3,317	9,399
Net (gain)/loss on sale of FVOCI investments	7	(65,837)	(84,170)	(65,837)	(84,170)
Unrealised foreign exchange gain on revaluation	10	(583)	726	(583)	726
Dividend income	11	(768)	(321)	(768)	(321)
		(46,914)	(46,797)	(46,914)	(46,797)
<b>Changes in operating assets and liabilities</b>					
Financial assets held at fair value through profit or loss		42,433	(41,034)	42,433	(41,034)
Loans and advances to customers		(55,288)	(38,821)	(55,288)	(38,821)
Prepayments and other assets		(88,548)	(172,289)	(88,548)	(172,289)
<b>Changes in operating liabilities</b>					
Deposits from customers		107,191	55,988	107,191	55,988
Accruals and other liabilities		20,078	(14,647)	20,078	(14,647)
Interest paid on deposits		(17,536)	(20,884)	(17,536)	(20,884)
Interest received on loans and advances		60,917	25,598	60,917	25,598
		22,334	(252,886)	22,334	(252,886)
<b>Income tax paid</b>					
		(197)	(278)	(197)	(278)
<b>Net cash generated from/(used) in operating activities</b>		<b>22,137</b>	<b>(253,164)</b>	<b>22,137</b>	<b>(253,164)</b>

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For the year ended 31 December 2021

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**35 Related parties**

The Group is wholly controlled by Asset Management Corporation of Nigeria who is also the ultimate parent.

**(a) Subsidiaries**

Transactions between Polaris Bank Ltd and its subsidiaries also meet the definition of related party transactions. These transactions are eliminated on consolidation and disclosed in the consolidated financial statements.

**(b) Transactions with key management personnel**

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The key management personnel have been identified as executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Polaris Bank Ltd and its subsidiaries.

Balances and transactions between the bank, and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below.

**35.1 Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

**35.2 Balance with Parent Company**

	<b>Bank</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Parent company deposit held within the Bank	7,902	13,989
Receivable from AMCON	173,550	210,677

**35.3 Key management compensation**

The compensation paid to key management is shown below:

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Short-term employee benefits	420	390	420	390
	<b>420</b>	<b>390</b>	<b>420</b>	<b>390</b>

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**35.4 Directors' related deposit liabilities**

	<b>Directors (and close family members)</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Balance, beginning of year	4,780	53
Deposits received during the year	320,128	238,832
Deposits repaid during the year	(314,783)	(234,105)
Balance, end of year	<u>10,125</u>	<u>4,780</u>

The deposit received and repaid by related party in prior year were updated. Restatement of this disclosure does not have any impact on the prior period profit.

**35.5 Subsidiaries deposit account balances**

<b>Name of company</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Mainstreet Bank Estate Company Ltd	20	18
	<u>20</u>	<u>18</u>

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business.

**35.6 Loans and advances to related parties**

	<b>Directors (and close family members)</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Loans outstanding at 1 January	37,116	34,347
Loans issued during the year	4,362	119
Exchange difference/Accrued interest Capitalized	-	2,965
Loan repayments during the year	(2,837)	(315)
Loans Outstanding as 31 December	<u>38,641</u>	<u>37,116</u>

**35.7 Other transactions with related parties**

	<b>Directors (and close family members)</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Interest income on loans	1	1
Interest expense on deposits	1	0
Fee and commission income	1	2

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**35.8 Insider related credits**

The Group granted various credit facilities to companies whose directors are also directors of Polaris Bank Limited, at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of ₦25,827 million was outstanding on these facilities at the end of the period. This disclosure is in compliance with the requirements of the Banking and Other Financial Institutions Act (BOFIA). The table below provides further details:

