CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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CENTRAL BANK OF NIGERIA

CORPORATE INFORMATION

Directors

Mr. Godwin I. Emefiele (CON)	- Governor
Mr. Edward L. Adamu	- Deputy Governor (Corporate Services Directorate)
Dr. Kingsley I. Obiora	- Deputy Governor (Economic Policy Directorate)
Mrs. Aishah N. Ahmad	- Deputy Governor (Financial System Stability Directorate)
Mr. Folashodun A. Shonubi	- Deputy Governor (Operations Directorate)
Mr. Adeola Adetunji	- Non-Executive Director
Mr. Idris Ahmed	- Non-Executive Director
Prof. Justitia O. Nnabuko	- Non-Executive Director
Prof. Mike I. Obadan	- Non-Executive Director
Prof. Ummu A. Jalingo	- Non-Executive Director
Dr. Abdu Abubakar	- Non-Executive Director
Mr. Aliyu Ahmed	- Non-Executive Director

Corporate Secretary
Alice Karau
Central Bank of Nigeria
Abuja

Auditors

Ernst & Young	KPMG Professional Services
UBA House, 10th & 13th Floors	KPMG Tower
57 Marina Road,	Bishop Aboyade Cole Street
Lagos	Victoria Island
	Lagos
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Head Office
Central Bank of Nigeria
Plot 33, Abubakar Tafawa Balewa Way
Central Business District
Cadastral Zone
Abuja
Federal Capital Territory
Nigeria

CENTRAL BANK OF NIGERIA

REPORT OF THE BOARD OF DIRECTORS

Introduction

The consolidated and separate financial statements of the Central Bank of Nigeria ('the Group') for the year ended 31 December 2021 were prepared based on accounting policies set out on pages 19 to 46 which are derived from the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”) and the recommended practices in the guidelines issued by the Financial Reporting Council of Nigeria (FRCN) titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" ("the Guideline") in February 2018 and revised annually for reporting period up to 31 December 2021, and the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Results

The Group and Bank's profit for the year was N75,125 million and N31,044 million respectively (2020: N30,814 million and N1,251 million respectively). In line with the provisions of the Fiscal Responsibility Act 2011, 20% of the Net Income of the Bank will be credited to retained earnings while the balance will be paid to the Federal Government of Nigeria.

Corporate Governance

The Board of Directors is the highest policy making organ of the Bank and decisions of the Board are taken in consonance with submissions from various Board Committees and Departmental Directors.

The business and governance of the Bank has since then been carried out by them in compliance with Section 6 of the CBN Act, 2007.

The Board of Directors held 6 meetings between January and December 2021.

The Committee of Governors had held 49 meetings between January and December 2021.

The Committees of the Board are:

1. Committee of Governors
2. Finance and General Purpose Committee
3. Audit and Risk Management Committee
4. Establishment Committee
5. Investment Committee
6. Monetary Policy Committee
7. Corporate Strategy Committee
8. Financial Systems Stability Committee
9. Remuneration, Ethics and Anti-Corruption Committee
10. CBN Pension Fund Management Committee

Apart from the Committee of Governors which is the Executive Management of the Bank, the composition of the other committee includes the right mix of both the executive and non- executive Directors for effective and good corporate governance.

A centralised integrated risk management co-ordination function is performed by the Risk Management Department (RMD). The role of the RMD is to develop, maintain and promote an appropriate risk management policy, framework, approach and culture, methodologies, processes and support systems.

The RMD is also responsible for coordinating and facilitating an integrated and uniform compliance management process in the group; advancing and facilitating specialised operational risk management processes, including business continuity, occupational health and safety and information security.

The Internal Audit Department of the Bank provides independent objective assurance of the adequacy and effectiveness of control, risk management and governance process of the group.

Ethics Management

The Bank, as the Central Bank of Nigeria, should be, an institution of integrity which maintains the highest ethical standards. The executive management of the Bank is aware of this core value and expectation and commits itself to creating a working environment that encourages and facilitates honesty, integrity and ethical behaviour.

The Bank is committed to equality, meritocracy and international best practice.

We present the state of affairs of the Group and the Bank as at 31 December 2021, the results and cash flows of the Group and the Bank in accordance with the accounting policies set out on pages 19 to 46 which are derived from the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and the recommended practices in the guidelines issued February 2018, and revised annually for reporting period up to 31 December 2021 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations, the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

Corporate Secretary
28 February 2022

CENTRAL BANK OF NIGERIA

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

In accordance with the provisions of the Central Bank of Nigeria Act, 2007, the Board of Directors is responsible for the preparation of consolidated and separate financial statements which are prepared, in all material respect in accordance with the accounting policies set out on pages 19 to 46 which are derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the guidelines issued February 2018, and revised annually for reporting period up to 31 December 2021 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

The responsibilities include ensuring that:

i the Central Bank of Nigeria keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and its subsidiaries which are in all material respect in accordance with the accounting principles set out on pages 19 to 46 which are derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the guidelines issued February 2018, and revised annually for reporting period up to 31 December 2021 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

ii appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii the Central Bank of Nigeria prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

iv it is appropriate for the consolidated and separate financial statements to be prepared on a going concern basis.

The Board of Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the guidelines issued February 2018, and revised annually for reporting period up to 31 December 2021 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

The Board of Directors are of the opinion that the consolidated and separate financial statements are prepared in all material respects, in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") ,the recommended practice in the guidelines issued February 2018, and revised annually for reporting period up to 31 December 2021 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline), the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011 to reflect the state of the financial affairs of the Central Bank of Nigeria ("the Bank") together with its subsidiaries ("the Group") as at 31 December 2021, and of its financial performance and cash flows for the year ended 31 December 2021.

The Board of Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Group and Bank will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Governor:	Mr. Godwin I. Emefiele (CON)	
FRC Number:	FRC/2013/IODN/00000001080	
Deputy Governor (Corporate Services Directorate)	Mr. Edward L. Adamu	
FRC Number:	FRC/2018/NIQS/00000018729	

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Central Bank of Nigeria ("the Bank") and its subsidiaries (together "the Group''), which comprise:

- the consolidated and separate statements of profit or loss for the year ended 31 December 2021;
- the consolidated and separate statements of other comprehensive income;
- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- notes to the consolidated and separate financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements for the year ended 31 December 2021 are prepared, in all material respects, in accordance with accounting policies set out on pages 19 to 46 which are derived from the International Financial Reporting Standards, and the recommended practice in the guidelines issued by the Financial Reporting Council of Nigeria (FRCN) titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" ("the Guideline") in February 2018 and revised annually for reporting period up to 31 December 2021, and the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters - continued

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Key audit matter	How our audit addressed the matter
Expected Credit Loss (ECL) assessment on financial assets The impairment of financial assets using the expected credit loss approach in line with the recommendations of the Guideline as issued by the Financial Reporting Council of Nigeria and IFRS 9 *Financial Instruments*, is considered to be a key audit matter due to the significance of the amount, and the level of subjectivity, uncertainty and complexity involved in estimating the key assumptions that impact the recoverability of financial assets, including the application of industry knowledge, prevailing and forecasting economic conditions in arriving at the level of impairment allowance required. The ECL model involves the application of judgement, assumptions and estimation in determining inputs for ECL calculation such as: • Determination of default; • Determining criteria for significant increase in credit risk (SICR) for staging purposes; • Incorporating forward-looking information based on economic scenarios in the ECL model building process; Determination of the 12 month and lifetime probability of default (PD) used in the ECL model;	Our procedures include the following: We evaluated the ECL model prepared by management for computation of impairment on financial assets by assessing that it is consistent with the recommendations of the Guideline as issued by the Financial Reporting Council of Nigeria and the requirements of IFRS 9 *Financial Instruments*. We evaluated the Bank's 12-month ECL on sovereign securities held, by assessing whether it is consistent with the recommendation of the Guideline as issued by the Financial Reporting Council of Nigeria, which permits the Bank to estimate the 12 months ECL for its sovereign securities as zero. • For loans, we inspected the repayment history for possible repayment default. We assessed the various factors such as days past due criteria in classifying the loans within stages 1, 2, and 3 in the measurement of ECL. We evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cashflows, outstanding loan balances, loan repayment types and loan tenors by comparing the exposure at default computed by the Bank to the recomputed exposure at default and investigated all material differences.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – Continued

Key Audit Matters - continued

Key audit matter	How our audit addressed the matter
• Determination of the Exposure at Default (EAD); • Estimation of the Loss Given Default (LGD) based on collateral values and other cash/current account balances; Refer to Notes 14, 16, 18, and 22 of the consolidated and separate financial statements for disclosures on impairment losses on financial assets.	• For Probability of Default (PD) used in the ECL calculations, we obtained confirmation on the credit rating of the obligor, and the associated PDs based on the Bank's credit policy for appropriateness. • We also assessed the calculation of the Loss Given Default (LGD) used by the Bank in the ECL calculations for accuracy and evaluated the appropriateness of the values of collaterals used. • We evaluated the appropriateness of the forward- looking assumptions comprising macroeconomic indicators like inflation, unemployment rate, and crude oil price, used in the ECL calculations.

Other Information
The Directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Board of Directors, Statement of Directors' Responsibilities in Relation to the Preparation of the financial statements, and Other National Disclosures as required by the Financial Reporting Council of Nigeria Act No. 6, 2011 which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements in accordance with the accounting policies which are derived from the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and based on the Guideline issued by the Financial Reporting Council of Nigeria, the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No.6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – Continued

Responsibilities of the Directors for the Consolidated and Separate Financial Statements - continued

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Bank to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Board Finance and General-Purpose Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA – Continued

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements - continued

We also provide the Board of Directors and the Board Finance and General Purpose Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

For: Ernst & Young
Lagos, Nigeria

Jamiu Olakisan, FCA
FRC/2013/ICAN/00000003918
23 March 2022

For: KPMG
Lagos, Nigeria

Ayodele Othihiwa, FCA
FRC/2012/ICAN/00000000425
23 March 2022

CENTRAL BANK OF NIGERIA

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Bank	
		2021	**2020**	**2021**	**2020**
	Notes	**N'million**	**N'million**	**N'million**	**N'million**
Interest and similar income calculated using the effective interest method	5a	1,962,630	1,638,280	1,950,301	1,609,474
Other interest and similar income	5b	339,335	111,400	339,335	111,400
Interest and similar expense calculated using the effective interest method	6	(1,258,219)	(1,694,848)	(1,258,404)	(1,683,092)
Net interest income		**1,043,746**	**54,832**	**1,031,232**	**37,782**
Fees and commission income	7	41,978	61,300	41,724	59,611
Net fair value gains on financial instruments	8	95,498	8,188	95,498	8,188
Other operating income	9	487,113	617,956	486,779	622,964
Total operating Income		**1,668,335**	**742,276**	**1,655,233**	**728,545**
Credit loss expense	14	(498,234)	(98,663)	(503,806)	(92,510)
Net operating income		**1,170,101**	**643,613**	**1,151,427**	**636,035**
Personnel expenses	11	(200,041)	(183,601)	(192,745)	(176,004)
Depreciation of property, equipment and right-of-use assets	24	(29,478)	(23,518)	(23,889)	(18,744)
Amortisation of intangible assets	23	(3,676)	(3,388)	(3,382)	(3,272)
Currency issue expenses	12	(15,230)	(7,478)	(72,576)	(64,458)
Other operating expenses	13	(884,232)	(422,524)	(827,791)	(372,306)
Total operating expenses		**(1,132,657)**	**(640,509)**	**(1,120,383)**	**(634,784)**
Profit before share of associates' profit		**37,444**	**3,104**	**31,044**	**1,251**
Share of profit of associates	21	38,022	32,402	-	-
Profit before tax		**75,466**	**35,506**	**31,044**	**1,251**
Income tax expense	15a	(341)	(4,692)	-	-
Profit for the year		**75,125**	**30,814**	**31,044**	**1,251**
Attributable to:					
Equity holder of the Bank		74,278	29,673	31,044	1,251
Non-controlling interests		847	1,141	-	-
		75,125	**30,814**	**31,044**	**1,251**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Bank	
		2021	**2020**	**2021**	**2020**
	Notes	**N'million**	**N'million**	**N'million**	**N'million**
Profit for the year		**75,125**	**30,814**	**31,044**	**1,251**
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income (FVOCI):					
Net change in fair value during the year at FVOCI	10	22	(70)	22	(70)
Net (losses)/gains on financial investments at fair value through other comprehensive income		22	(70)	22	(70)
Share of other comprehensive income of associates	21	(2,045)	741	-	-
Translation gain on associate	21	20,854	30,212	-	-
Total items that may be reclassified to profit or loss		**18,831**	**30,883**	**22**	**(70)**
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at FVOCI	10	25,245	91,694	25,245	91,694
Re-measurement gains/(losses) on defined benefit plans	28	38,144	(71,687)	38,990	(71,687)
Total items that will not be reclassified to profit or loss		**63,389**	**20,007**	**64,235**	**20,007**
Other comprehensive income for the year, net of tax		**82,220**	**50,890**	**64,257**	**19,937**
Total comprehensive income for the year		**157,345**	**81,704**	**95,301**	**21,188**
Attributable to:					
Equity holder of the Bank		156,498	80,563	95,301	21,188
Non-controlling interests		847	1,141	-	-
		157,345	**81,704**	**95,301**	**21,188**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Bank	
		2021	2020	2021	2020
	Notes	N'million	N'million	N'million	N'million
Assets					
Cash and bank balances	16e	25,182	61,652	-	-
External reserves	16	15,380,733	15,263,223	15,380,733	15,263,223
IMF Holdings of Special Drawing Rights	17a	2,313,163	725,583	2,313,163	725,583
Loans and receivables	18	27,282,380	21,936,947	27,885,951	22,490,589
Investment securities:					
Debt instruments at fair value through other comprehensive income	19	3,101	1,368	3,101	1,368
Equity instruments at fair value through other comprehensive income	19	283,595	258,349	283,595	258,349
Debt instruments at amortised cost	19	3,202,718	3,334,919	2,880,955	3,033,587
Investments in subsidiaries	20	-	-	46,101	45,401
Investments in associates	21	459,871	398,021	126,310	111,126
Quota in International Monetary Fund (IMF)	17b	1,549,146	1,209,060	1,549,146	1,209,060
Other assets	22	1,662,137	1,847,905	1,542,250	1,828,745
Intangible assets	23	4,909	6,271	4,416	5,578
Property and equipment and right-of-use assets	24	772,709	756,132	716,754	700,178
Total assets		**52,939,644**	**45,799,430**	**52,732,475**	**45,672,787**
Liabilities					
Bank notes and coins in circulation	27	3,324,217	2,907,522	3,324,217	2,907,522
Deposits	25	22,562,431	20,650,203	22,826,590	20,892,644
Central Bank of Nigeria Instruments issued	26	13,868,892	12,824,789	13,868,892	12,824,789
IMF allocation of Special Drawing Rights	17d	2,452,292	825,272	2,452,292	825,272
IMF related liabilities	17c	2,586,407	2,331,714	2,586,407	2,331,714
Employee benefit liabilities	28	143,290	188,743	143,918	188,640
Current income tax payable	15b	2,395	9,454	-	-
Deferred tax liabilities	15c	11,839	13,375	-	-
Other liabilities	29	6,761,268	4,954,254	6,759,942	5,002,455
Total liabilities		**51,713,031**	**44,705,326**	**51,962,258**	**44,973,036**
Equity					
Share capital	30	5,000	5,000	5,000	5,000
Retained earnings	30	651,968	564,381	400,984	355,785
Fair value reserve	30	164,844	141,623	167,969	142,702
Foreign currency translation reserve	30	195,677	174,823	-	-
Revaluation reserve	30	196,264	196,264	196,264	196,264
Equity attributable to equity holders of the Bank		**1,213,753**	**1,082,091**	**770,217**	**699,751**
Non-controlling interests		12,860	12,013	-	-
Total equity		**1,226,613**	**1,094,104**	**770,217**	**699,751**
Total liabilities and equity		**52,939,644**	**45,799,430**	**52,732,475**	**45,672,787**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 28 February 2022.