**31 December 2021**

Name of company/individual	Name of related interest	Relationship to Reporting Institution	Type	Amount	Loan status	Collateral perfection status	Nature of security and security status
Abimbola Izu	Abimbola Izu	Ex-Director	Mortgage Loan	103	Lost	Not Applicable	Legal mortgage & Domiciliation
Abimbola Izu	Abimbola Izu	Ex-Director	Term Loan	17	Lost	Not Applicable	Legal mortgage & Domiciliation
Demanta Nigeria Limited	Mrs Ibiye Ekong	Ex-Director	C/A BAL	100	Lost	Not Perfected	Legal mortgage
Dotun Adeniyi	Dotun Adeniyi	Ex-Director	Mortgage Loan	27	Lost	Not Applicable	Legal mortgage & Domiciliation
Home And You Limited	Tokunbo M. Abiru	Ex-Director	Overdraft	9	Performing	Not Applicable	Lien of Fixed Deposit
Ib. Elect. Distr. Mkt. Co. Ltd	Tunde Aveni	Ex-Director	C/A Bal	3	Performing	Not Applicable	Not Applicable
Ibiye Ekong	Ibiye Ekong	Ex-Director	Mortgage Loan	4	Lost	Not Applicable	Legal mortgage
Ibiye Ekong	Ibiye Ekong	Ex-Director	Auto Loan	4	Lost	Not Applicable	Lien on Asset
Newcross Exploration and Production	Jason Fadeyi	Ex-Director	Term Loan	25,442	Watchlist	Perfected	Debenture on Assets of the Company
Theodora Amaka Onwughalu	Theodora Amaka Onwughalu	Ex-Director	Mortgage Loan	19	Lost	Not Applicable	Legal mortgage & Domiciliation
Timothy A. Oguntayo	Timothy A. Oguntayo	Ex-Director	Mortgage Loan	100	Lost	Not Applicable	Legal mortgage & Domiciliation
				<b>25,827</b>			

**NOTES TO THE FINANCIAL STATEMENTS**

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(All amounts in millions of Naira unless otherwise stated)

**35.8 Insider related credits**

The Group granted various credit facilities to companies whose directors are also directors of Polaris Bank Limited, at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of ₦23,161 million was outstanding on these facilities at the end of the period. This disclosure is in compliance with the requirements of the Banking and Other Financial Institutions Act (BOFIA). The table below provides further details:

**31 December 2020**

Name of company/individual	Name of related interest	Relationship to Reporting Institution	Type	Amount	Loan status	Collateral perfection status	Nature of security and security status
Abimbola Izu	Abimbola Izu	Ex-Director	Mortgage Loan	103	Lost	Not Applicable	Legal mortgage & Domiciliation
Abimbola Izu	Abimbola Izu	Ex-Director	Term Loan	17	Lost	Not Applicable	Legal mortgage & Domiciliation
Demanta Nigeria Limited	Mrs Ibiye Ekong	Ex-Director	C/A BAL	107	Lost	Not Perfected	Legal mortgage
Dotun Adeniyi	Dotun Adeniyi	Ex-Director	Mortgage Loan	27	Lost	Not Applicable	Legal mortgage & Domiciliation
Home And You Limited	Tokunbo M. Abiru	Director	Overdraft	12	Performing	Perfected	Debenture
Ib. Elect. Distr. Mkt. Co. Ltd	Tunde Ayeni	Ex-Director	C/A Bal	7	Performing	Not Applicable	
Ibiye Ekong	Ibiye Ekong	Ex-Director	Mortgage Loan	4	Lost	Not Applicable	Legal mortgage
Ibiye Ekong	Ibiye Ekong	Ex-Director	Auto Loan	4	Lost	Not Applicable	Lien on Asset
Newcross Exploration and Production	Jason Fadeyi	Ex-Director	Term Loan	22,762	Watchlist	Perfected	Debenture on Assets of the Company
Theodora Amaka Onwughalu	Theodora Amaka Onwughalu	Ex-Director	Mortgage Loan	19	Lost	Not Applicable	Legal mortgage & Domiciliation
Timothy A. Oguntayo	Timothy A. Oguntayo	Ex-Director	Mortgage Loan	100	Lost	Not Applicable	Legal mortgage & Domiciliation
Yedc-Emcon Capmi A/C	Tunde Ayeni	Ex-Director	C/A Bal	1	Lost	Not Applicable	Legal mortgage & Domiciliation
				<b>23,162</b>			

**NOTES TO THE FINANCIAL STATEMENTS**

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**35.9 Risk assets outstanding****Directors' off balance-sheet engagement**

Name of company/Individual	Name of related interest	Type	Loan status	Collateral perfection status	Nature of security and security status	31 December 2021	31 December 2020
Home and You	Mr. Tokunbo Abiru	Bank Guarantee	Performing	Perfected	Legal mortgage	116	152
Home and You	Mr. Tokunbo Abiru	APG	Performing	N/A	N/A	-	73
Ibadan Electricity Distribution Co	Mr. Tunde Ayeni	Bank Guarantee	Performing	N/A	Cash backed	10,980	10,980
Yola Electricity Distribution Co	Mr. Tunde Ayeni	Bank Guarantee	Lost	N/A	Guarantee	-	2,715
Metropolitan Construction Co .Ltd.	Alh. Musiliu Smith	Performance Bond	Performing	N/A	Counter Indemnity	287	-
Metropolitan Construction Co .Ltd.	Alh. Musiliu Smith	APG	Performing	N/A	Lien on expected APG fund	1,430	35
						<b>12,813</b>	<b>13,954</b>

**36 Contingent liabilities and commitments****36.1 Legal proceedings**

There were contingent liabilities in respect of claims and litigations against the Group as at 31 December 2021 amounting to ₦323 billion(2020: ₦294 billion). These claims arose in the normal course of business and are being contested by the Group. The solicitors of the Group are of the view that probable liability which may arise from the cases pending against the bank is not likely to exceed ₦ 7.9 billion. This probable liability has been fully provided for. (Please refer to note 32(i))

**36.2 Capital commitments**

At the balance sheet date, the Group had no capital commitments in respect of authorized and contracted capital projects for information technology equipment and software.

**36.3 Off-balance sheet engagements**

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk - acceptances, performance bonds and indemnities. The instruments are used to meet the credit and other financial requirements of customers.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group 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.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers. The following tables summarises the nominal principal amount of contingent liabilities and commitments.

	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Performance bonds and guarantees	114,332	55,234	114,332	55,234
Letters of credit	28,351	12,618	28,351	12,618
	<b>142,683</b>	<b>67,852</b>	<b>142,683</b>	<b>67,852</b>

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**37 Statement of prudential adjustment**

The reconciliation between the CBN recommended provisions and that under IFRS is as shown in the table below:

	<b>2021</b>	<b>Total</b>	<b>2020</b>	<b>Total</b>
	<b>Total impairment</b>		<b>Total impairment</b>	
Provision per CBN Guidelines	86,619	86,619	102,550	102,550
Impairment allowance per IFRS	91,841	91,841	120,931	120,931
<b>Amount required in regulatory risk reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**38 Events after the reporting period**

There were no events after the reporting date.

**39 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars**

<b>Regulatory Body</b>	<b>Infraction</b>
Central Bank of Nigeria	Sum of ₦30 million imposed on the bank by CBN for contravention of extant foreign exchange (FX) regulations.
Central Bank of Nigeria	Sum of ₦10 million imposed on the bank by CBN as penalized sum to Human Capital Management for breach of Section 50 of the Bank and other Financial Institutions Act (BOFIA) which requires banks to obtain approval of the CBN for all prospective employees within 30days of resumption if they are not Management Staff and before assumption of duty if they are.
Central Bank of Nigeria	Sum of ₦8 million imposed on the bank by CBN as penalty for observed AML/CFT contraventions during the Risk-Based AML/CFT Examination for the period April 2019 and June 30, 2020.

For the contraventions mentioned above, the bank was fined in year 2021.