	Godwin I. Emefiele (CON) FRC/2013/IODN/00000001080	Governor
	Mr. Edward L. Adamu FRC/2018/NIQS/00000018729	Deputy Governor, Corporate Services Directorate
	Mr. Benjamin A. Fakunle FRC/2019/ICAN/00000019338	Director, Finance Department

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP

For the year ended 31 December 2021

	Attributable to the equity holder of the Bank							
	Share capital N'million	**Retained earnings N'million**	**Fair value reserve N'million**	**Foreign currency translation reserve N'million**	**Revaluation reserve N'million**	**Total N'million**	**Non-controlling interests N'million**	**Total equity N'million**
As at 1 January 2021	**5,000**	**564,381**	**141,623**	**174,823**	**196,264**	**1,082,091**	**12,013**	**1,094,104**
Profit for the year	-	74,278	-	-	-	74,278	847	75,125
Other comprehensive income:						-		
Net change in fair value of debt instruments measured at FVOCI	-	-	22	-	-	22	-	22
Net change in fair value of equity instruments at FVOCI	-	-	25,245	-	-	25,245	-	25,245
Re-measurement gain on defined benefit plans (Note 28)	-	38,144	-	-	-	38,144	-	38,144
Share of other comprehensive loss/(income) of associates (Note 21)	-	-	(2,045)	20,854	-	18,809	-	18,809
Total comprehensive income	**-**	**112,422**	**23,222**	**20,854**	**-**	**156,498**	**847**	**157,345**
Transfer to the Federal Government of Nigeria (Note 29a)	-	(24,835)	-	-	-	(24,835)	-	(24,835)
As at 31 December 2021	**5,000**	**651,968**	**164,844**	**195,677**	**196,264**	**1,213,754**	**12,860**	**1,226,614**

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP

For the year ended 31 December 2020

	Attributable to the equity holder of the Bank							
	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Foreign currency translation reserve N'million	Revaluation reserve N'million	Total N'million	Non-controlling interests N'million	Total equity N'million
As at 1 January 2020	**5,000**	**607,395**	**49,257**	**144,611**	**196,264**	**1,002,528**	**10,872**	**1,013,400**
Profit for the year	-	29,673	-	-	-	29,673	1,141	30,814
Other comprehensive income:						-		
Net change in fair value of debt instruments measured at FVOCI	-	-	(70)	-	-	(70)	-	(70)
Net change in fair value of equity instruments at FVOCI	-	-	91,694	-	-	91,694	-	91,694
Re-measurement loss on defined benefit plans (Note 28)	-	(71,687)	-	-	-	(71,687)	-	(71,687)
Share of other comprehensive income of associates (Note 21)	-	-	741	30,212	-	30,953	-	30,953
Total comprehensive (loss)/income	**-**	**(42,014)**	**92,365**	**30,212**	**-**	**80,563**	**1,141**	**81,704**
Transfer to the Federal Government of Nigeria (Note 29a)	-	(1,000)	-	-	-	(1,000)	-	(1,000)
As at 31 December 2020	**5,000**	**564,381**	**141,623**	**174,823**	**196,264**	**1,082,091**	**12,013**	**1,094,104**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2021

BANK
For the year ended 31 December 2021

	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Revaluation reserve N'million	Total equity N'million
As at 1 January 2021	**5,000**	**355,785**	**142,702**	**196,264**	**699,751**
Profit for the year	-	31,044	-	-	**31,044**
Other comprehensive income:					
Net change in fair value of debt instruments measured at FVOCI	-	-	22	-	**22**
Net change in fair value of equity instruments at FVOCI	-	-	25,245	-	**25,245**
Remeasurement gain on defined benefit plans net of tax (Note 28)	-	38,990	-	-	**38,990**
Total comprehensive income	**-**	**70,034**	**25,267**	**-**	**95,301**
Transfer to Federal Government of Nigeria (Note 29a)	-	(24,835)	-	-	(24,835)
As at 31 December 2021	**5,000**	**400,984**	**167,969**	**196,264**	**770,217**

For the year ended 31 December 2020

	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Revaluation reserve N'million	Total equity N'million
As at 1 January 2020	**5,000**	**427,221**	**51,078**	**196,264**	**679,563**
Profit for the year	-	1,251	-	-	**1,251**
Other comprehensive income:					
Net change in fair value of debt instruments measured at FVOCI	-	-	(70)	-	**(70)**
Net change in fair value of equity instruments at FVOCI	-	-	91,694	-	**91,694**
Remeasurement loss on defined benefit plans net of tax (Note 28)	-	(71,687)	-	-	**(71,687)**
Total comprehensive (loss)/income	**-**	**(70,436)**	**91,624**	**-**	**21,188**
Transfer to the Federal Government of Nigeria (Note 29a)	-	(1,000)	-	-	(1,000)
As at 31 December 2020	**5,000**	**355,785**	**142,702**	**196,264**	**699,751**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		**Bank**	
		2021	**2020**	**2021**	**2020**
	Notes	**N'million**	**N'million**	**N'million**	**N'million**
Cash flows from operating activities					
Cash generated from operating activities	31	**415,452**	**221,408**	**426,502**	**199,485**
Income tax paid	15b	(7,300)	(1,763)	-	-
Employee benefit paid	31.1	(42,888)	(53,705)	(41,244)	(53,405)
Dividend received from associates	21	10,158	7,817	-	-
Net cash flows from operating activities		**375,422**	**173,757**	**385,258**	**146,080**
Cash flows from investing activities					
Sales/(Purchase) of investment securities	19	130,071	(200,341)	150,920	(1,033)
Purchase of Intangible assets	23	(2,314)	(2,560)	(2,220)	(2,106)
Acquisition of additional interest in associate	31.1	(23,828)	-	(15,184)	-
Acquisition of subsidiary	20	-	-	(700)	-
Purchase of property, plant and equipment	24	(42,388)	(40,333)	(40,915)	(39,030)
Proceeds from sale of property, plant and equipment	9	492	1,716	449	1,700
Net cash flows from/(used in) investing activities		**62,033**	**(241,518)**	**92,350**	**(40,469)**
Cash flows from financing activities					
Surplus paid to the Federal Government of Nigeria	29a	(1,000)	(2,373)	(1,000)	(2,373)
Repayment of lease liabilities (Interest)	29e	(160)	(176)	(160)	(176)
Repayment of lease liabilities (Principal)	29e	(321)	(186)	(321)	(186)
Net cash flows used in financing activities		**(1,481)**	**(2,735)**	**(1,481)**	**(2,735)**
Net change in cash and cash equivalents		435,974	(70,496)	476,127	102,876
Effect of exchange rate fluctuations on cash and cash equivalents held		(574,408)	(195,690)	(578,091)	(196,053)
Cash and cash equivalents at 1 January		9,517,436	9,783,622	9,455,784	9,548,961
Cash and cash equivalents at 31 December	16e	**9,379,002**	**9,517,436**	**9,353,820**	**9,455,784**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

1. General information

1.1 Corporate information

The Central Bank of Nigeria ("CBN" or "the Bank") is the apex regulatory authority of the banking system in Nigeria. It was established by the Central Bank of Nigeria Act of 1958, as repealed by the Central Bank of Nigeria Act No. 7 of 2007. It commenced operation on 1 July 1959.

The consolidated and separate financial statements of the Group for the period ended 31 December 2021 comprises the Bank and its subsidiaries (together referred to as the "Group").

The Bank is wholly owned by the Federal Government of Nigeria and is a Government Business Entity (GBE). The principal objectives of the Bank are to:

- Ensure monetary and price stability;
- Issue legal tender currency in Nigeria;
- Maintain external reserves to safeguard the international value of the legal tender currency;
- Promote monetary stability and a sound financial system in Nigeria; and
- Act as banker and provide economic and financial advice to the Federal Government of Nigeria.

The Bank is incorporated and domiciled in Nigeria. Its head office is at Plot 33, Abubakar Tafawa Balewa Way, Central Business District, Abuja.

The Bank holds 89.52% of the share capital of Nigerian Security Printing and Minting Plc while Bureau of Public Enterprise and DE LA RUE of UK have 9.61% and 0.87% shares, respectively. The subsidiary is involved in the production of Nigerian currency notes and coins together with security documents and products for other businesses. The principal objectives of the subsidiary are:

- Production of Nigerian currency notes and coins together with security documents & products for other business.
- Manufacture and importation of printing ink and the provision of technical services.

The Bank holds 100% of the share capital in Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL). The subsidiary was set up by the CBN to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain.

The Bank holds 99.99% of the share capital in Nigerian Electricity Supply Industry Stabilization Strategy Limited (NESI). The subsidiary is involved in the promotion of long-term sustainability and efficiency of the Nigeria Electricity Supply Industry through the initiation and encouragement of programmes and the creation of mechanisms and processes fundamental to the growth and bankability of the Nigerian Electricity Supply Industry.

The consolidated and separate financial statements of Central Bank of Nigeria and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 28 February 2022.

The consolidated and separate financial statements cover the financial year from 1 January 2021 to 31 December 2021, with comparative for the year ended 31 December 2020.

1.2 Presentation of financial statements

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the consolidated statement of financial position date (non–current) are presented in the respective notes for assets and liabilities.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Investment in subsidiaries are carried at cost less impairment in the Bank's separate financial statements.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with accounting policies derived from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the recommended practice in the revised guideline issued February 2018 and revised annually for reporting period up to 31 December 2021 by the Financial Reporting Council of Nigeria (FRCN) titled "Revised Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No.6 of 2011. The provisions of the Guideline issued by FRC are set out in Notes 2.1.1 in the financial statements.

The Guideline does not apply to the subsidiaries or associates and was applied by the Bank in the financial year beginning 1 January 2021.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for:
- debt and equity instruments at fair value through other comprehensive income;
- gold and financial assets that have been measured at fair value through profit or loss;
- land and building carried at the revalued amount using the revaluation model; and
- net defined benefit liabilities using the projected unit method.

The consolidated and separate financial statements are presented in naira and all values are rounded to the nearest million (N'm), except when otherwise indicated.

The preparation of the consolidated and separate financial statements in conformity with policies derived from IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying these policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 2.34.

2.1.1 Recommended practices as approved by the Financial Reporting Council of Nigeria in its Guideline

The effects of any accounting policy changes arising from adoption of any recommendations in the Guideline is applied prospectively.

Intervention loans

Intervention loans and receivables are measured at amortized cost using the effective interest method (EIM). In exceptional cases, as part of its central banking functions, the Bank may act as a lender of last resort by granting Intervention loans. This function is unique to the Bank and as such, the Bank remains the only market for this kind of loans. The Bank has adopted its contractual rate as the Effective Interest Rate (EIR) for measuring its intervention loans.

Foreign exchange derivatives

Forward purchases and sales are recognized on the statement of financial position at the respective settlement/maturity date. Forward contracts are not marked to market. Forward purchases and sales are recognized off-balance sheet and not recognised in the financial statements between the trade date and settlement date.

Swap transactions are recognized on the statement of financial position on the settlement/maturity dates. The Bank recognizes the settled future transactions on its statement of financial position. Swap and futures contracts are not recognized by the Bank in its financial statements between the trade date and settlement date.

Existence and details of derivative and similar transactions recorded off-balance sheet are disclosed in the notes to the financial statements at the year- end rates.

2 Significant accounting policies - continued

2.1 Basis of preparation - continued

2.1.1 Recommended practices as approved by the Financial Reporting Council of Nigeria in its Guideline - continued

Impairment of financial assets

Financial assets that have low credit risk were assessed for 12-months expected credit losses (ECL) and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of CBN's role, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero.
In assessing impairment, key factors like PD, LGD, and EAD shall be considered.
In computing LGD on the Bank's intervention loans, extended through Deposit Money Banks (DMB) in on-lending arrangements, the Bank may consider the balances in the current accounts and CRR balances of the DMBs which serve as recourse in instances of solvency or liquidity challenges

Gold

In order for the Bank to match the possible effects of any provision for gold risk, CBN shall (re)measure monetary gold at fair value through profit or loss with any gain resulting from such measurement excluded from distributable reserves.

2.2 Basis of consolidation

Subsidiaries

The consolidated and separate financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring it's accounting policies into line with the Group’s accounting policies.

Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 Significant accounting policies - continued

Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to income statement or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.
Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence.

2.3 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost which includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the impairment loss in its share of profit or loss from an associate in the income statement.

2 Significant accounting policies - continued

2.3 Investment in associates - continued

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

2.4 Recognition of income and expenses

(a) The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all debt instruments measured at amortised cost and interest bearing financial assets measured at fair value through other comprehensive income (FVOCI) under IFRS 9.

Interest bearing financial assets measured at FVOCI under IFRS 9 are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR for all financial instruments other than those measured at FVTPL. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instruments. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised due to credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the income statement.

(b) Interest and similar income and expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note 2.4a above.

Other interest income/expense includes interest on all financial assets/liabilities measured at FVTPL, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Net trading income. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

Dividend received or receivable from associates are recognised as a reduction in the carrying value of the Group investment carrying value. Where a group's share of losses in an associate equals or exceeds its interest in the entity, in doing any other unsecured loans from receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

When a financial asset becomes credit-impaired and is therefore regarded as ‘Stage 3’ (as set out in Note 2.10), the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures (as outlined in Note 3.2.4) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis and recognise reversal from the improvement in the profit or loss.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

2 Significant accounting policies - continued

2.4 Recognition of income and expenses

(c) Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate (see 2.4a above). Other fees and commission income, including foreign exchange earnings, Bureau de Change registration and commissions are recognised as the related services are performed.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

(d) Dividend income

This is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

(e) Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognised in the income statement and it is further broken down into realised and unrealised portion.

The monetary assets and liabilities include financial assets within the external reserves, foreign currencies deposits received and held on behalf of third parties, etc. (see note 16 & 25).

(f) Agency income

Agency commission is recognised when such income is earned by the Group. Agency income is recognised within 'other operating income' in the income statement.

(g) Intervention activities

Intervention activities are those activities carried out by the Group in connection with national security, federal government, state securities, armed forces where there is important need for the fund. All payments made in relation to intervention activities embarked on by the Group are expensed as incurred. However, payments made by the Group in relation to intervention activities on behalf of the Federal Government are recognised as receivables and are fully impaired after 12 months if the amount is not received from the Federal Government.

(h) Other operating expenses

All other operating expenses are recognised at cost when incurred.

2.5 Taxes

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement . Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Bank is not subject to tax in respect of its functions under the Central Bank of Nigeria Act 2007. The Bank is exempted from the payment of tax under the Companies Income Tax Act ,Cap C21, LFN 2004 (as amended).

2 Significant accounting policies - continued

2.5 Taxes - continued

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

▪ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

▪ In respect of taxable temporary differences associated with investments in subsidiary and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

▪ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

▪ In respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and deferred tax liabilities are derived from the Group's subsidiaries.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements of the Group are presented in Nigerian Naira, which is the functional currency of the Group.

On consolidation, the assets and liabilities of investees with different functional currency are translated into Naira at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in the statement of other comprehensive income (OCI) and accumulated in the foreign currency exchange reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

2 Significant accounting policies - continued

2.6 Foreign currency translation - continued

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or income statement are also recognised in other comprehensive income or income statement, respectively).

2.7 Financial instruments – initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers, deposits, IMF related liabilities and other liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customer are recognised when funds are transferred to the customers' accounts. The Group recognises deposits, IMF related liabilities and other liabilities when funds are transferred to the Group.

2.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.7.5.2 and 2.7.5.3. Financial instruments are initially measured at their fair value (as defined in Note 2.23), and, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of the financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described in note 2.7.3.

2.7.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.7.4 Measurement categories of financial assets and liabilities

The Group classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

• Amortised cost, as explained in Note 2.7.5.1
• Fair value through other comprehensive income (FVOCI), as explained in Note 2.7.8 and 2.7.9
• Fair value through profit or loss (FVTPL) in Note 2.7.12

The Group classifies and measures its trading portfolio at FVTPL as explained in Notes 2.7.6 and 2.7.7. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL and derivative instruments or the fair value designation is applied, as explained in Note 2.7.7.

2 Significant accounting policies - continued

2.7.5 Financial assets and liabilities

2.7.5.1 Loans and receivables and Financial investments at amortised cost

The Group only measures Loans and receivables and other financial investments at amortised cost if both of the following conditions are met:

•The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
•The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.7.5.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

▪ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
▪ The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
▪ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
▪ The expected frequency, value and timing of sales are also important aspects of the Group’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.7.5.3 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, prepayment and extension terms.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2 Significant accounting policies - continued

2.7.6 Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

▪ Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
▪ It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
▪ It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include forward, futures and swaps forex derivatives.

The Bank has applied the revised accounting guidelines issued by the Financial Reporting Council of Nigeria (par.12) and had disclosed as part of contingent liabilities/assets the sales and purchases of forward, futures and swaps forex derivatives in pursuance of monetary policy implementation, price stability and or management of the Naira exchange rate. The forwards and swaps are not market to market. Forward purchases and sales are recognized off-balance sheet and not recognised in the financial statements between the trade date and settlement date. Thus, the gains or losses on derivatives are recognised in the income statement at settlement date.

Derivatives recognised in other foreign securities are measured at fair value through profit or loss.

2.7.7 Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Net fair value gains or losses on financial instruments are recognised in other operating income. Interest and dividend income or expense is recorded in other operating income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities that have been acquired principally for the purpose of selling or repurchasing in the near term. The externally managed investment falls within this category as it has been classified as held for trading. However, this is presented as part of external reserves in the statement of financial position.

2.7.8 Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
•The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
•The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 2.7.5.1. The ECL calculation for Debt instruments at FVOCI is explained in Note 2.12. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.7.9 Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2 Significant accounting policies - continued

2.7.10 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

2.7.11 Financial guarantees, and undrawn loan commitments

The Group issues financial guarantees and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL provision is recognised appropriately.
Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.
The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

2.7.12 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FTVPL upon initial recognition when one of the following criteria are met.

Such designation is determined on an instrument-by-instrument basis:
- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis or;

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or;
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group’s own credit risk. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate, as explained in Note 2.4.b. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

2.8 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets after their initial recognition except where there is a change in the Group's business model, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2021 (2020: Nil).

2 Significant accounting policies - continued

2.9 Derecognition of financial assets and liabilities

2.9.1 Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

For both financial assets and liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

2.9 Derecognition of financial assets and liabilities

2.9.2 Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group transfers a financial asset if, and only if, either:

•The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

•It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

•The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

•The Group cannot sell or pledge the original asset other than as security to the eventual recipients

•The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

•The Group has transferred substantially all the risks and rewards of the asset

Or

•The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

2 Significant accounting policies - continued

2.9 Derecognition of financial assets and liabilities - continued

2.9.2 Derecognition other than for substantial modification - continued

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.9.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 Impairment of financial assets

Overview of the ECL principles

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitment and financial guarantee contract, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 2.12. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 3.2.4.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 3.2.4.6.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
This is further explained in Note 3.2.4.5.

Based on the above process, the Group groups its loans and financial investment into Stage 1, Stage 2 and Stage 3, as described below:

• Stage 1: When loans or financial investment are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans or financial investment also include facilities where the credit risk has improved and the loans or financial investment has been reclassified from Stage 2.

2 Significant accounting policies - continued

2.10 Impairment of financial assets - continued

• Stage 2: When a loan or financial investment has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans or financial investment also include facilities, where the credit risk has improved and the loans or financial investment has been reclassified from Stage 3.

• Stage 3: Loans or financial investment considered credit-impaired (as outlined in Note 3.2.4.1).The Group records an allowance for the LTECLs.
For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.11 The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
• PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.2.4.1.

• EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments. The EAD is further explained in Note 3.2.4.3.

• LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.2.4.4.

When estimating the ECLs, the Group considers three scenarios (a base case, an upturn and downturn). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 3.2.4.7. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans or financial investment are expected to be recovered, including the probability that the loans or financial investment will cure and the amount that might be received from selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:
• Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by the original EIR.

• Stage 3: For loans considered credit-impaired (as defined in Note 3.2.4.1), the Group recognises the lifetime expected credit losses for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2 Significant accounting policies - continued

2.11 The calculation of ECLs - continued

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. The ECL for loan commitments is recognised within other liabilities.

Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within other liabilities.

2.12 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

2.13 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
• Unemployment rates
• Inflation rates
• Crude oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 3.2.4.7.

2.14 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Unless repossessed, collateral is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. Meanwhile, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Group's various credit enhancements are disclosed in Note 3.2.4.8.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

2.15 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2 Significant accounting policies - continued

2.16 Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department.
Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms.

It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3.2.4.5.The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum ninety days probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:
• All of its facilities has to be considered performing
• Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
• The customer does not have any contract that is more than 30 days past due

If modifications are substantial, the loan is derecognised and a new loan is recognised, as explained in Note 2.9.1.

2.17 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise, deposit held at call with banks, other short term highly liquid investment, bank overdraft, cash portion of investments in foreign securities, bank balances with foreign banks, sundry currencies and travellers' cheques and time deposits which are readily convertible into cash with a maturity of three months or less.

2.18 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

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

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

The lease liability is initially measured at the present value of the lease payments to be made over the lease term or remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2 Significant accounting policies - continued

2.18 Leases - continued

i Group as a lessee - continued

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease, credit risk of the lessee and type of asset leased.

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

• fixed payments, including in-substance fixed payments;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable under a residual value guarantee; and

• the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.19 Property, equipment and right-of-use assets

Plant and equipment, furnitures and fittings, computer equipment, laboratory equipment, and motor vehicles are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses recognised on the date of revaluation. Valuations are performed every two to three years with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 2.19. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

2 Significant accounting policies - continued

2.19 Property, equipment and right-of-use assets - continued

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

Asset category	Useful life (years)
Buildings:	
- Central air conditioners	25
- Lifts	25
- Buildings	50
Motor vehicles:	
- Buses	8
- Cars	5
- Lorries	10
Plant and equipment:	
- Air conditioners, generators and water pumps	7
- Currency processing machines	7
Plant and machinery	5
Furnitures and fittings	5
Computer equipment	3
Laboratory equipment	5
Right-of-use assets	
- Buildings	2 - 5
- Other premises	2-10

The Group commences depreciation when the asset is available for use. Land is not depreciated.

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.20 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in amortisation of intangible assets.

2 Significant accounting policies - continued

2.20 Intangible assets

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in income statement. During the period of development, the asset is tested for impairment annually.

The annual amortisation rate generally in use for the current and comparative year is as follows:

• Computer software	25-33⅓

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

• The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
• Its intention to complete and its ability to use or sell the asset
• How the asset will generate future economic benefits
• The availability of resources to complete the asset
• The ability to measure reliably the expenditure during development
• The ability to use the intangible asset generated

2.21 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

2 Significant accounting policies - continued

2.22 External reserves

The Group maintains a reserve of external assets consisting of Gold, Convertible currencies, Other foreign securities and International Monetary Fund (IMF) reserve tranche.

Gold

Gold reserves include monetary gold in the Statement of financial position at the prevailing closing spot market price as at reporting date. Changes in the fair value of gold reserves arising from price changes as well as related foreign exchange gains and losses are recognized in profit or loss.

Convertible currencies

These are time deposits and balances with foreign banks and other foreign securities where the currency is freely convertible and in such currency, notes, coins and money at call.

Other foreign securities

These are securities of any country outside Nigeria whose currency is freely convertible and the securities shall mature in a period not exceeding five years from the date of acquisition.

These securities are further analysed into internally managed fund and externally managed fund. Internally managed fund is classified as amortised cost due to the intention and ability of the Group to hold them to maturity while the externally managed fund is classified as fair value through profit or loss. The externally managed fund also includes derivative instruments. (Refer to policy on financial instruments in Note 2.7 on how it is being measured).

All external reserve balances at year end are converted into Naira in accordance with the policy in Note 2.6.

2.23 Fair value measurement

The Group measures financial instruments, such as investment in financial instruments classified as FVOCI and investments in financial instruments classified as FVTPL at each reporting date. Fair value related disclosures for financial instruments and non-financial instruments that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3.5 and 2.35
• Quantitative disclosures of fair value measurement hierarchy	Note 3.5
• Property, plant and equipment under revaluation model	Note 24
• Financial instruments (including those carried at amortised cost)	Note 3.5

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

2 Significant accounting policies - continued

2.23 Fair value measurement - continued

• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.24 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money and payment for services to be enjoyed in future. The other assets in the consolidated and separate financial statements include the following:

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise, and derecognised when payment is received. It is subject to ECL impairment assessment.

2.25 Employee benefits

(a) Defined contribution pension plan

The group operates a defined contribution pension plan in accordance with the Pension Reform Act. Under the plan, the employee contributes 7.5% of basic salary, housing and transport allowances and CBN contributes 15% on the same basis. Pension remittances are made to various PFAs on behalf of the Bank’s staff on a monthly basis. CBN has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under ‘personnel expenses’. Unpaid contributions are recorded as a liability.

(b) Defined benefit schemes

The Group also operates defined benefit plans which include pension scheme (for pensioners who resigned before 30 June 2011 and those who had not reached pensionable age), gratuity scheme and post-retirement medical benefits. The defined benefit pension scheme is funded which requires contributions to be made to a separately administered fund.
The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

(b) Defined benefit schemes - continued

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other comprehensive income in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.
Past service costs are recognised in income statement on the earlier of:
• The date of the plan amendment or curtailment, and
• The date that the Group recognises restructuring-related costs
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset at the beginning of the year. The Group recognises the following changes in the net defined benefit obligation under ‘personnel cost’ in income statement:
• Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
• Net interest expense or income

2 Significant accounting policies - continued

2.25 Employee benefits - continued

(c) Other long term employment benefits

These are all employee benefits other than post employment benefits and termination benefits which includes long service awards.

The amount recognised as the liability is the net total at the end of the reporting period of the present value of the defined benefit obligation and fair value of planned assets. The net total of the service cost and net interest are recognised in the income statement. The remeasurement of the defined benefit liability are recognised in the statement of comprehensive income.

(d) Short-term employee benefits

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

2.26 Provisions

(a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

(b) Leave pay accrual

Leave pay accrual at the reporting date represents the present obligation to employees as a result of employees' services provided up to the reporting date. The accrual is measured as the amount that is expected to be paid as a result of the leave entitlement that has accumulated at the reporting date.

2.27 International Monetary Fund (IMF) Related Transactions

The Bank, on behalf of the Federal Government of Nigeria, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are treated in accordance with note 2.6 above.

The Bank presents the holdings and allocations of the IMF SDR as an asset and liability respectively on the statement of financial position. These have been accounted for as financial instruments in accordance with IFRS 9. The holdings of the IMF SDR are classified as financial asset measured at amortised cost while the allocations of SDR are classified as financial liabilities at amortised cost.

(a) Holdings of Special Drawing Rights (SDRs)

The value of holdings from the IMF changes on the basis of foreign exchange transactions between the member countries. In addition, its value is affected by interests earned and paid as well as remuneration on the Bank claims in the IMF. SDR are presented at their nominal value plus interest accruing on SDR holdings and remuneration receivable, minus assessment fees and charges.

(b) Allocations of Special Drawing Rights (SDRs)

The allocation of SDRs takes the form of a counter account to IMF claims which are recorded based on their nominal value and presented in the statement of financial position as a liability.

(c) IMF related liabilities

IMF related liabilities represent other payables owed by the Bank to the General Resources Account of IMF. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Significant accounting policies - continued

2.27 International Monetary Fund (IMF) Related Transactions - continued

(d) Quota in IMF

The quota in International Monetary Fund (IMF) is the reserve tranche held with the IMF by member states. The quota is treated as non-interest bearing instrument with no stated maturity. These are recognised initially at fair value and subsequently measured at amortised cost.

2.29 Bank notes and coins in circulation

Notes and coins issued are measured at cost as this liability does not have a fixed maturity date. The Bank notes and coins in circulation represent the nominal value of all bank notes, coins and digital currencies (eNaira) held by the public and banks, including recalled, still exchangeable bank notes from previous series.

2.29 Currency issue expense

Currency issue expenses relates to expenses incurred in relation to the printing, processing, distribution and disposal of currency notes. This is recognised at cost when incurred.

2.30 Statutory transfer to the Federal Government of Nigeria

In accordance with Section 22(1) and (2) of the Fiscal Responsibility Act (FRA) 2007, the Group makes an annual statutory transfer representing eighty percent of the operating surplus of the Bank for the year to the Federal Government of Nigeria not later than one (1) month following the deadline for the publication of the financial statements of the Group. The operating surplus of the Bank is the remaining sum from its income and other receipts after meeting all expenditures as approved by the Board of Directors. The transfer is presented in the statement of changes in equity of the Bank.

2.31 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2.32 Central Bank of Nigeria Instruments

CBN instruments comprise Open Market Operation Bills and Promissory notes.

Open Market Operations Bills represent short term debt instruments of the Group issued to commercial banks as a liquidity management tool. They are recognised at amortised cost.

CBN Promissory Notes represent short to medium term debt instruments issued by the Group to commercial banks assuming net liabilities under the Purchase and Assumption distress resolution programme for banks which could not meet the minimum capital requirement for licensed banks. Promissory Notes are recognised at the amortised cost.

Interests expense on these instruments are recognised in the statements of profit or loss using the effective interest rate method.

2.33 Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

(a) *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Group.

(b) *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

(c) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

▪ What is meant by a right to defer settlement?
▪ That a right to defer must exist at the end of the reporting period.
▪ That classification is unaffected by the likelihood that an entity will exercise its deferral right.
▪ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments might have on current practice and whether existing loan agreements may require renegotiation.

(d) Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

(e) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(e) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - continued

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

(f) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(g) Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 to assist companies provide useful accounting policy disclosures.
The key amendments to IAS 1 include:
-requiring companies to disclose their material accounting policies rather than their significant accounting policies;
-clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
-clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted. This will not have material impact on the Group.

(h) Amendment to IAS 12

In February 2021, the IASB issued amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction. The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.
The standard is effective for annual periods beginning on or after 1 January 2023. The amendments are not expected to have material impact on the Group.

(i) Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 - Definition of Accounting Estimates
This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.
The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not expected to have material impact on the Group.

The preparation of the Group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(All amounts are in millions of Naira, unless otherwise stated)

2.33 Standards and interpretations issued but not yet effective - continued

(i) Amendments to IAS 8 - continued

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated and separate financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital management	Note 4
• Financial risk management and policies	Note 3
• Sensitivity analyses disclosures	Note 3.4

2.34 Significant accounting judgments, estimates and assumptions

2.34.1 *Judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Investment in subsidiaries and associates classification

The Group has a number of equity investments. It assessed the extent to which it has control or significant influence over those investees. The process of determining the existence of control or significant influence over the investees is an area that required the exercise of judgement. Some of the investees were set up by specific legislation, hence required judgement to be exercised in determining whether the Group had control or significant influence over the investee entities.

The Group determined that its investments in Nigeria Deposit Insurance Corporation (NDIC) are ordinary investments of the Group although the Group owns 60%. The Group cannot exert control or significant influence on the relevant activities as it has no power to appoint the board members. Refer to Note 19b.

The Group's investment in AMCON of 50% is held on behalf of the Federal Government of Nigeria in capacity as Banker to Federal Government of Nigeria. The Group also determined that its investments in Nigeria Interbank Settlement System (NIBSS), FMDQ-OTC Plc, Bank of Industry (BOI), Bank of Agriculture (BOA), National Economic Reconstruction Fund (NERFUND) and Nigeria Commodity Exchange (NCX) are associates of the Group, although the Group owns a 3.6%, 15.4%, 5.2%, 14%, 3.6% and 59.7% respectively in the investees. The Group has significant influence over NIBSS, FMDQ-OTC, BOI, BOA, NERFUND and NCX through its representation on the board of directors.

Determination of the lease term for lease contracts with renewal and termination options (Group as the lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

2.34.2 *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.34 Significant accounting judgments, estimates and assumptions - continued

2.34.2 Estimates and assumptions - continued

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The financial instruments that fall under this category are equity instrument with significant unobservable inputs. See Note 3.5 for further disclosures.

Impairment losses on financial assets

Financial assets other than trade receivables

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• The Bank's internal credit grading model, which assigns PDs to the individual grades
• The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs

• Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rate, inflation rate and crude oil prices, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).
The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and is disclosed in Note 18a.

Defined benefit plans

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.34 Significant accounting judgments, estimates and assumptions - continued

2.34.2 *Estimates and assumptions - continued*

Defined benefit plans - continued

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management assumption with reference to the yields on Nigerian Government bonds, as compiled by the Debt Management Office were used since there is no deep market in corporate bonds in Nigeria. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on pre-retirement mortality: A49/52 ultimate tables and post-retirement mortality: A55 ultimate tables. Future salary increases is based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 28.

Depreciation and carrying value of property and equipment

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. There was no impairment assessment carried out during the year.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Revaluation of property, plant and equipment

The Group measures the land and buildings at revalued amounts, with changes in fair value being recognised in OCI. The land and buildings were valued by reference to transactions involving properties of a similar nature, location and condition. The Group did not revalue its land and building in the current year because valuations are performed every 2 - 3 years with sufficient frequency to ensure that the carrying amount of the revalued property does not differ materially from its fair value (the Group engaged an independent valuation specialist to assess fair values as at 31 December 2019).

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 24.

2.34 Significant accounting judgments, estimates and assumptions - continued

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as when the Group does not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency).The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the Group's stand-alone credit rating, or to reflect the terms and conditions of the lease).

Recognition and measurement of contingencies (litigations): Key assumptions about the likelihood and magnitude of an outflow of resources

The Group is involved in various litigations and arbitration both in Nigeria and in other jurisdictions, arising in the ordinary course of operations.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

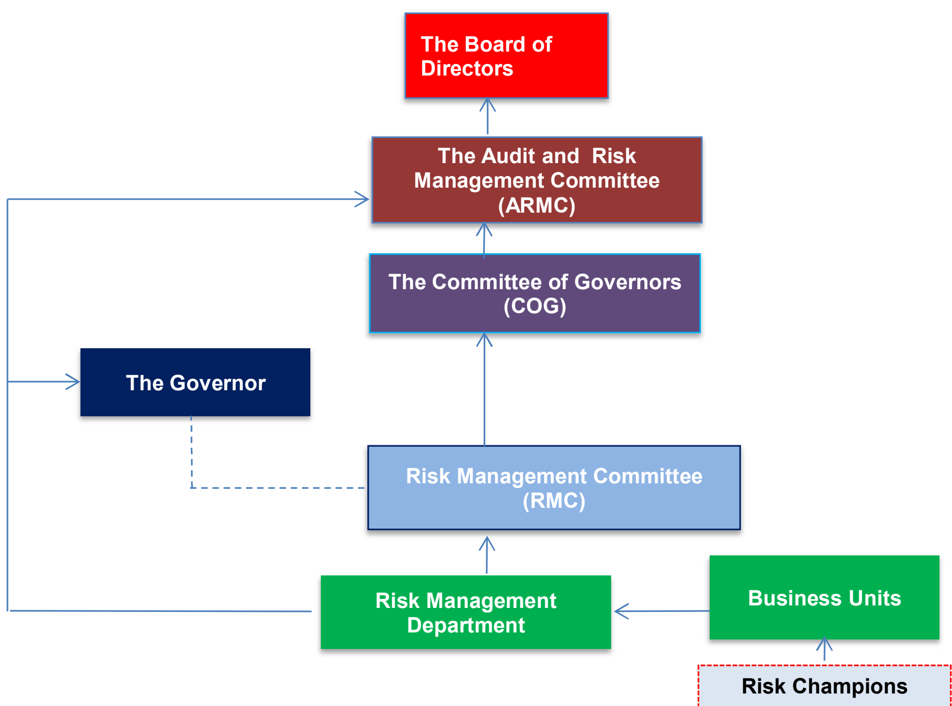
3. Financial risk management and financial instruments classification

Introduction
The Central Bank of Nigeria (The 'Bank'), in carrying out activities related to its mandate, is exposed to a broad range of risks including reputational, policy, operational, payments system, credit, liquidity and market risks. The Bank is therefore committed to managing its risks to enable it achieve its mandate and strategic objectives.