**40 Non-audit services**

During the period, the bank's auditor, PricewaterhouseCoopers rendered non-audit services to the bank. This includes agreed upon procedure on NDIC certification billed at ₦1.5 million and Risk and Compliance services billed at a total sum of ₦20 million.

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**41 Statement of cash flow reconciliation****41.1 Interest received on investment securities held at amortised cost**

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2,020</u>
Opening interest receivable	2,574	(45,062)	2,574	(45,062)
Interest Income on investment securities	20,345	58,594	20,345	58,594
Interest received	(18,193)	(16,106)	(18,193)	(16,106)
Closing balance	<b>4,726</b>	<b>2,574</b>	<b>4,726</b>	<b>(2,574)</b>

**41.2 Acquisition of investment securities held at amortised cost and pledged assets**

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gross carrying amount as at 1 January 2021	317,587	519,062	317,587	519,062
Additions during the year	370,968	242,399	370,968	242,399
Financial assets that have been derecognised	(302,876)	(486,038)	(302,876)	(486,038)
Gross closing amount as at year end	<b>385,679</b>	<b>275,423</b>	<b>385,679</b>	<b>275,423</b>
<b>Recognised in cash flow</b>	<b>370,968</b>	<b>242,399</b>	<b>370,968</b>	<b>242,399</b>

**41.2 Proceeds from sale of properties**

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost	4,920	14,013	4,920	14,013
Accumulated depreciation	(1,691)	(14,012)	(1,691)	(14,012)
Carrying amount	<b>3,229</b>	<b>1</b>	<b>3,229</b>	<b>1</b>
Sale Proceed	(4,830)	(79)	(4,830)	(79)
Profit on disposal	<b>1,601</b>	<b>78</b>	<b>1,601</b>	<b>78</b>

**41.3 Proceeds from disposed and matured investment securities**

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Proceed from investment securities amortized cost disposed during the period	272,976	496,642	272,976	496,642
Proceed from assets held as collateral disposed during the year	33,892	29,900	33,892	29,900
<b>Recognised in cash flow</b>	<b>306,868</b>	<b>526,542</b>	<b>306,868</b>	<b>526,542</b>

**41.3 Repayment of intervention Fund**

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
At beginning of the year	12,902	15,085	12,902	15,085
Payment during the year	(12,902)	(15,085)	(12,902)	(15,085)
Transfer during the year	11,054	12,902	11,054	12,902
<b>At end of the year</b>	<b>11,054</b>	<b>12,902</b>	<b>11,054</b>	<b>12,902</b>

**41.4 Dividend income received from:**

	<u>Group</u>	<u>Group</u>	<u>Bank</u>	<u>Bank</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Skye Bank Guinea	-	74	-	74
UPSL	559	-	559	-
NIBSS	210	138	210	138
Afrexim	-	110	-	110
<b>At end of the year</b>	<b>768</b>	<b>321</b>	<b>768</b>	<b>321</b>

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**42 Segment reporting****42.1 Operating segments by business segment**

Operating segments are reported in accordance with the internal reports provided to the Bank's Executive Management Committee which is responsible for allocating resources to the operating segments and assessing its performance.

The Bank is divided into three main business segments, as described below, which are the Bank's strategic business units. The strategic business units offer varied products and services and are managed separately based on the Bank Management's structure.

**Retail banking**

Retail banking incorporates private banking services, private customer current accounts, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

**Commercial banking**

Commercial banking incorporates direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

**Treasury, Corporate and Investment banking**

Treasury, corporate and investment banking incorporates financial instruments trading, structured financing and corporate leasing.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

No single external customer accounts for 10% or more of the Bank's revenue.