Enterprise Risk Management Framework and Risk Policies
The Bank has in place an Enterprise Risk Management (ERM) framework which describes its approaches and practices for identifying, assessing and managing risks in line with the Bank's risk appetite. In addition, the Bank also developed and adopted risk policies to address the major risks it faces.

Risk governance structure

The Bank's risk governance structure outlines the roles, authorities and responsibilities in relation to managing its risks. The Board is responsible for the overall risk management in the Bank. It maintains oversight over risk management through its Board Audit and Risk Management Committee (BARMC) and the Investment Committee. Oversight of day to day management of risk in the Bank is delegated to the Committee of Governors (COG).
The relationship of the risk management committees and functions involved in the management of risk across the Bank is captured in the diagram below:



3. Financial risk management and financial instruments classification

The ERM governance structure defines the ownership, accountability and responsibilities for each component of the Bank's risk management approach. Below are the key roles and responsibilities as defined in the ERM framework:

The Board

a. Approves the risk strategy for the Bank based on recommendations of the ARMC
b. Sets the Bank's risk appetite i.e. risk parameters and tolerances within which the Bank conducts its activities, and approves risk systems for management and monitoring of the Bank's risks profile.
c. Determines and periodically reviews risk policies and processes to ensure that they are appropriate for the achievement of the Bank's mandate and strategic objectives.
d. Monitors the enterprise risk profile, risk exposures, risk management initiatives, reviews risk reports and Institutes appropriate risk reward systems in line with the Bank's risk appetite.

The Audit and Risk Management Committee (ARMC)

a. Reviews and recommends the risk strategy, appetite and reports to the Board for approval on an annual basis or as may be required.
b. Assists the Board in fulfilling its oversight responsibilities with respect to risk management and ensures that roles and responsibilities for risk management are clearly defined.
c. Monitors enterprise risk profile, risk exposures, and risk management initiatives and recommends to the Board risk systems and solutions to facilitate the management and monitoring of risks bank-wide.

Committee of Governors (COG)

a. Ensures that sufficient resources are deployed for the management of risk across the Bank.
b. Considers risk reports and approves remedial actions, or recommends risk treatment options to the Board as appropriate supervises the implementation of risk treatment plans.
c. Monitors the risk profile to ensure that it is within the Bank's risk appetite.

Risk Management Committee (RMC)

a. Recommends risk strategy, appetite and limits for BARC consideration.
b. Promotes and ensures the implementation of Risk management strategies, initiatives and policies.
c. Reviews risk assessments and key risk indicators of the business units and makes appropriate recommendations.

Risk Management Department (RMD)

a. Coordinates the implementation of risk management strategies, initiatives and policies.
b. Monitors risk limits and makes recommendations as appropriate.
c. Facilitates risk assessments and makes recommendations as appropriate.
d. Manages the Enterprise Risk Register.
e. Facilitates risk data gathering, verification, aggregation and reporting.

3.1 Financial instruments by category

Financial assets are classified between four measurement categories: debt instruments at amortised cost, debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition, equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition and financial assets at FVTPL.

Financial liabilities are classified between two measurement categories: held at fair value through profit or loss (comprising trading and designated) and other liabilities at amortised cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance, except for instruments that the Bank has designated to hold at fair value through profit or loss. The latter are combined on the face of the statement of financial position and disclosed as financial assets or liabilities held at fair value through profit or loss.

The Group's classification of its principal financial assets and liabilities is summarised in the table below:

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category (continued)

Group

Financial assets 31 December 2021	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	16a	-	-	-	2,423,565	**2,423,565**
Time deposits and money placements	16a	-	-	-	6,373,108	**6,373,108**
Domiciliary accounts	16a	-	-	-	163,142	**163,142**
Sundry currencies and travellers' cheques	16a	-	-	-	231,631	**231,631**
Short term deposits	16d	-	-	-	162,374	**162,374**
Debt securities:						
- FVTPL	16d	3,890,575	-	-	-	**3,890,575**
- Amortised cost	16d	-	-	-	1,610,989	**1,610,989**
International Monetary Fund Reserve tranche	16	-	-	-	23	**23**
Derivatives						
- Derivatives in external reserves	16d	-	-	-	-	**-**
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	2,313,163	**2,313,163**
Quota in IMF	17b	-	-	-	1,549,146	**1,549,146**
Loans and receivables						
Loans and receivables	18	-	-	-	28,166,859	**28,166,859**
Nigerian Treasury Bonds	18	-	-	-	6,858	**6,858**
Other assets	22	-	-	-	1,562,743	**1,562,743**
Equity instruments	19	-	283,595	-	**-**	**283,595**
Cash and bank balances in subsidiary	16e	-	-	-	25,182	**25,182**
Local debt instruments						
- Investment in AMCON Bonds	19	-	-	-	944,486	**944,486**
- Nigerian Treasury Bills	19	-	-	3,101	1,966,269	**1,969,370**
- FGN Bonds	19	-	-	-	270,099	**270,099**
- Corporate Bonds	19	-	-	-	204,960	**204,960**
- Investment in Farmsmart	19	-	-	-	321	**321**
		3,890,575	**283,595**	**3,101**	**48,051,048**	**52,228,319**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Group

Financial liabilities **31 December 2021**	**Notes**	**Liabilities at amortised cost** **N'million**	**Liabilities at fair value through profit or loss** **N'million**	**Total** **N'million**
Deposits:				
Government deposits	25	11,280,637	-	**11,280,637**
Other accounts	25a	1,085,475	-	**1,085,475**
Financial institutions- Current and settlement accounts	25	390,562	-	**390,562**
Financial institutions - Banks' and special intervention reserve accounts	25	9,805,757	-	**9,805,757**
IMF related liabilities:				
IMF related liabilities	17c	2,586,407	-	**2,586,407**
IMF allocation of Special Drawing Rights	17d	2,452,292	-	**2,452,292**
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	9,354,493	-	**9,354,493**
Central Bank of Nigeria - Special Bills	26	4,514,399	-	**4,514,399**
Bank notes and coins in circulation	27	3,324,217	-	**3,324,217**
Derivatives				
- Derivatives in external reserves	16d	-	-	**-**
Other liabilities:				
Accrued charges	29	66,721	-	**66,721**
Surplus payable to Federal Government of Nigeria	29	25,135	-	**25,135**
Treasury related payables	29	689,395	-	**689,395**
Due to Bank of Industry (BOI)	29	224,188	-	**224,188**
Foreign currency forward contract payables	29	1,300,102	-	**1,300,102**
Sundry payables	29	1,034,165	-	**1,034,165**
IBRD - SME loan	29	51	-	**51**
Securities lending	29	3,262,500	-	**3,262,500**
Rural Finance (RUFIN) Fund	29	1,687	-	**1,687**
Banking sector resolution sinking cost fund	29	50,002	-	**50,002**
Trade payables	29	(4,049)	-	**(4,049)**
Due to International Development Association (IDA)	29	80,884	-	**80,884**
Deposit for shares	29	5,116	-	**5,116**
Lease liabilities	29	938	-	**938**
		51,531,074	**-**	**51,531,074**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Group

Financial assets 31 December 2020	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	16a	-	-	-	444,953	**444,953**
Time deposits and money placements	16a	-	-	-	6,611,914	**6,611,914**
Domiciliary accounts	16a	-	-	-	2,335,810	**2,335,810**
Sundry currencies and travellers' cheques	16a	-	-	-	219,303	**219,303**
Short term deposits	16d	-	-	-	18,653	**18,653**
Debt securities:						
- FVTPL	16d	2,752,955	-	-	-	**2,752,955**
- Amortised cost	16d	-	-	-	1,262,891	**1,262,891**
International Monetary Fund Reserve tranche	16	-	-	-	23	**23**
Derivatives						
- Derivatives in external reserves	16d	271,207	-	-	-	**271,207**
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	747,143	**747,143**
Quota in IMF	17b	-	-	-	1,016,290	**1,016,290**
Loans and receivables						
Loans and receivables	18	-	-	-	17,409,052	**17,409,052**
Nigerian Treasury Bonds	18	-	-	-	31,036	**31,036**
Other assets	22	-	-	-	1,690,545	**1,690,545**
Equity instruments	19	-	166,656	-	-	**166,656**
Cash and bank balances in subsidiary	16e	-	-	-	234,661	**234,661**
Local debt instruments						
- Investment in AMCON Bonds	19	-	-	-	915,502	**915,502**
- Nigerian Treasury Bills	19	-	-	44,074	390,017	**434,091**
- FGN Bonds	19	-	-	349	1,775,576	**1,775,925**
- Corporate Bonds	19	-	-	-	10,605	**10,605**
- Investment in FARMSMART	19	-	-	-	425	**425**
		3,191,291	**166,656**	**44,423**	**33,612,278**	**37,014,647**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Group

Financial liabilities **31 December 2020**	**Notes**	**Liabilities at amortised cost** **N'million**	**Liabilities at fair value through profit and loss** **N'million**	**Total** **N'million**
Deposits:				
Government deposits	25	6,398,752	-	**6,398,752**
Other accounts	25a	777,052	-	**777,052**
Financial institutions- Current and settlement accounts	25	864,375	-	**864,375**
Financial institutions - Banks' and special intervention reserve accounts	25	5,442,930	-	**5,442,930**
IMF related liabilities:				
IMF related liabilities	17c	967,851	-	**967,851**
IMF allocation of Special Drawing Rights	17d	835,174	-	**835,174**
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	14,620,713	-	**14,620,713**
Bank notes and coins in circulation	27	2,442,031	-	**2,442,031**
Derivatives				
- Derivatives in external reserves	16d	-	445	**445**
Other liabilities:				
Accrued charges	29	65,606	-	**65,606**
Surplus payable to Federal Government of Nigeria	29	2,673	-	**2,673**
Treasury related payables	29	663,700	-	**663,700**
Due to Bank of Industry (BOI)	29	170,819	-	**170,819**
Foreign currency forward contract payables	29	1,010,030	-	**1,010,030**
Sundry payables	29	405,353	-	**405,353**
IBRD - SME loan	29	51	-	**51**
Securities lending	29	2,204,995	-	**2,204,995**
Rural Finance (RUFIN) Fund	29	294	-	**294**
Banking sector resolution sinking cost fund	29	50,001	-	**50,001**
Trade payables	29	26,034	-	**26,034**
Due to International Development Association (IDA)	29	66,535	-	**66,535**
Deposit for shares	29	5,116	-	**5,116**
Lease liabilities	29	1,327	-	**1,327**
Bank borrowings and overdraft	29	-	-	**-**
		37,021,412	**445**	**37,021,857**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Bank

Financial assets 31 December 2021	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	16a	-	-	-	2,423,565	**2,423,565**
Time deposits and money placements	16a	-	-	-	6,373,108	**6,373,108**
Domiciliary accounts	16a	-	-	-	163,142	**163,142**
Sundry currencies and travellers' cheques	16a	-	-	-	231,631	**231,631**
Short term deposits	16d	-	-	-	162,374	**162,374**
Debt securities:						
- FVTPL	16d	3,890,575	-	-	-	**3,890,575**
- Amortised cost	16d	-	-	-	1,610,989	**1,610,989**
International Monetary Fund Reserve tranche	16	-	-	-	23	**23**
Derivatives						
- Derivatives in external reserves	16d	-	-	-	-	**-**
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	2,313,163	**2,313,163**
Quota in IMF	17b	-	-	-	1,549,146	**1,549,146**
Loans and receivables	18	-	-	-	28,769,174	**28,769,174**
Nigerian Treasury Bonds	18	-	-	-	6,858	**6,858**
Other assets	22	-	-	-	1,462,807	**1,462,807**
Equity instruments	19	-	283,595	-	-	**283,595**
Local debt instruments						
- Investment in AMCON Bonds	19	-	-	-	944,486	**944,486**
- Nigerian Treasury Bills	19	-	-	3,101	270,099	**273,200**
- FGN Bonds	19	-	-	-	1,666,370	**1,666,370**
		3,890,575	**283,595**	**3,101**	**47,946,935**	**52,124,206**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Bank

Financial liabilities	**Notes**	**Liabilities at amortised cost**	**Liabilities at fair value through profit and loss**	**Total**
31 December 2021		**N'million**	**N'million**	**N'million**
Deposits:				
Government deposits	25	11,449,839	-	**11,449,839**
Other accounts	25	1,085,475	-	**1,085,475**
Financial institutions- Current and settlement accounts	25	485,519	-	**485,519**
Financial institutions - Banks' and special intervention reserve accounts	25	9,805,757	-	**9,805,757**
IMF related liabilities:				
IMF related liabilities	17c	2,586,407	-	**2,586,407**
IMF allocation of Special Drawing Rights	17d	2,452,292	-	**2,452,292**
Derivatives				
- Derivatives in external reserves	16d	-	-	**-**
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	9,354,493	-	**9,354,493**
Central Bank of Nigeria - Special Bills	26	4,514,399	-	**4,514,399**
Bank notes and coins in circulation	27	3,324,217	-	**3,324,217**
Other liabilities:				
Accrued charges	29	66,721	-	**66,721**
Surplus payable to Federal Government of Nigeria	29	25,135	-	**25,135**
Treasury related payables	29	689,395	-	**689,395**
Due to Bank of Industry (BOI)	29	224,188	-	**224,188**
Foreign currency forward contract payables	29	1,300,102	-	**1,300,102**
Securities lending	29	3,262,500	-	**3,262,500**
Banking sector resolution sinking cost fund	29	50,002	-	**50,002**
Sundry payables	29	1,052,243	-	**1,052,243**
Due to International Development Association (IDA)	29	80,884	-	**80,884**
Lease liabilities	29	938	-	**938**
IBRD - SME loan	29	51	-	**51**
		51,810,557	**-**	**51,810,557**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Bank

Financial assets 31 December 2020	**Notes**	**Fair value through profit or loss N'million**	**Equity instruments at FVOCI N'million**	**Debt instruments at FVOCI N'million**	**Amortised cost N'million**	**Total N'million**
External reserves:						
Current accounts with foreign banks	16a	-	-	-	444,953	**444,953**
Time deposits and money placements	16a	-	-	-	6,611,914	**6,611,914**
Domiciliary accounts	16a	-	-	-	2,335,810	**2,335,810**
Sundry currencies and travellers' cheques	16a	-	-	-	219,303	**219,303**
Short term deposits	16d	-	-	-	18,653	**18,653**
Debt securities:						
- FVTPL	16d	2,752,955	-	-	-	**2,752,955**
- Amortised cost		-	-	-	1,262,891	**1,262,891**
International Monetary Fund Reserve tranche	16	-	-	-	23	**23**
Derivatives						
- Derivatives in external reserves	16d	271,207	-	-	-	**271,207**
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	17a	-	-	-	747,143	**747,143**
Quota in IMF	17b	-	-	-	1,016,290	**1,016,290**
Loans and receivables	18	-	-	-	17,753,892	**17,753,892**
Nigerian Treasury Bonds	18	-	-	-	31,036	**31,036**
Other assets	22	-	-	-	1,689,976	**1,689,976**
Equity instruments	19	-	166,656	-	-	**166,656**
Local debt instruments						
- Investment in AMCON	19	-	-	-	915,502	**915,502**
- Nigerian Treasury Bills	19	-	-	44,074	388,070	**432,144**
- FGN Bonds	19	-	-	349	1,685,996	**1,686,345**
		3,024,162	**166,656**	**44,423**	**35,121,452**	**38,356,693**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category - continued

Bank

Financial liabilities	Notes	Liabilities at amortised cost	Liabilities at fair value through profit and loss	Total
31 December 2020		**N'million**	**N'million**	**N'million**
Deposits:				
Government deposits	25	6,482,716	-	**6,482,716**
Other accounts	25	777,052	-	**777,052**
Financial institutions- Current and settlement accounts	25	862,375	-	**862,375**
Financial institutions - Banks' and special intervention reserve accounts	25	5,442,930	-	**5,442,930**
IMF related liabilities:				
IMF related liabilities	17c	967,851	-	**967,851**
IMF allocation of Special Drawing Rights	17d	835,174	-	**835,174**
Derivatives				
- Derivative in external reserves	16d	-	445	**445**
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	26	14,620,713	-	**14,620,713**
Bank notes and coins in circulation	27	2,442,045	-	**2,442,045**
Other liabilities:				
Accrued charges	29	62,218	-	**62,218**
Surplus payable to Federal Government of Nigeria	29	2,673	-	**2,673**
Treasury related payables	29	663,700	-	**663,700**
Due to Bank of Industry (BOI)	29	170,819	-	**170,819**
Foreign currency forward contract payables	29	1,010,030	-	**1,010,030**
Securities lending	29	2,204,995	-	**2,204,995**
Banking sector resolution sinking cost fund	29	50,001	-	**50,001**
Sundry payables	29	450,909	-	**450,909**
Due to International Development Association (IDA)	29	66,535	-	**66,535**
Lease liabilities	29	1,327	-	**1,327**
IBRD - SME loan	29	51	-	**51**
		37,114,114	**445**	**37,114,559**

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk

Credit risk is the probability of loss resulting from failure of counterparty to honour its obligations to the Group as and when due. The Group is exposed to credit risk due to activities such as investment of external reserves, granting of intervention funds, issuance of guarantees, as well as advances and loans to staff, federal government and financial institutions.

The Group adopts a conservative approach to credit risk. Where appropriate, the Group intervenes in the economy and provides guarantees in the financial system to prevent systemic risk. Investment decisions are guided by the preference for capital preservation and liquidity over returns.

3.2.1 Management of credit risk

The Group's credit risk management is guided by its Credit Risk, Investment and Risk Appetite Policies and Guidelines, as well as other guidelines for developmental initiatives. These policies are complemented by detailed procedures at the Strategic Business Units (SBUs) level. The Guidelines define credit exposure limits to ensure that the investments are within the risk appetite of the Group. The credit exposure limits are reviewed periodically in line with market developments.

The Group conducts Discount Window Operations to provide liquidity to commercial and merchant banks with temporary liquidity challenges. Credit risk exposures from these transactions are mitigated by the Nigerian Master Repurchase Agreement and acceptance of eligible collateral such as Nigerian Treasury Bills, FGN Bonds and CBN Bills in line with the Bank's eligibility criteria and margin requirements.

Credit Risk Disclosure (including Credit Risk Model)

Guarantees, interventions and loans issued by the Group, borne out of its developmental role, are usually governed by the guidelines and frameworks setting out the various schemes creating the credits.

External reserves are invested in the following:
(i) Time deposits in countries with eligible currencies
(ii) United States of America Government securities
(iii) Marketable sovereign bonds from Organisation for Economic Cooperation and Development (OECD) countries which are guaranteed unconditionally by the sovereign governments of these countries , and
(iv) Marketable securities of multilateral organisations denominated in eligible currencies from OECD countries or as may be directed by the Board of the Bank.

These are largely managed by external and internal fund managers. External assets are measured for performance using
a. Merrill Lynch 1-3 year US Treasury Index
b. Barclays US MBS Index
c. Bank of America Merrill Lynch Global Government G7, ex-Italy 1-3 years Index 100% hedged into US dollars ("USD").
d. Citigroup Dim Sum Off-shore CNY.

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.1 Management of credit risk - continued

Credit Risk Disclosure (including Credit Risk Model) - continued

The maximum exposure to any one single issuer, with the exception of the countries that comprise the Benchmark, is limited to five (5) per cent of the market value of the Managed Assets. The Group's maximum take-up is twenty (20) per cent of any single issue and no investment is made in securities below USD500 million.

Credit Ratings
The minimum credit ratings for different issuer groups by the rating agencies are indicated below.

Issuer Group	Up to 1 year maturities	Over 1 year maturities	Rating description
Sovereign governments	A-1/P-1/F-1	A	Investment grade (Minimum acceptable - Upper medium grade)
Multilateral and supra-national organizations	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
U.S. Government guaranteed issues and agencies	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
OECD non-U.S. Government guaranteed agencies	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
Banks	A-1/P-1/F-1	Not allowed	Investment grade (Minimum acceptable - Upper medium grade)

A-1/P-1/F-1 A short obligation rated in the highest category indicates that the obligor's capacity to meet its financial commitment on the obligation is extremely strong.

FGN Bonds, Treasury Bills, Nigerian Treasury Bonds, AMCON Bonds and Notes are sovereign instruments, but are not rated.

In line with its mandate of ensuring financial stability and towards catalysing economic development, the Group also provides credits to banks in distress. For this category of obligors, credits are granted regardless of the credit ratings of the affected institutions but with the overall objective of ensuring a safe and sound financial system.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification

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

The Group's maximum exposure to credit risk at 31 December 2021 and 31 December 2020 respectively, is represented by the net carrying amounts in the statement of financial position.

The maximum exposure is shown gross, before the effect of the above mitigation factors. The credit risk exposures at the end of each reporting period is representative of the average exposure during the years.

		Group		Bank	
	Notes	31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
External reserves- Convertible currencies					
Current accounts with foreign banks	16a	2,423,565	223,442	2,423,565	223,442
Time deposits and money employed	16a	6,373,108	6,662,665	6,373,108	6,662,665
Domiciliary accounts	16a	163,142	2,285,062	163,142	2,285,062
Sundry currencies and travellers' cheques	16a	231,631	150,980	231,631	150,980
External reserves - Other foreign securities					
Short term deposits	16d	162,374	133,635	162,374	133,635
Debt securities:					
- FVTPL	16d	3,890,575	3,376,812	3,890,575	3,376,812
- Amortised cost	16d	1,610,989	1,536,745	1,610,989	1,536,745
International Monetary Fund Reserve tranche	16	23	23	23	23
Foreign derivatives					
- Forward contracts	16d	-	361,185	-	361,185
IMF Holdings of Special Drawing Rights:					
Holdings of Special Drawing Rights	17a	2,313,163	725,583	2,313,163	725,583
Quota in IMF	17b	1,549,146	1,209,060	1,549,146	1,209,060
Loans and receivables	18	28,166,859	22,386,998	28,769,174	22,933,930
Nigerian Treasury Bonds	18	6,858	19,067	6,858	19,067
Cash and bank balances in subsidiary	16e	25,182	61,652	-	-
Other assets:					
Other financial assets	22	1,562,743	1,690,545	1,462,807	1,689,976

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification

3.2 Credit risk - continued

3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements - continued

	Notes	Group		Bank	
		31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
Fair value through other comprehensive income					
Local debt securities					
Nigerian Treasury Bills	19	3,101	1,368	3,101	1,368
FGN Bonds	19	-	-	-	-
Amortised cost					
Investment in AMCON Bonds	19	944,486	929,907	944,486	929,907
Nigerian Treasury Bills	19	1,966,269	433,828	270,099	433,828
FGN Bonds	19	270,099	1,764,465	1,666,370	1,669,852
Corporate Bonds	19	204,960	206,934	-	-
Investment in Farmstart	19	321	321	-	-
Total		**51,868,594**	**44,160,277**	**51,840,611**	**44,343,120**

Analysis of credit exposure by class:

	Notes	Group 31 December 2021	Group 31 December 2020	Bank 31 December 2021	Bank 31 December 2020
Measured at fair value					
At fair value through profit or loss					
Foreign debt securities	16d	3,890,575	3,376,812	3,890,575	3,376,812
Derivatives					
- Derivatives from external reserves	16d	-	361,185	-	361,185
		3,890,575	**3,737,997**	**3,890,575**	**3,737,997**
Fair value through other comprehensive income					
- Nigerian Treasury Bills	19	3,101	1,368	3,101	1,368
		3,101	**1,368**	**3,101**	**1,368**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification

3.2 Credit risk - continued

3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements - continued

Analysis of credit exposure by class (continued)

		Group		Bank	
Measured at amortised cost		**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Amortised cost		**N'million**	**N'million**	**N'million**	**N'million**
Foreign debt securities	16d	1,610,989	1,536,745	1,610,989	1,536,745
Corporate Bonds	19	204,960	206,934	-	-
Investment in AMCON Bonds	19	944,486	929,907	944,486	929,907
Local debt securities	19	2,236,689	2,198,614	1,936,469	2,103,680
Current account with foreign banks	16a	2,423,565	223,442	2,423,565	223,442
Time deposits and money employed	16a	6,373,108	6,662,665	6,373,108	6,662,665
Domiciliary accounts	16a	163,142	2,285,062	163,142	2,285,062
Sundry currencies and travellers' cheques	16a	231,631	150,980	231,631	150,980
Short term deposits	16d	162,374	133,635	162,374	133,635
Holdings of Special Drawing Rights - 17a	17a	2,313,163	725,583	2,313,163	725,583
Quota in IMF - 17b	17b	1,549,146	1,209,060	1,549,146	1,209,060
International Monetary Fund Reserve tranche	16	23	23	23	23
Loans and receivables	18	28,166,859	22,386,998	28,769,174	22,933,930
Nigerian Treasury Bonds	18	6,858	19,067	6,858	19,067
Other assets:					
Other financial assets	22	1,562,743	1,690,545	1,462,807	1,689,976
Cash and bank balances in subsidiary	16e	25,182	61,652	-	-
		47,974,918	**40,420,912**	**47,946,935**	**40,603,755**
Total		**51,868,594**	**44,160,277**	**51,840,611**	**44,343,120**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification

3.2 Credit risk - continued

3.2.2 Maximum exposure to credit risk before collateral held or other credit enhancements - continued

Credit quality of External reserves	Group		Bank	
	31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
A	1,688,393	7,829,000	1,688,393	7,829,000
A-	528,747	1,614	528,747	1,614
A+	2,190,791	1,063,383	2,190,791	1,063,383
AA+	3	955,177	3	955,177
AAA	3,251,620	706,601	3,251,620	706,601
AA	228	922,672	228	922,672
AA-	4,394,048	1,023,622	4,394,048	1,023,622
B	1,370,820	1,294,977	1,370,820	1,294,977
B+	-	-	-	-
BBB	217,120	18,176	217,120	18,176
BBB+	747,866	4,166	747,866	4,166
BBB-	-	896,881	-	896,881
B-	761,773	-	761,773	-
C	-	-	-	-
Not rated	250,083	552,338	250,083	552,338
	15,401,492	**15,268,608**	**15,401,492**	**15,268,608**

Credit quality of cash and bank balances	Group		Bank	
	31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
AAA	2,534	6,203	-	-
AA	22,589	55,304	-	-
A	59	145	-	-
	25,182	**61,652**	**-**	**-**

3.2.3 Credit concentrations

The monitoring of the Bank's credit risk exposure focuses on two key areas, namely; geographical and sectoral. Concentration risk based on geography is categorized by four locations - Africa, Europe, Asia, America and others while sectoral concentration is based on the Government (Federal Government of Nigeria), financial ,agriculture, energy, power, aviation and manufacturing sectors.

Concentration by sector	Group		Bank	
	31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
Debt securities				
Federal Government of Nigeria	3,183,955	3,129,568	2,884,056	3,034,955
Financial services sector	5,706,845	5,120,812	5,501,564	4,913,557
Total debt securities	**8,890,800**	**8,250,380**	**8,385,620**	**7,948,512**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification

3.2 Credit risk - continued

3.2.3 Credit concentrations - continued

Concentration by sector	Group		Bank	
	31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
Receivables and other assets				
Financial services sector - Foreign	13,216,152	11,390,450	13,216,152	11,390,450
Federal Government of Nigeria	313,018	341,749	17,473,532	13,324,801
Agriculture	1,170,636	685,272	1,242,835	747,684
Financial services sector of Nigeria	23,691,301	19,159,483	6,505,605	6,114,779
Power and aviation sector of Nigeria	1,391,144	935,339	2,500,235	1,561,786
Manufacturing sector of Nigeria	919,033	1,073,375	919,033	1,073,375
Other loans and receivables	2,276,510	1,963,044	1,597,599	1,820,548
Total receivables and other assets	**42,977,794**	**35,548,712**	**43,454,991**	**36,033,423**
Derivatives				
Financial services sector - Foreign	-	361,185	-	361,185
	-	**361,185**	**-**	**361,185**
Total	**51,868,594**	**44,160,277**	**51,840,611**	**44,343,120**

Concentration by location	Group		Bank	
	31 December 2021 N'million	31 December 2020 N'million	31 December 2021 N'million	31 December 2020 N'million
Asia	2,455,090	2,237,775	2,455,090	2,237,775
Europe	8,000,132	9,336,260	8,000,132	9,336,260
USA	3,059,837	2,989,352	3,059,837	2,989,352
Others	1,886,434	705,221	1,886,434	705,221
Nigeria	36,467,101	28,891,669	36,439,118	29,074,512
	51,868,594	**44,160,277**	**51,840,611**	**44,343,120**

3. Financial risk management and financial instruments classification

3.2 Credit risk - continued

3.2.4 Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in the financial statement.

3.2.4.1 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

•The frequency of borrower requesting emergency funding from the Bank
•The duration of emergency funding by the borrower.
•The borrower having past due liabilities to public creditors or employees
•The borrower is deceased
•A covenant breach not waived by the Bank
•The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
•Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties
•Significant drop in customer's external ratings

It is the Group's policy to consider a financial instrument as 'cured' and therefore-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

3.2.4.2 Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of International Rating Agencies in its assessment.

3.2.4.3 Exposure at default

The exposure at default (EAD)represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

3. Financial risk management and financial instruments classification

3.2 Credit risk - continued

3.2.4 Impairment assessment - continued

3.2.4.4 Loss given default

Loss Given Default (LGD) values are assessed and approved by the Group's Risk Management Department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the recoveries of stage 3 facilities for a number of years, current account and CRR balance of counterparties with the Bank in comparison to the EAD that is at risk of not being recovered or realised.

3.2.4.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when there is a significant drop in its ratings and outlook.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that events explained in Note 3.2.4.1 are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 3.2.4.6), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

3.2.4.6 Grouping financial assets measured on a collective basis

As explained in Note 2.10 dependent on the factors below, the Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on an individual basis include:
•All Stage 3 assets, regardless of the class of financial assets.
•The treasury, trading and interbank relationships.
•The smaller and more generic balances of the Group.
•Stage 1 and 2 loans.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.4 Impairment assessment - continued

3.2.4.7 Analysis of inputs to the ECL model under multiple economic scenarios per geographic regions

An overview of the approach to estimating ECLs is set out in Note 2.10 Summary of significant accounting policies and in Note 2.36 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (International Rating Agencies, National Bureau of Statistics etc.) and a team from Risk Management Department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the four geographical segments, as at 31 December 2020 and 2021.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2021

Key drivers	ECL Scenario	Assigned Probabilities	2022	2023	2024
Unemployment rate %	Upside	11%	31%	30%	29%
	Base case	80%	33%	31%	30%
	Downside	9%	34%	33%	32%
Inflation rate %	Upside	11%	14%	11%	10%
	Base case	80%	16%	13%	12%
	Downside	9%	22%	18%	17%
Crude oil price	Upside	11%	161	215	211
	Base case	80%	116	170	166
	Downside	9%	70	124	120

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.4 Impairment assessment - continued

3.2.4.7 Analysis of inputs to the ECL model under multiple economic scenarios per geographic regions

31 December 2020

Key drivers	ECL Scenario	Assigned Probabilities	2021	2022	2023
Unemployment rate %	Upside	11%	31%	32%	32%
	Base case	80%	31%	32%	32%
	Downside	9%	32%	34%	34%
Inflation rate %	Upside	11%	12%	8%	8%
	Base case	80%	15%	10%	10%
	Downside	9%	18%	13%	13%
Crude oil price	Upside	11%	50	50	50
	Base case	80%	40	41	41
	Downside	9%	32	32	32

Since the beginning of the year, as the Group has reassessed the key economic indicators used in its ECL models, the expected unemployment growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy. Inflation rate and Crude oil prices assumptions follow a similar trend. Long-term expectations remain unchanged.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.4 Impairment assessment - continued

The following tables outline the impact of multiple scenarios on the allowance:

Group

31 December 2021

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Debt instruments measured at amortised cost N'million	Total N'million
Upside (11%)	2,367	97,268	6,688	46	**106,369**
Base case (80%)	17,414	715,617	49,208	336	**782,575**
Downturn (9%)	1,860	76,426	5,255	36	**83,577**
Total	**21,641**	**889,311**	**61,151**	**418**	**972,521**

31 December 2020

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Debt instruments measured at amortised cost N'million	Total N'million
Upside (10%)	102	52,761	650	61	**53,574**
Base case (80%)	718	373,114	4,598	427	**378,858**
Downturn (10%)	80	41,452	511	48	**42,091**
Total	**900**	**467,327**	**5,759**	**536**	**474,522**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.4 Impairment assessment - continued

Bank

31 December 2021	External reserves N'million	Loans and receivables N'million	Other assets N'million	Debt instruments measured at amortised cost N'million	Total N'million
Upside (11%)	2,367	97,353	6,688	-	**106,408**
Base case (80%)	17,414	716,236	49,208	-	**782,858**
Downturn (9%)	1,860	76,492	5,255	-	**83,607**
Total	**21,641**	**890,081**	**61,151**	**-**	**972,873**

31 December 2020	External reserves N'million	Loans and receivables N'million	Other assets N'million	Debt instruments measured at amortised cost N'million	Total N'million
Upside (10%)	102	52,206	650	-	**52,958**
Base case (80%)	718	369,186	4,598	-	**374,503**
Downturn (10%)	80	41,016	511	-	**41,606**
Total	**900**	**462,408**	**5,759**	**-**	**469,067**

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the gross carrying value of each class of financial assets.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.4 Impairment assessment - continued

Trade receivables

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group uses an allowance matrix to measure the expected credit losses (ECL) of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at 31 December 2021 using a provision matrix:

Group

31 December 2021	**Trade receivables**							
	Days past due							
	Current N'Million	**31 to 60 days N'Million**	**61 to 90 days N'Million**	**91 to 120 days N'Million**	**121 to 150 days N'Million**	**151-365 days N'Million**	**Past due N'Million**	**Total N'Million**
Expected credit loss rate	0.17%	0.32%	3.09%	5.10%	4.50%	6.88%	100.00%	
Estimated total gross carrying amount at default	723	35	637	519	437	269	1,940	4,560
Expected credit loss	1	-	20	26	20	19	1,940	2,026

31 December 2020	**Trade receivables**							
	Days past due							
	Current N'Million	**31 to 60 days N'Million**	**61 to 90 days N'Million**	**91 to 120 days N'Million**	**121 to 150 days N'Million**	**151-365 days N'Million**	**Past due N'Million**	**Total N'Million**
Expected credit loss rate	0.15%	0.20%	3.09%	3.00%	5.39%	4.17%	100.00%	
Estimated total gross carrying amount at default	6,445	993	324	9	594	144	1,731	10,240
Expected credit loss	10	2	10	-	32	6	1,731	1,791

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk - continued

3.2.4.8 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.
Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained include cash, FGN Bonds, Treasury Bills and Supranational Securities

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

3.3 Liquidity risk

Liquidity risk refers to the potential that Group closes the gap between demand and supply of financial resources required to honour its obligations and ensure monetary, price and financial system stability.