The measurement policies the Bank uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(All amounts in millions of Naira unless otherwise stated)

**Bank****31 December 2021**

	<b>Treasury, Corporate and Investment banking</b>	<b>Retail banking</b>	<b>Treasury, Corporate and Investment banking</b>	<b>Total</b>
<b>Revenue:</b>				
Derived from external customers	29,456	41,381	39,702	110,539
Derived from other business segments	-	-	-	-
<b>Total revenue</b>	<b>29,456</b>	<b>41,381</b>	<b>39,702</b>	<b>110,539</b>
Interest expenses	(3,360)	(7,099)	(9,246)	(19,706)
Fee and commission expenses	(948)	(2,931)	(2,595)	(6,474)
<b>Net operating income</b>	<b>25,148</b>	<b>31,351</b>	<b>27,861</b>	<b>84,359</b>
<b>Expense:</b>				
Employee benefit and compensation cost	(3,942)	(12,191)	(10,363)	(26,496)
Administration and general expenses	(7,972)	(12,190)	(10,680)	(30,842)
Loan impairment charges and impairment charges on other financial assets	(2,355)	(569)	(393)	(3,317)
Depreciation and amortisation	(872)	(2,913)	(2,476)	(6,261)
<b>Total cost</b>	<b>(15,141)</b>	<b>(27,864)</b>	<b>(23,912)</b>	<b>(66,916)</b>
Profit before income tax from reportable segments	10,007	3,487	3,949	17,443
Income tax expense	(361)	(142)	(161)	(664)
<b>Profit after income tax from reportable segments</b>	<b>9,646</b>	<b>3,345</b>	<b>3,788</b>	<b>16,778</b>
<b>Assets</b>				
Loans and advances to customers	74,670	42,630	142,772	260,072
Others	924,065	46,622	78,017	1,048,704
<b>Total assets</b>	<b>998,735</b>	<b>89,252</b>	<b>220,790</b>	<b>1,308,776</b>
<b>Liabilities</b>				
Deposits from customers	103,688	545,244	373,041	1,021,973
Others	41,458	5,824	137,916	185,198
<b>Total liabilities</b>	<b>145,146</b>	<b>551,068</b>	<b>510,957</b>	<b>1,207,171</b>
<b>Revenue is made up of :</b>				
Interest income calculated using the effective interest method:				85,025
Interest income on Financial asset at FVTPL				518
Fee and commission income				14,070
Net trading and foreign exchange gain				4,575
Other operating income				6,351
				<b>110,539</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(All amounts in millions of Naira unless otherwise stated)

**Bank****31 December 2020**

	<b>Treasury, Corporate and Investment banking</b>	<b>Retail banking</b>	<b>Treasury, Corporate and Investment banking</b>	<b>Total</b>
<b>Revenue:</b>				
Derived from external customers	41,997	43,727	43,299	129,023
Derived from other business segments	-	-	-	-
<b>Total revenue</b>	<b>41,997</b>	<b>43,727</b>	<b>43,299</b>	<b>129,023</b>
Interest expenses	(4,669)	(8,781)	(9,682)	(23,132)
Fee and commission expenses	(804)	(2,172)	(2,158)	(5,134)
<b>Net operating income</b>	<b>36,523</b>	<b>32,774</b>	<b>31,459</b>	<b>100,757</b>
<b>Expense:</b>				
Employee benefit and compensation cost	(4,095)	(12,617)	(11,141)	(27,853)
Administration and general expenses	(8,237)	(10,385)	(10,295)	(28,916)
Loan impairment charges and impairment charges on other financial assets	(7,803)	(473)	(1,123)	(9,399)
Depreciation and amortisation	(740)	(2,643)	(2,333)	(5,716)
<b>Total cost</b>	<b>(20,875)</b>	<b>(26,118)</b>	<b>(24,892)</b>	<b>(71,885)</b>
Profit before income tax from reportable segments	15,648	6,656	6,567	28,871
Income tax expense	(182)	(78)	(76)	(336)
<b>Profit after income tax from reportable segments</b>	<b>15,466</b>	<b>6,578</b>	<b>6,491</b>	<b>28,535</b>
<b>Assets</b>				
Loans and advances to customers	61,774	25,468	117,542	204,784
Others	895,242	32,617	48,524	976,383
<b>Total assets</b>	<b>957,016</b>	<b>58,085</b>	<b>166,066</b>	<b>1,181,167</b>
<b>Liabilities</b>				
Deposits from customers	88,592	475,533	350,198	914,323
Others	155,822	5,677	8,446	169,945
<b>Total liabilities</b>	<b>244,414</b>	<b>481,210</b>	<b>358,644</b>	<b>1,084,268</b>
<b>Revenue is made up of :</b>				
Interest income calculated using the effective interest method:				107,995
Interest income on Financial asset at FVTPL				506
Fee and commission income				10,769
Other operating income				9,753
				<b>129,023</b>

## OTHER NATIONAL DISCLOSURES

For the year ended 31 December 2021

(All amounts in millions of Naira unless otherwise stated)

### Value added statements

Group	Group 31 December 2021		Bank 31 December 2021		Group 31 December 2020		Bank 31 December 2020	
		%		%		%		%
Gross income	109,386		110,539		122,366		129,023	
Interest expense	(19,706)		(19,706)		(23,132)		(23,132)	
	89,680		90,833		99,234		105,891	
Administrative overheads:								
- Local	(37,316)		(37,316)		(34,052)		(34,052)	
- Foreign	-		-		-		-	
<b>Value added</b>	<b>52,364</b>		<b>53,517</b>		<b>65,182</b>		<b>71,839</b>	
<b>Distribution</b>								
<b>Employees</b>								
- Wages & salaries and other staff cost	26,496	51%	26,496	50%	27,853	43%	27,853	39%
<b>Government</b>								
- Taxation	664	1%	664	1%	336	1%	336	0%
<b>The future</b>								
- Asset replacement (depreciation)	5,864	11%	5,864	11%	5,598	9%	5,598	8%
- Local								
- Asset replacement (amortisation)	398	1%	398	1%	118	0%	118	0%
- Local								
- Impairment loss	3,317	6%	3,317	6%	9,399	14%	9,399	13%
- Expansion (transfers to reserves)	15,625	30%	16,778	31%	21,878	34%	28,535	40%
	<b>52,364</b>	<b>100%</b>	<b>53,517</b>	<b>100%</b>	<b>65,182</b>	<b>100%</b>	<b>71,839</b>	<b>100%</b>

**OTHER NATIONAL DISCLOSURES**

For the year ended 31 December 2021

(All amounts in millions of Naira unless otherwise stated)