The main goal of liquidity management of the Group is to ensure that funding is available as and when required to meet its maturing obligations while promoting economic growth and a sound financial system.

3.3.1 Management of liquidity risk

The Central Bank of Nigeria Act 2007 empowers the Group to create the required settlement balances. Consequently, operations are not expected to be constrained by cash flow. However, annual budgets are made for the Group’s operations to control the Group's obligations and prevent the need for fiat money which have potential impact on inflation and other economic indices.

On the other hand, the Group is exposed to liquidity risk in foreign currency. To limit the risk, the Group actively manages the external reserves to ensure sufficient liquidity in key foreign currencies to prevent shocks to the financial and national payment systems. For instance, as part of the Bank’s Strategic Asset Allocation (SAA), annual liquidity tranching of the external reserves is conducted.

In addition, to ensure effective liquidity management, the Group has set liquidity thresholds and approved criteria for selecting eligible securities and other investments in its Strategic Asset Allocation framework.

3.3.2 Maturity analysis

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The balances in this table do not correspond to the balances in the Statement of financial position , since the table presents all contractual cash flows on an undiscounted basis.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Group 31 December 2021	Note	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits								
Government deposits	25	11,280,637	-	-	-	-	-	**11,280,637**
Other accounts	25	1,085,475	-	-	-	-	-	**1,085,475**
Financial institutions- current and settlement accounts	25	390,562	-	-	-	-	-	**390,562**
Financial institutions - Banks' and special intervention reserve accounts	25	9,805,757	-	-	-	-	-	**9,805,757**
IMF related liabilities								
IMF related liabilities	17c	2,586,407	-	-	-	-	-	**2,586,407**
IMF allocation of Special Drawing Rights	17d	2,452,292	-	-	-	-	-	**2,452,292**
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	26	732,523	3,499,379	1,509,440	4,124,256	-	-	**9,865,598**
Central Bank of Nigeria - Special Bills	26	1,000,000	1,762,579	1,762,579	-	-	-	**4,525,158**
Bank notes and coins in circulation	27	3,324,217	-	-	-	-	-	**3,324,217**
- Derivatives in external reserves	16d	-	-	-	-	-	-	**-**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Group **31 December 2021**	**Note**	**0 - 30 days** **N'million**	**31 - 90 days** **N'million**	**91 - 180 days** **N'million**	**181 - 365 days** **N'million**	**Over 1 year but less than 5 years** **N'million**	**Over 5 years** **N'million**	**Total** **N'million**
Other liabilities								
Accrued charges	29	66,721	-	-	-	-	-	**66,721**
Surplus payable to Federal Government of Nigeria	29	25,135	-	-	-	-	-	**25,135**
Treasury related payables	29	689,395	-	-	-	-	-	**689,395**
Due to Bank of Industry (BOI)	29	224,188	-	-	-	-	-	**224,188**
Foreign currency forward contract payables	29	1,300,102	-	-	-	-	-	**1,300,102**
Sundry payables	29	1,034,165	-	-	-	-	-	**1,034,165**
IBRD - SME loan	29	51	-	-	-	-	-	**51**
Securities lending	29	5,095	10,190	15,285	31,418	3,262,500	-	**3,324,487**
Rural Finance (RUFIN) Fund	29	1,687	-	-	-	-	-	**1,687**
Banking sector resolution sinking cost fund	29	50,002	`	-	-	-	-	**50,002**
Trade payables	29	(4,049)	-	-	-	-	-	**(4,049)**
Due to International Development Association (IDA)	29	-	-	-	-	80,884	-	**80,884**
Deposit for shares	29	-	`	-	-	5,116	-	**5,116**
Lease liabilities	29	-	-	-	-	942	1,267	**2,209**
Bank borrowings and overdraft	29	-	-	-	-	-	-	**-**
Total financial liabilities		**36,050,362**	**5,272,148**	**3,287,304**	**4,155,674**	**3,349,442**	**1,267**	**52,116,196**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Bank		**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
31 December 2021	**Note**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Deposits								
Government deposits	25	11,449,839	-	-	-	-	-	**11,449,839**
Other accounts	25	1,085,475	-	-	-	-	-	**1,085,475**
Financial institutions- current and settlement accounts	25	485,519	-	-	-	-	-	**485,519**
Financial institutions - Banks' and special intervention reserve accounts	25	9,805,757	-	-	-	-	-	**9,805,757**
IMF related liabilities								
IMF related liabilities	17c	2,586,407	-	-	-	-	-	**2,586,407**
IMF allocation of Special Drawing Rights	17d	2,452,292	-	-	-	-	-	**2,452,292**
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	26	732,523	3,499,379	1,509,440	4,124,256	-	-	**9,865,598**
Central Bank of Nigeria - Special Bills	26	1,000,000	1,762,579	1,762,579	-	-	-	**4,525,158**
Bank notes and coins in circulation	27	3,324,217	-	-	-	-	-	**3,324,217**
- Derivatives in external reserves	16d	-	-	-	-	-	-	-

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Bank		**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
31 December 2021	**Note**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Other liabilities								-
Accrued charges	29	66,721	-	-	-	-	-	**66,721**
Surplus payable to Federal Government of Nigeria	29	25,135	-	-	-	-	-	**25,135**
Treasury related payables	29	689,395	-	-	-	-	-	**689,395**
Due to Bank of Industry (BOI)	29	224,188	-	-	-	-	-	**224,188**
Foreign currency forward contract payables	29	1,300,102	-	-	-	-	-	**1,300,102**
Securities lending	29	5,095	10,190	15,285	31,418	3,262,500	-	**3,324,487**
Banking sector resolution sinking cost fund	29	50,002	-	-	-	-	-	**50,002**
Due to International Development Association (IDA)	29	-	-	-	-	80,884	-	**80,884**
Lease liabilities	29	-	-	-	-	942	1,267	**2,209**
IBRD - SME loan	29	51	-	-	-	-	-	**51**
Sundry payables	29	1,052,243	-	-	-	-	-	**1,052,243**
Total financial liabilities		**36,334,961**	**5,272,148**	**3,287,304**	**4,155,674**	**3,344,326**	**1,267**	**52,395,679**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Group 31 December 2020	Note	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits								
Government deposits	25	9,492,458	-	-	-	-	-	**9,492,458**
Other accounts	25	890,053	-	-	-	-	-	**890,053**
Financial institutions- current and settlement accounts	25	816,380	-	-	-	-	-	**816,380**
Financial institutions - Banks' and special intervention reserve accounts	25	9,451,312	-	-	-	-	-	**9,451,312**
IMF related liabilities								
IMF related liabilities	17c	2,331,714	-	-	-	-	-	**2,331,714**
IMF allocation of Special Drawing Rights	17d	825,272	-	-	-	-	-	**825,272**
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	26	1,168,729	2,985,385	1,256,078	3,711,238	-	-	**9,121,430**
Central Bank of Nigeria - Special Bills	26	-	4,105,837	-	-	-	-	**4,105,837**
Bank notes and coins in circulation	26	2,907,522	-	-	-	-	-	**2,907,522**
Derivatives in external reserves	16d	476	-	-	-	-	-	**476**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Group		**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
31 December 2020	**Note**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Other liabilities								
Accrued charges								**-**
Surplus payable to Federal Government of Nigeria	29	61,652	-	-	-	-	-	**61,652**
Treasury related payables	29	1,300	-	-	-	-	-	**1,300**
Due to Bank of Industry (BOI)	29	341,242	-	-	-	-	-	**341,242**
Foreign currency forward contract payables	29	186,296	-	-	-	-	-	**186,296**
Sundry payables	29	534,373	-	-	-	-	-	**534,373**
IBRD - SME loan	29	604,437	-	-	-	-	-	**604,437**
Securities lending	29	51	-	-	-	-	-	**51**
Rural Finance (RUFIN) Fund	29	6,664	11,126	18,185	36,228	3,204,999	-	**3,277,202**
Banking sector resolution sinking cost fund	29	1,761	-	-	-	-	-	**1,761**
Trade payables	29	50,002	`	-	-	-	-	**50,002**
Due to International Development Association (IDA)	29	18,021	-	-	-	-	-	**18,021**
Deposit for shares	29	-	-	-	-	66,534	-	**66,534**
Lease liabilities	29	-	`	-	-	5,116	-	**5,116**
Bank borrowings and overdraft	29	-	-	-	-	75	1,448	**1,523**
Total financial liabilities		**29,689,715**	**7,102,348**	**1,274,263**	**3,747,466**	**3,276,724**	**1,448**	**45,091,964**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Bank		**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
31 December 2020	**Note**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Deposits								
Government deposits	25	9,492,458	-	-	-	-	-	**9,492,458**
Other accounts	25	890,053	-	-	-	-	-	**890,053**
Financial institutions- current and settlement accounts	25	1,058,821	-	-	-	-	-	**1,058,821**
Financial institutions - Banks' and special intervention reserve accounts	25	9,451,312	-	-	-	-	-	**9,451,312**
IMF related liabilities								
IMF related liabilities	17c	2,331,714	-	-	-	-	-	**2,331,714**
IMF allocation of Special Drawing Rights	17d	825,272	-	-	-	-	-	**825,272**
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	26	1,168,729	2,985,385	1,256,078	3,711,238	-	-	**9,121,430**
Central Bank of Nigeria - Special Bills	26	-	4,105,837	-	-	-	-	**4,105,837**
Bank notes and coins in circulation	27	2,907,522	-	-	-	-	-	**2,907,522**
Derivatives in external reserves	16d	476	-	-	-	-	-	**476**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.3.2 Maturity analysis - continued

Bank		**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
31 December 2020	**Note**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Other liabilities								
Accrued charges	29	61,652	-	-	-	-	-	**61,652**
Surplus payable to Federal Government of Nigeria	29	1,300	-	-	-	-	-	**1,300**
Treasury related payables	29	341,242	-	-	-	-	-	**341,242**
Due to Bank of Industry (BOI)	29	186,296	-	-	-	-	-	**186,296**
Foreign currency forward contract payables	29	534,373	-	-	-	-	-	**534,373**
Securities lending	29	6,664	11,126	18,185	36,228	3,204,999	-	**3,277,202**
Banking sector resolution sinking cost fund	29	50,002	-	-	-	-	-	**50,002**
Due to International Development Association (IDA)	29	-	-	-	-	66,534	-	**66,534**
Lease liabilities	29	-	-	-	-	75	1,448	**1,523**
IBRD - SME loan	29	51	-	-	-	-	-	**51**
Sundry payables	29	694,570	-	-	-	-	-	**694,570**
Derivatives arising from swap and forward exchange contracts	29	-	-	-	-	-	-	**-**
Total financial liabilities		**30,002,507**	**7,102,348**	**1,274,263**	**3,747,466**	**3,271,608**	**1,448**	**45,399,640**

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4 Market risk

Market risk is the potential loss from adverse movements in market indices such as interest rates, foreign exchange rates, equity prices and commodity prices which could adversely affect the Group's earnings and capital, thereby inhibiting its ability to achieve its mandate and strategic objectives.

The Group adopts a conservative approach to risk taking in view of the potential impact of losses to the economy and therefore does not ordinarily engage in active trading. However, it is exposed to losses in its holdings of fixed income debt and developmental securities. The potential loss from these instruments is mitigated by using appropriate limits and the engagement of fund managers with specific mandates.

Key components of the Group's market risk include the following:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to fixed rate financial assets and financial liabilities.

The Group's investment portfolio is comprised of bills, bonds, notes and cash deposits in multilateral, sovereign, and supranational institutions spread across Europe, Asia and the United States of America. The Group is exposed to the risk of movements in interest rates in these jurisdictions.

To mitigate its interest rate risk, the Bank diversifies its portfolio and adopts appropriate guidelines and standards set by the Bank's Investment Committee which details the types, tenor and limits of its investments.

Commodity price risk

Commodity risk is the uncertainty in future income and value of a portfolio caused by fluctuation in the price of commodities such as crude oil and agricultural products. As income from crude oil contribute about 88% of the country's income stream, volatility in the price of crude oil affects accretion to external reserves managed by the Group. Between January and December 2021, the bench mark price of crude oil increased from USD47.62 to USD75.21 (2020: crude oil price reduced from USD66.68 to USD50.59).

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

Foreign Exchange Risk

Foreign exchange risk is the risk of change in the value of the Group's investments due to movements in exchange rates. Foreign exchange risk management is important given the Group's mandate to maintain the external reserves in order to safeguard the international value of the Naira.

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4.1 Management of market risk

The Group adopts a conservative approach to risk taking in view of the potential impact of losses to the economy and therefore does not ordinarily engage in active trading. However, it is exposed to losses in its holdings of fixed income debt and developmental securities. The potential loss from these instruments is mitigated by using appropriate limits and the engagement of fund managers with specific mandates.

Interest rate risk

To mitigate the interest rate risk , the Group diversifies its portfolio and adopts appropriate guidelines and standards set by the Group's Investment Committee which details the types, tenor and limits of its investments.

Commodity price risk

Volatility in the price of crude oil affects accretion to external reserves managed by the Group. The Group continues to collaborate with other stakeholders to promote and advocate for the diversification of the economy from status quo.

Equity price risk

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's equity investments are carried at fair value through other comprehensive income (FVOCI).

Foreign exchange risk

The Group’s foreign exchange risk exposure is mitigated primarily by diversification of foreign exchange portfolio with significant holdings in the currency in which the highest amount of foreign transactions are settled; intervention in the local foreign exchange market and limits on foreign exchange holdings by financial institutions.

3.4.2 Measurement of market risk

The Group adopted tools, techniques and methodologies such as correlation analysis, causal analysis, duration, convexity, gap analysis, vulnerabilities, VaR, EaR, stop loss, and gain-loss spread to monitor limits in line with the Group’s risk appetite.

The Group’s aggregate market risk exposure is evaluated periodically to support risk decision making and ensure optimal portfolio management.

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4 Market risk - continued

3.4.3 Interest rate risk

Interest rate sensitivity
Sensitivity to changes in interest rates is relevant to financial assets or financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities that are re-measured to fair value.

The impact of a 1% increase/decrease in market yield on financial assets classified as FVTPL, with all other variables held constant, will reduce/increase the Bank's and Group's profit before tax by N40,530 million (31 December 2020: N33,768 million). Other debt instruments have fixed interest rates and are not subject to interest rate sensitivity.

Equity price risk
At the reporting date, the Bank's and the Group's exposure to unlisted equity investment at fair value was N283,595 million (31 December 2020: N258,349 million). Sensitivity analyses of these investments have been provided in Note 3.5.

Foreign exchange risk sensitivity analysis
The table below indicates the financial instruments and foreign currencies to which the Group had significant exposure at each reporting date. The analysis calculates the effect of a 5% movement of the Naira against the foreign currencies (all other variables being held constant) on the income statement (due to the fair value of currency sensitive monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

Consequently the foreign exchange sensitivity risk for the year 2021 shows the highest, lowest and average exposures during the year.

The exchange rates used for converting foreign denominated balances as at the end of 2021 was N435.00 to USD 1 (2020 : N410.25 to USD 1)

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4 Market risk - continued

Foreign exchange risk sensitivity analysis - continued

	Group			Bank		
31 December 2021	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**
Foreign currency denominated financial assets						
Current account with foreign banks	2,423,565	(121,178)	121,178	2,423,565	(121,178)	121,178
Time deposits and money employed	6,373,108	(318,655)	318,655	6,373,108	(318,655)	318,655
Domiciliary accounts	163,142	(8,157)	8,157	163,142	(8,157)	8,157
Other foreign securities	5,663,938	(283,197)	283,197	5,663,938	(283,197)	283,197
Sundry currencies and travellers' cheques	231,631	(11,582)	11,582	231,631	(11,582)	11,582
IMF Assets	3,862,309	(193,115)	193,115	3,862,309	(193,115)	193,115
	18,717,693	(935,884)	935,884	18,717,693	(935,884)	935,884
Foreign denominated financial liabilities						
IMF Liabilities	5,038,699	251,935	(251,935)	5,038,699	251,935	(251,935)
	5,038,699	251,935	(251,935)	5,038,699	251,935	(251,935)
Net position	**13,678,994**	**(683,949)**	**683,949**	**13,678,994**	**(683,949)**	**683,949**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4 Market risk - continued

Foreign exchange risk sensitivity analysis - continued

31 December 2021

		Group			Bank		
Financial assets analysed according to currencies	**Closing rate N**	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**
United States Dollar	435	12,655,184	(632,760)	632,760	12,655,184	(632,759)	632,759
Euro	492	57,240	(2,862)	2,862	57,240	(2,863)	2,863
British Pounds Sterling	586	125,183	(6,260)	6,260	125,183	(6,259)	6,259
Chinese Renminbi	69	1,873,833	(93,692)	93,692	1,873,833	(93,692)	93,693
Japanese Yen	4	44,874	(2,244)	2,244	44,874	(2,244)	2,244
IMF Assets	609	3,862,309	(193,116)	193,116	3,862,309	(193,113)	193,113
Others	-	99,070	(4,954)	4,954	99,070	(4,955)	4,955
		18,717,693	(935,888)	935,888	18,717,693	(935,885)	935,886
Financial liabilities analysed according to currencies							
IMF Liabilities	609	5,038,699	251,935	(251,935)	5,038,699	251,935	(251,935)
		5,038,699	251,935	(251,935)	5,038,699	251,935	(251,935)
Net position		**13,678,994**	**(683,953)**	**683,953**	**13,678,994**	**(683,950)**	**683,951**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4 Market risk - continued

Foreign exchange risk sensitivity analysis - continued

	Group			Bank		
31 December 2020	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**
Foreign currency denominated financial assets						
Current account with foreign banks	223,442	(11,172)	11,172	223,442	(11,172)	11,172
Time deposits and money employed	6,662,665	(333,133)	333,133	6,662,665	(333,133)	333,133
Domiciliary accounts	2,285,062	(114,253)	114,253	2,285,062	(114,253)	114,253
Other foreign securities	5,407,900	(270,395)	270,395	5,407,900	(270,395)	270,395
Sundry currencies and travellers' cheques	150,980	(7,549)	7,549	150,980	(7,549)	7,549
IMF Assets	1,934,643	(96,732)	96,732	1,934,643	(96,732)	96,732
	16,664,692	(833,234)	833,234	16,664,692	(833,234)	833,234
Foreign currency denominated financial liabilities						
IMF Liabilities	3,156,986	157,849	(157,849)	3,156,986	157,849	(157,849)
	3,156,986	157,849	(157,849)	3,156,986	157,849	(157,849)
Net position	**13,507,706**	**(675,385)**	**675,385**	**13,507,706**	**(675,385)**	**675,385**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.4 Market risk - continued

Foreign exchange risk sensitivity analysis - continued

The foreign currency risk according to the various currencies in which the Group had balances in are is as follows:

31 December 2020		**Group**			**Bank**		
Financial assets analysed according to currencies	**Closing rate N**	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**	**Carrying Amount in Naira N'million**	**Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million**	**Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million**
United States Dollar	410	12,627,079	(631,354)	631,354	12,627,079	(631,354)	631,354
Euro	504	69,245	(3,463)	3,463	69,245	(3,463)	3,463
British Pounds Sterling	560	144,851	(7,243)	7,243	144,851	(7,243)	7,243
Chinese Renminbi	63	1,759,478	(87,974)	87,974	1,759,478	(87,975)	87,975
Japanese Yen	4	14,637	(732)	732	14,637	(732)	732
IMF Assets	493	1,934,643	(96,733)	96,733	1,934,643	(96,730)	96,730
Others	-	114,759	(5,738)	5,738	114,759	(5,739)	5,739
		16,664,692	(833,237)	833,237	16,664,692	(833,236)	833,236
Financial liabilities analysed according to currencies							
IMF Liabilities	493	3,156,986	157,849	(157,849)	3,156,986	157,849	(157,849)
		3,156,986	157,849	(157,849)	3,156,986	157,849	(157,849)
Net position		**13,507,706**	**(675,388)**	**675,388**	**13,507,706**	**(675,387)**	**675,387**

3. Financial risk management and financial instruments classification (continued)

Risk management policies

Other risks faced by the Group include the following:

(a) Operational risk

Operational Risk is the potential for loss resulting from failure or inadequacy of the Group's internal processes, people, systems and from external events.

Operational risk management in the Group is aimed at ensuring that these risks are identified and mitigated in a proactive and repeatable approach to ensure the Group is able to achieve its strategic objectives.

The Group's operational risk management process involves risk identification, assessment, treatment, monitoring and reporting. The primary responsibility for identifying risk events affecting the Group's operations, staff and Information Technology services resides with the Business Units. Tools such as the Risk Control Self-Assessment (RCSA), Independent Risk Assessment (IRA), surveys and risk questionnaires are widely used for risk identification, assessment and mitigation.

Each risk identified is assessed based on the likelihood of their occurrence and impact on the Group's operations. The evaluated risks are classified as 'High', 'Medium' or 'Low' depending on their severity. The Group's response to risk events includes 'accept', 'reduce', 'transfer/share' or 'avoid'.

The Group has initiated Business Continuity Management (BCM) processes to ensure its resilience to threats that may impede the continuity of mandate-critical operations and allow business operations return to pre-determined levels following a disruption.

(b) Reputational risk

The Group's reputation and credibility are critical to achieving its key policy objectives of monetary, price and financial system stability. Reputational risk can arise from negative publicity arising from the action or inaction of the Group and its employees etc.

The Board of the Bank has approved a reputational risk management framework in addition to other policies to identify, assess and mitigate stakeholders' perception issues. The implementation of the reputational risk framework is assisting the Group to maintain its credibility, build local and international investor confidence and enhance its accountability.

3. Financial risk management and financial instruments classification (continued)

(c) Legal risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability incurred during operations by the inability of the Group to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Group manages this risk by monitoring new legislation, identifying significant legal risks as well as assessing the potential impact of these.

3.5 Fair value measurement

IFRS 13 requires an entity to classify, measure and disclose fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

(a) Assets and liabilities measured at fair value and for which fair value is disclosed

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.
In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

(a) Assets and liabilities measured at fair value and for which fair value is disclosed - continued

This hierarchy requires the use of observable market data when available. CBN considers relevant and observable market prices in its valuations where possible. There have been no transfers between levels in the year.

There were no movements between Level 1 to Level 3 categories financial instruments during the year.

Group

31 December 2021	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
Assets measured at Fair value				
External reserves				
Debt securities:				
- FVTPL	3,890,575	-	-	**3,890,575**
Gold	546,967	-	-	**546,967**
Derivatives:				
- Forward contracts	-	-	-	**-**
Local securities				
Quoted securities				
Nigerian Treasury Bills - FVOCI	3,101	-	-	**3,101**
Unquoted securities				
Equity shares	-	-	283,595	**283,595**
	4,440,643	**-**	**283,595**	**4,724,238**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

Group 31 December 2021	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair values	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	1,610,989	1,415,789	-	-	-	-	**1,610,989**	**1,415,789**
Loans and receivables	-	-	28,173,717	28,186,532	-	-	**28,173,717**	**28,186,532**
Local listed debt securities								
Nigerian Treasury Bills	270,099	280,299	-	-	-	-	**270,099**	**280,299**
FGN Bonds	1,764,465	1,741,044	-	-	-	-	**1,764,465**	**1,741,044**
	3,645,553	**3,437,132**	**28,173,717**	**28,186,532**	**-**	**-**	**31,819,270**	**31,623,664**

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	-	-	-
	-	-	-	-

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Central Bank of Nigeria Instruments								
Central Bank of Nigeria Instruments	-	-	13,868,892	14,070,807	-	-	**13,868,892**	**14,070,807**
	-	**-**	**13,868,892**	**14,070,807**	**-**	**-**	**13,868,892**	**14,070,807**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

Bank 31 December 2021	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Assets measured at Fair value				
External reserves				
Debt securities:				
- FVTPL	3,890,575	-	-	**3,890,575**
Gold	546,967	-	-	**546,967**
Derivatives:				
- Forward contracts	-	-	-	**-**
Local securities				
Quoted securities				
Nigerian Treasury Bills- FVOCI	3,101	-	-	**3,101**
Unquoted securities				
Equity shares	-	-	283,595	**283,595**
	4,440,643	**-**	**744,690**	**5,185,333**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

Bank 31 December 2021	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	1,610,989	1,415,789	-	-	-	-	**1,610,989**	**1,415,789**
Loans and receivables	-	-	28,776,032	28,788,847	-	-	**28,776,032**	**28,788,847**
Local listed debt securities								
Nigerian Treasury Bills	270,099	280,299	-	-	-	-	**270,099**	**280,299**
FGN Bonds	1,666,370	1,642,949	-	-	-	-	**1,666,370**	**1,642,949**
	3,547,458	**3,339,037**	**28,776,032**	**28,788,847**	**-**	**-**	**32,323,490**	**32,127,884**

Liabilities measured at fair value	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
Foreign Derivatives:				
- Futures contract	-	-	-	**-**
	-	-	-	**-**

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Central Bank of Nigeria Instruments								
Central Bank of Nigeria Instruments	-	-	13,868,892	14,070,807	-	-	**13,868,892**	**14,070,807**
	-	**-**	**13,868,892**	**14,070,807**	**-**	**-**	**13,868,892**	**14,070,807**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

31 December 2020 **Group** **Financial assets measured at fair value**	**Level 1** **N 'million**	**Level 2** **N 'million**	**Level 3** **N 'million**	**Total** **N 'million**
External reserves				
Debt Securities:				
- FVTPL	3,376,812	-	-	**3,376,812**
Gold	534,051	-	-	**534,051**
				-
Derivatives:				
- Forward contracts	-	361,185	-	**361,185**
Local securities				
Quoted securities				
Nigerian Treasury Bills - FVOCI	1,368	-	-	**1,368**
FGN Bonds- FVOCI	-	-	-	**-**
Unquoted securities				
Equity shares	-	-	258,349	**258,349**
	3,912,231	**361,185**	**258,349**	**4,531,765**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

31 December 2020 Group	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	1,536,745	1,736,567	-	-	-	-	**1,536,745**	**1,736,567**
Loans and receivables	-	-	22,406,065	19,937,907	-	-	**22,406,065**	**19,937,907**
Local listed Debt securities								
Nigerian Treasury Bills	433,828	406,250	-	-	-	-	**433,828**	**406,250**
- FGN Bonds	1,764,465	2,533,214	-	-	-	-	**1,764,465**	**2,533,214**
	3,735,038	**4,676,031**	**22,406,065**	**19,937,907**	**-**	**-**	**26,141,103**	**24,613,938**

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Liabilities measured at fair value				
Foreign Derivatives:				
- Futures contract	-	476	-	**476**
	-	476	-	**476**

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Central Bank of Nigeria Instruments								
Central Bank of Nigeria Instruments	-	-	12,824,789	12,970,943	-	-	**12,824,789**	**12,970,943**
	-	**-**	**12,824,789**	**12,970,943**	**-**	**-**	**12,824,789**	**12,970,943**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

Bank

31 December 2020	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
Financial assets measured at fair value				
External reserves				
Debt securities:				
- FVTPL	3,376,812	-	-	**3,376,812**
Gold	534,051	-	-	**534,051**
Derivatives:				
- Forward contracts	-	361,185	-	**361,185**
Local securities				
Quoted securities				
Nigerian Treasury Bills- FVOCI	1,368	-	-	**1,368**
FGN bonds- FVOCI				
Unquoted securities				
Equity shares	-	-	258,349	**258,349**
	3,912,231	**361,185**	**258,349**	**4,531,765**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

Bank 31 December 2020 Financial Assets not measured at fair value	Level 1 N 'million Carrying amount	Level 1 N 'million Fair value	Level 2 N 'million Carrying amount	Level 2 N 'million Fair value	Level 3 N 'million Carrying amount	Level 3 N 'million Fair value	Total N 'million Carrying amount	Total N 'million Fair value
External reserves								
Debt securities	1,536,745	1,736,567	-	-	-	-	**1,536,745**	**1,736,567**
Loans and receivables	-	-	22,490,589	19,937,907	-	-	**22,490,589**	**19,937,907**
Local listed debt securities								
Nigerian Treasury Bills	433,828	406,250	-	-	-	-	**433,828**	**406,250**
FGN Bonds	1,669,852	2,438,601	-	-	-	-	**1,669,852**	**2,438,601**
	3,640,425	**4,581,418**	**22,490,589**	**19,937,907**	**-**	**-**	**26,131,014**	**24,519,325**

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	476	-	476
	-	476	-	476

Financial Liabilities not measured at fair value	Level 1 N 'million Carrying amount	Level 1 N 'million Fair value	Level 2 N 'million Carrying amount	Level 2 N 'million Fair value	Level 3 N 'million Carrying amount	Level 3 N 'million Fair value	Total N 'million Carrying amount	Total N 'million Fair value
Central Bank of Nigeria Instruments								
Central Bank of Nigeria Instruments	-	-	12,824,789	12,970,943	-	-	**12,824,789**	**12,970,943**
	-	**-**	**12,824,789**	**12,970,943**	**-**	**-**	**12,824,789**	**12,970,943**

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position 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 prices used for financial assets held by the Bank are the bid prices on the statement of financial position date.

The instruments included in Level 1 comprise primarily of debt securities maintained as part of the external reserves and local listed debt securities namely the Federal Government of Nigeria (FGN) bonds and Nigerian treasury bills.

Foreign debt securities

These are debt securities into which the external fund managers invest in. These debt securities are held for maximising returns on the funds invested.

Foreign debt securities are valued at the ruling bid prices on each reporting date. The external fund managers perform the valuation based on ruling bid prices as obtained from various vendors such as Thomson Reuters, S & P, Pricing Direct, IDC and Bloomberg. The market recognised sources include official sources such as GEMMA for United Kingdom Gilts, iBoxx, which is the primary source for UK and Euro corporate debt and evaluated prices for US Government bonds. In addition Bloomberg generic may be used as a secondary source where required and for validation. Alternate providers such as Market, iBoxx and index providers such as Barclays may also be used to supplement pricing on particular asset groups. The debt security prices follows market prices on a clean basis, i.e. without the inclusion of accrued income or similar payments.

Federal Government of Nigeria (FGN) bonds

These are Federal Government of Nigeria securities which are fair valued based on quoted bid prices. FGN bid prices are published on the FMDQ website.

The FMDQ publishes the bid prices on a daily basis, and the unadjusted prices reflect the market value.

Nigerian treasury bills

These are Federal Government of Nigeria securities which are fair valued based on quoted yield-to-maturity and days to maturity rates. The fair value of treasury bills is determined by reference to quoted yield to maturities of the instrument as published on the FMDQ website. Nigerian Treasury Bills are classified in Level 1 in the fair value hierarchy.

The FMDQ publishes the market yields on a daily basis, and the unadjusted yields are used to determine the prices.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) 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. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The financial instruments falling into this category includes derivatives arising from forward exchange contracts and futures contracts entered into by the Bank and also those entered into by the Fund managers on behalf of the Bank (that fall under external reserves).

The financial assets and financial liabilities that fall under this category are Nigerian treasury bonds, loans and receivables, the Bank's instruments arising from its open market operations and derivative assets and liabilities arising from open forward exchange contracts.

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

(b) Financial instruments in level 2 - continued

Long term loans

The fair values of loans and receivables are based on cash flows discounted using a rate based on the market interest rate of borrowings rate of 11.5% (31 December 2020: 13.4%). The discount rate equals to the ruling monetary policy rate as set by the Central Bank of Nigeria at the reporting dates. The fair values are within Level 2 of the fair value hierarchy.

Central Bank of Nigeria Open Market Operations (OMO) Instruments

The fair values of the OMO instruments is determined by reference to the quoted prices of similar instruments, namely treasury bills issued by the Federal Government of Nigeria. The OMO Bills are similar to treasury bills in that they are short term discounted instruments.

The fair value of treasury bills is determined by reference to quoted yield to maturities. The same quoted yield to maturities for treasury bills was utilised to determine the fair values for OMO Bills that fall within the same maturity profile.

Derivatives in external reserves

The financial instruments falling into this category includes derivatives arising from forward exchange contracts and futures contracts entered into by the Bank and also those entered into by the Fund managers on behalf of the Bank. Derivatives arising from forward arrangements fall in Level 2 while futures fall in Level 1 of the fair value hierarchy.