**Financial summary**

	Group				Bank			
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	3 months ended 31 Dec. 2018	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	3 months ended 31 Dec. 2018
<b>Assets:</b>								
Cash and balance with central banks	19,558	52,995	26,484	28,026	19,558	52,995	26,484	28,026
Due from banks and other financial institution	52,673	57,812	62,076	68,966	52,673	57,812	62,076	68,966
Financial asset held at fair value through profit or loss	654	43,087	1,264	57	654	43,087	1,264	57
Loans and advances to customers	260,072	204,784	188,738	340,050	260,072	204,784	188,738	340,050
Investment securities:								
Amortised cost	330,912	275,211	517,071	531,805	330,912	275,211	517,071	531,805
Fair value through other comprehensive income (FVTOCI)	18,650	17,821	17,362	14,634	18,650	17,821	17,362	14,634
Asset pledged as collateral	52,576	42,164	42,084	58,262	52,576	42,164	42,084	58,262
Prepayment and other assets	345,588	220,055	48,046	54,795	345,731	220,055	48,046	55,580
Other loans and receivable	173,550	210,677	182,594		173,550	210,677	182,594	-
Right of use asset	2,349	1,740	3,637		2,349	1,740	3,637	-
Property, plant and equipment	47,490	50,893	51,623	48,311	47,490	50,893	51,623	48,311
Intangible assets	4,061	2,271	180	284	4,061	2,271	180	284
Asset classified as held for sale	1,308,133	1,179,510	1,141,159	1,145,190	1,308,276	1,179,510	1,141,159	1,145,975
	1,894	14,680	15,485	23,468	500	1,656	2,107	4,120
<b>TOTAL ASSETS</b>	<b>1,310,028</b>	<b>1,194,190</b>	<b>1,156,644</b>	<b>1,168,658</b>	<b>1,308,776</b>	<b>1,181,166</b>	<b>1,143,266</b>	<b>1,150,095</b>
<b>Liabilities</b>								
Due to other financial institutions		-	-	25		-	-	25
Deposits from customers	1,021,493	914,323	857,885	861,044	1,021,514	914,323	857,885	861,044
Lease liabilities	1,798	1,335	2,645		1,798	1,335	2,645	
Borrowings	84,102	89,398	100,920	137,694	84,102	89,398	100,920	137,694
Current tax liability	1,064	597	819	365	1,064	597	819	365
Accrual and other liability	98,693	78,615	97,945	97,076	98,693	78,615	97,997	97,994
Retirement benefit obligation			11	11			11	11
	1,207,150	1,084,268	1,060,225	1,096,215	1,207,171	1,084,268	1,060,277	1,097,133
Liabilities classified as held for sale	837	9,984	9,529	13,686		-	-	13,686
<b>TOTAL LIABILITIES</b>	<b>1,207,987</b>	<b>1,094,252</b>	<b>1,069,754</b>	<b>1,109,901</b>	<b>1,207,171</b>	<b>1,084,268</b>	<b>1,060,277</b>	<b>1,110,819</b>
<b>Equity</b>								
Share capital	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Share premium	25,433	873,450	873,450	873,450	25,433	873,450	873,450	873,450
Retained earnings	12,992	8,613	3,466	(26,004)	12,686	10,040	4,395	(26,215)
Reorganization reserve	-	(848,017)	(848,017)	(848,017)	-	(848,017)	(848,017)	(848,017)
Other reserve	38,615	39,794	31,797	32,767	38,486	36,426	28,161	28,744
	102,040	98,840	85,696	57,196	101,605	96,899	82,989	52,962
Non- controlling interest	-	1,098	1,194	1,561	-	-	-	-
<b>TOTAL EQUITY</b>	<b>102,040</b>	<b>99,938</b>	<b>86,890</b>	<b>58,757</b>	<b>101,605</b>	<b>96,899</b>	<b>82,989</b>	<b>52,962</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,310,027</b>	<b>1,194,190</b>	<b>1,156,644</b>	<b>1,168,658</b>	<b>1,308,775</b>	<b>1,181,167</b>	<b>1,143,266</b>	<b>1,150,095</b>
<b>Contingent liabilities</b>	<b>142,683</b>	<b>67,852</b>	<b>54,845</b>	<b>42,543</b>	<b>142,683</b>	<b>67,852</b>	<b>54,845</b>	<b>42,543</b>

**OTHER NATIONAL DISCLOSURES**

For the year ended 31 December 2021

(All amounts in millions of Naira unless otherwise stated)

Financial summary	Group				Bank			
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Interest income	85,543	108,501	133,611	24,589	85,543	108,501	133,611	24,589
Interest expense	(19,706)	(23,132)	(45,814)	(15,212)	(19,706)	(23,132)	(45,814)	(15,212)
<b>Net interest income</b>	<b>65,837</b>	<b>85,369</b>	<b>87,797</b>	<b>9,377</b>	<b>65,837</b>	<b>85,369</b>	<b>87,797</b>	<b>9,377</b>
Impairment loss on loan and other financial asset	(3,317)	(9,399)	(14,126)	(2,796)	(3,317)	(9,399)	(14,126)	(2,796)
Net fee and commission income	62,520	75,970	73,671	6,581	62,520	75,970	73,671	6,581
Net trading and foreign exchange income (loss)	7,596	5,635	8,536	2,159	7,596	5,635	8,536	2,159
Other operating income	4,575	(443)	950	8,820	4,575	(443)	950	8,820
Net operating profit	5,198	3,096	3,997	1,066	6,351	9,753	4,484	1,066
Employee benefit costs	79,890	84,258	87,154	18,626	81,043	90,915	87,641	18,626
Administration and general expenses	(26,496)	(27,853)	(26,428)	(6,606)	(26,496)	(27,853)	(26,428)	(6,606)
Depreciation and amortisation	(30,842)	(28,475)	(28,863)	(8,457)	(30,842)	(28,475)	(28,863)	(8,457)
Profit before tax	(6,262)	(5,716)	(4,521)	(1,107)	(6,262)	(5,716)	(4,521)	(1,107)
Tax expense	<b>16,290</b>	<b>22,214</b>	<b>27,342</b>	<b>2,456</b>	<b>17,443</b>	<b>28,871</b>	<b>27,829</b>	<b>2,456</b>
Profit for the period from continuing operations	(664)	(336)	(479)	(25)	(664)	(336)	(479)	(25)
Profit/(loss) for the period from discontinued operation	<b>15,625</b>	<b>21,878</b>	<b>26,863</b>	<b>2,431</b>	<b>16,778</b>	<b>28,535</b>	<b>27,350</b>	<b>2,431</b>
<b>Profit for the period</b>	<b>3,843</b>	<b>6,212</b>	<b>(573)</b>	<b>425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>19,469</b>	<b>28,090</b>	<b>26,290</b>	<b>2,856</b>	<b>16,778</b>	<b>28,535</b>	<b>27,350</b>	<b>2,431</b>
<b>Profit attributable to:</b>								
Owner of the bank	<b>19,404</b>	<b>28,037</b>	<b>26,211</b>	<b>2,777</b>	<b>16,778</b>	<b>28,535</b>	<b>27,350</b>	<b>2,431</b>
Continuing operations	15,625	21,878	26,863	2,431	16,778	28,535	27,350	2,431
Discontinued operations	3,779	6,159	(652)	346	-	-	-	-
Non-controlling interests	64	<b>53</b>	<b>79</b>	<b>79</b>	-	-	-	-
Discontinued operation	64	53	79	79	-	-	-	-
<b>Other comprehensive income</b>	<b>19,468</b>	<b>28,090</b>	<b>26,290</b>	<b>2,856</b>	<b>16,778</b>	<b>28,535</b>	<b>27,350</b>	<b>2,431</b>
<b>Items that may be subsequently reclassified to profit or loss</b>								
Exchange differences on translation of discontinued operation	-	(268)	(388)	1,880	-	-	-	-
<b>Items that will not be reclassified to profit or loss</b>								
Net Change in Fair Value of Equity Investments (FVOCI)	<b>830</b>	460	2,677	98	<b>830</b>	460	2,677	98
<b>Other comprehensive income for the period, net of tax</b>	<b>830</b>	<b>192</b>	<b>2,289</b>	<b>1,978</b>	<b>830</b>	<b>460</b>	<b>2,677</b>	<b>98</b>
<b>Total comprehensive income attributable to:</b>	<b>20,298</b>	<b>28,282</b>	<b>28,579</b>	<b>4,834</b>	<b>17,607</b>	<b>28,995</b>	<b>30,027</b>	<b>2,529</b>
<b>Owner of the bank</b>	<b>20,234</b>	<b>28,229</b>	<b>28,500</b>	<b>4,755</b>	<b>17,608</b>	<b>28,995</b>	<b>30,027</b>	<b>2,529</b>
- Continuing operations	16,455	22,070	29,152	4,409	17,608	28,995	30,027	2,529
- Discontinued operations	3,779	6,159	(652)	346	-	-	-	-
Non-controlling interests	<b>64</b>	<b>53</b>	<b>79</b>	<b>79</b>	-	-	-	-
- Discontinued operations	64	53	79	79	-	-	-	-
<b>Total comprehensive income attributable to:</b>	<b>20,297</b>	<b>28,282</b>	<b>28,579</b>	<b>4,834</b>	<b>17,608</b>	<b>28,995</b>	<b>30,027</b>	<b>2,529</b>



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