(c) Financial instruments in level 3

Unquoted equity shares

The fair values of the unquoted equity shares have been estimated using the Market approach (Price to Book and a Regression analysis of the Price to Book). The valuation requires management to make certain assumptions about the model inputs, including forecast cashflows, the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(d) Carrying amounts that approximate fair values

The carrying amount for deposits, IMF related liabilities, notes and coins in circulation, IMF related assets, Deposit, money placement, current account with foreign banks, domiciliary accounts, sundry currency, travellers cheques, cash and cash equivalents, other assets and other liabilities that are financial instruments approximate their fair values hence have not been disclosed.

(e) Transfers between the fair value hierarchy categories

During the reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

(e) Transfers between the fair value hierarchy categories - continued

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2021 and 2020 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Equity Instruments in unquoted equity shares - NDIC	Market approach (P/B Multiple)	Liquidity / Marketability discount	2021: 5% - 10% 2020: 5% - 10%	+/-10% (2021: +/-10%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by N5,469,673,600 (2020; N5,188,028,344)/ N5,188,028,344)
		Long-term operating margin	2021: 5% - 10% 2020: 5% - 10%	+/-5% (2021: +/-5%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by N2,734,836,800 (2020; N2,594,014,172/N2,594,014,172)
Equity Instruments in unquoted equity shares - IILMC	Market approach (P/B Multiple)	Liquidity / Marketability discount	2021: 5% - 10% 2020: 5% - 10%	+/- 10% (2021: +/-10%) increase/decrease in the marketability discount would result in decrease/increase in fair value by N806,206,367 (2020: N374,580,889)
			2021: 5% - 10% 2020: 5% - 10%	+/- 5% (2021: +/-5%) increase/decrease in the marketability discount would result in decrease/increase in fair value by N403,103,183 (2020: N187,290,445)
Equity Instruments in unquoted equity shares - AFREXIM	Market approach (P/B Multiple)	Liquidity / Marketability discount	2021: 5% - 10% 2020: 5% - 10%	+/- 10% (2021: +/-10%) increase/decrease in the marketability discount would result in decrease/increase in fair value by N22,083,551,473 (2020: N20,272,310,729)
			2021: 5% - 10% 2020: 5% - 10%	+/- 5% (2020: +/-5%) increase/decrease in the marketability discount would result in decrease/increase in fair value by N11,041,775,736 (2020: N10,136,155,365)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement - continued

(e) Transfers between the fair value hierarchy categories - continued

Description of significant unobservable inputs to valuation - continued

Reconciliation of fair value measurement of unquoted equity shares classified as FVOCI financial assets:

	African Export Import Bank (Afrexim)	Nigeria Deposit Insurance Corporation (NDIC)	International Islamic Liquidity Management Corporation of Malaysia	Total
	N'million	N'million	N'million	N'million
As at 1 January 2020	114,285	49,128	3,243	**166,656**
Remeasurement recognised in OCI	88,439	2,752	503	**91,694**
As at 1 January 2021	**202,724**	**51,880**	**3,746**	**258,350**
Remeasurement recognised in OCI	18,112	2,817	4,316	**25,245**
As at 31 December 2021	**220,836**	**54,697**	**8,062**	**283,595**

4 Capital management

The Bank does not have any regulator that sets and monitors its capital requirements. There is no regulation for the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. Section 4 (1) of the Central Bank of Nigeria Act No.7, 2007 gave approval to the increase in authorised capital of the Bank from N5 billion to N100 billion and Section 4 (2) provides that all the capital of the Bank shall be subscribed and held only by the Federal Government of Nigeria.

The Federal Government of Nigeria is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance.

The provisions of the Act seek to ensure that the Government of Nigeria continues to own a hundred per cent stake to bear all financial risks and rewards.

(All amounts are in millions of Naira, unless otherwise stated)

5 Interest income

	Group		Bank	
	2021	**2020**	**2021**	**2020**
5a Interest and similar income calculated using the effective interest method	**N'million**	**N'million**	**N'million**	**N'million**
Analysis by type:				
Loans and receivables	1,533,859	1,155,283	1,533,864	1,169,286
Asset Management Corporation of Nigeria (AMCON) Notes	252,608	256,084	252,608	256,084
Federal Government Securities	145,960	118,449	134,622	78,377
Time deposits and money placements	30,203	47,350	29,207	44,613
Other foreign securities	-	61,114	-	61,114
	1,962,630	**1,638,280**	**1,950,301**	**1,609,474**

5b Other interest and similar income	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Other foreign securities classified as FVTPL	**339,335**	**111,400**	**339,335**	**111,400**
Total interest and similar income	**2,301,965**	**1,749,680**	**2,289,636**	**1,720,874**

	Group		Bank	
	2021	**2020**	**2021**	**2020**
Analysis by geographical location:	**N'million**	**N'million**	**N'million**	**N'million**
Domestic	1,932,427	1,529,816	1,921,094	1,503,747
International	369,538	219,864	368,542	217,127
	2,301,965	**1,749,680**	**2,289,636**	**1,720,874**

Classification of interest and similar income arising from financial instruments is indicated below:

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Income from debt instruments measured at amortised cost	1,962,557	1,634,663	1,950,228	1,605,857
Income from debt instruments measured at FVOCI	73	3,617	73	3,617
Income from debt instruments measured at FVTPL	339,335	111,400	339,335	111,400
	2,301,965	**1,749,680**	**2,289,636**	**1,720,874**

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
6	**Interest and similar expense calculated using the effective interest method**				
		N'million	**N'million**	**N'million**	**N'million**
	Central Bank of Nigeria Instruments issued	1,048,205	1,544,332	1,048,205	1,544,310
	Securities lending	86,504	53,534	86,504	53,534
	Deposits	509	1,919	509	1,919
	Loans	-	4,091	-	-
	Interest expense on lease liabilities (Note	161	176	161	176
	Bank borrowings and charges	-	35	-	-
	Swap Contract	121,303	83,153	121,303	83,153
	Debenture	-	7,608	-	-
	Other foreign securities	1,537	-	1,722	-
		1,258,219	**1,694,848**	**1,258,404**	**1,683,092**

		Group		Bank	
7	**Fees and commission income**	**2021**	**2020**	**2021**	**2020**
		N'million	**N'million**	**N'million**	**N'million**
	Foreign exchange earnings	29,086	46,702	29,086	46,702
	Fees	7,122	10,496	6,868	8,807
	Commissions	5,770	4,102	5,770	4,102
		41,978	**61,300**	**41,724**	**59,611**

Foreign exchange earnings represents commission income from the sale of foreign currency and other related transactions.

Fees and commissions represent income from processing currency, Bureau de Change application and registration, commission on fund transfers and other banks and financial institutions application and licensing fees.

Fees and commission income are recognised at a point in time.

		Group		Bank	
8	**Net fair value gains on financial instruments**	**2021**	**2020**	**2021**	**2020**
		N'million	**N'million**	**N'million**	**N'million**
	Net realised gains on financial assets at FVTPL	95,498	8,188	95,498	8,188
		95,498	**8,188**	**95,498**	**8,188**

Net realised gain on FVTPL instruments includes the results of buying and selling of financial assets.

(All amounts are in millions of Naira, unless otherwise stated)

			Group		Bank	
9	**Other operating income**		**2021**	**2020**	**2021**	**2020**
		Notes	**N'million**	**N'million**	**N'million**	**N'million**
	Fair value gains on Gold Bullion		-	106,421	-	106,421
	Net realised gains on derivative instruments		456,344	153,597	456,344	153,597
	Realised gains on foreign exchange revaluation	9a	264	292,384	-	292,371
	Gains on derecognition of financial assets		514	-	-	-
	Dividend income		19	42	10,184	7,859
	Bank notes and security documents revenue		-	1,063	-	-
	Other income	9b	29,972	64,361	20,251	62,622
	Gains on sale of property, plant and equipment		-	88	-	94
			487,113	**617,956**	**486,779**	**622,964**

9a The foreign exchange revaluation gains represent foreign exchange differences arising from the conversion of debt instruments denominated in foreign currencies that are included in external reserves. These gains were realised on transactions involving the related assets in external reserves.

9b Other income consist of sale of bank publications and foreign exchange forms, service charge for Banking operation, supplier management fees, penalties account for late/non-submission, museum souvenir sales, Commercial Agriculture Credit penalty and surcharges and Investment Income on OTC FX Margin Funding.

10 Net change in fair value during the year of financial assets at FVOCI

The below shows the net change in fair value during the year recorded in other comprehensive income;

		Group		Bank	
		2021	**2020**	**2021**	**2020**
		N'million	**N'million**	**N'million**	**N'million**
Debt instruments at FVOCI	(Note 19)	22	(70)	22	(70)
Equity instruments at FVOCI	(Note 19)	25,245	91,694	25,245	91,694
		25,267	**91,624**	**25,267**	**91,624**

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
11	**Personnel expenses**	**N'million**	**N'million**	**N'million**	**N'million**
	Other staff allowances	113,356	103,798	113,356	103,798
	Defined benefit plan expenses (Note 28)	22,581	28,787	22,514	26,519
	Wages and salaries	33,168	28,527	25,939	23,198
	Other staff expenses (Note 11a)	17,938	9,822	17,938	9,822
	Pension costs – Defined contribution plan (Note 28)	12,998	12,667	12,998	12,667
		200,041	**183,601**	**192,745**	**176,004**

11a Other staff expenses includes medical expenses, gratuity paid to retired staff, vehicle grant allowance and other staff provisions.

		Group		Bank	
		2021	**2020**	**2021**	**2020**
12	**Currency issue expenses**	**N'million**	**N'million**	**N'million**	**N'million**
	Currency issue expenses	15,230	7,478	72,576	64,458
		15,230	**7,478**	**72,576**	**64,458**

		Group		Bank	
		2021	**2020**	**2021**	**2020**
13	**Other operating expenses**	**N'million**	**N'million**	**N'million**	**N'million**
	Administrative expenses	113,665	62,017	99,356	48,919
	Banking sector resolution sinking cost fund (note 13a)	50,000	50,000	50,000	50,000
	Intervention activities expenses (note 13b)	45,412	28,633	45,412	28,633
	Cost of sales (13c)	38,066	34,525	-	-
	Modification Loss (13d)	25,943	23,170	25,943	23,170
	Net unrealised losses on foreign exchange revaluation (note 13e)	572,874	198,888	572,678	199,252
	Loss on deemed disposal of associates (13f)	-	1,789	-	-
	Repairs and maintenance	12,454	11,130	10,492	10,853
	Bank charges	1,226	877	1,212	877
	Professional fees	1,672	847	708	697
	Directors' related expenses	1,507	1,080	669	480
	Audit fees	673	684	600	600
	Donations	1,141	435	1,141	435
	OTC FX futures transaction fee expense	1,053	8,390	1,053	8,390
	Technical assistance expense	-	59	-	-
	Losses on sale of property, plant and equipment	46	-	27	-
	Fair value loss on Gold Bullion	18,500	-	18,500	-
		884,232	**422,524**	**827,791**	**372,306**

The Bank/Group auditors did not engage in any non-audit service for the Bank or any of the Bank's subsidiaries during the year.

(All amounts are in millions of Naira, unless otherwise stated)

13 Other operating expenses

13a The Banking sector resolution sinking cost fund represents the annual contribution by CBN to the Banking Sector Resolution Sinking Cost Fund administered by Asset Management Corporation of Nigeria (AMCON)

13b Intervention activities expenses represents expenses carried out by CBN in connection with national security, federal government, state securities, armed forces where there is important need for the fund. All payments made in relation to intervention activities embarked on by the Group are expensed as incurred. However, payments made by the Group in relation to intervention activities on behalf of the Federal Government are recognised as receivables and are fully impaired after 12 months if the amount is not received from the Federal Government. During the year, the Federal Government settled all outstanding liabilities relating to this expenses, previously recognised impairment allowance amounting to N4.7 billion was therefore written back.

13c Cost of sales relates to the expenses incurred by one of the subsidiaries in respect of production of currency notes and coins. They include cost of raw materials, employee benefit expenses relating to production staff, electricity and diesel expenses, depreciation and repairs and maintenance.

13d In order to cushion the adverse impact of Covid-19 pandemic, the Bank in its mandate announced policy measures which include: Extension of moratorium for its intervention loans for a further period of twelve months and reduction in interest rate for one year period effective from 1 March 2020. This moratorium was further extended by the Bank from March 2021 to February 2022. In furtherance of this, the Bank carried out a modification assessment as at 1 March 2021 on all the affected intervention loans. The modifications were not substantial and the Bank did not derecognise any of its modification loans. Rather, the Bank recognised a modification loss of N25,943 million (2020: N23,170 million) which was the difference between the gross carrying amount of the loans at modification date and present value of the loan calculated using the new contractual cashflow and original EIR.

13e The foreign exchange revaluation losses represent foreign exchange differences arising from the translation of debt instruments and gold bullion denominated in foreign currencies that are included in external reserves.

14 Credit loss expense

The table below shows the ECL charges and writeback on financial instruments other than trade receivables for the year recorded in the income statement:

31 December 2021
Group

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	20,741	-	-	20,741
Loans and receivables	Note 18	172,247	8,796	240,941	421,984
Debt instruments measured at amortised cost	Note 19	(118)	-	-	(118)
Other assets	Note 22	55,392	-	-	55,392
Total impairment loss		**248,262**	**8,796**	**240,941**	**497,999**

The below shows the ECL expense on trade receivables for the year recorded in the income statement:

Trade receivables (Note 18a)	235
Total credit loss expenses	**498,234**

(All amounts are in millions of Naira, unless otherwise stated)

14 Credit loss expense - continued

31 December 2020

Group

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	(522)	-	-	(522)
Loans and receivables	Note 18	100,823	84	14,311	115,218
Debt instruments measured at amortised cost	Note 19	536	-		536
Other assets	Note 22	4,733	-	-	4,733
Loan commitments	Note 32	(20,519)	-	-	(20,519)
Total impairment loss		**85,052**	**84**	**14,311**	**99,446**

The below shows the ECL charges on trade receivables for the year recorded in the income statement:

Trade receivables (Note 18a)	(783)
Total credit loss expenses	**98,663**

31 December 2021

Bank

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	20,741	-	-	20,741
Loans and receivables	Note 18	177,936	8,796	240,941	427,673
Debt instruments measured at amortised cost		-	-	-	-
Other assets	Note 22	55,392	-	-	55,392
Loan commitments	Note 32	-	-	-	-
Total impairment loss		**254,069**	**8,796**	**240,941**	**503,806**

31 December 2020

Bank

		Stage 1	Stage 2	Stage 3	Total
		N'million	N'million	N'million	N'million
External reserves	Note 16	(522)	-	-	(522)
Loans and receivables	Note 18	94,423	84	14,311	108,818
Other assets	Note 22	4,733	-	-	4,733
Loan commitments	Note 32	(20,519)	-	-	(20,519)
Total impairment loss		**78,115**	**84.00**	**14,311**	**92,510**

15 Taxation

15a Income tax expense

Bank

The Bank is not subject to tax in respect of its functions under the Central Bank of Nigeria Act. CBN is exempted from the payment of income tax under the Companies Income Tax Act. 2004. The Group's tax expense arose from its subsidiaries.

(All amounts are in millions of Naira, unless otherwise stated)

15 Taxation - continued
Group

	Group		Bank	
	2021	**2020**	**2021**	**2020**
Current income tax	**N'million**	**N'million**	**N'million**	**N'million**
Income tax	156	4,883	-	-
Tertiary education tax	-	20	-	-
Under/(Over) provision in prior years	85	(2,158)	-	-
	241	**2,745**	**-**	**-**
Relating to origination and reversal of temporary differences (Note 15c)	100	1,947	-	-
Income tax expense reported in the income statement	**341**	**4,692**	**-**	**-**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

Reconciliation of effective tax rate	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Profit before tax	**75,466**	**41,970**	**31,044**	**1,251**
Tax calculated at 30%	22,640	10,652	-	-
Adjusted for:				
Under/(Over) provision in prior years	85	(2,158)	-	-
Tertiary education tax	-	20	-	-
Share of profit or loss of associates	(11,407)	(9,721)	-	-
Net tax exempt (income)/expense	(10,977)	5,899		
At the effective income tax rate of 0.43% (2020: 13%)	**341**	**4,692**	**-**	**-**

15b Current Income tax payable

The movement in tax at the end of the year is as follows:

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
At 1 January	9,454	8,472	-	-
Payments during the year	(7,300)	(1,763)	-	-
Under/(Over) provision in prior years	85	(2,158)		
Income tax	156	4,883	-	-
Education tax	-	20	-	-
At 31 December	**2,395**	**9,454**	**-**	**-**

(All amounts are in millions of Naira, unless otherwise stated)

15 Taxation - continued

15c Deferred tax

Deferred tax relates to the following:

	Group			
	Statement of financial position (Net)		Statement of financial position (Gross)	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
Accelerated depreciation for tax purposes	14,254	14,759	47,513	49,197
Unrealised foreign exchange differences	156	56	520	187
Impairment allowance on trade receivables	(78)	(101)	(260)	(337)
Provisions	(56)	(99)	(187)	(330)
Employee benefits	(2,873)	(1,237)	(9,577)	(4,123)
Fair value adjustments	436	(3)	1,453	(10)
Deferred tax liabilities	**11,839**	**13,375**	**39,463**	**44,583**

	Group	
	Income statement	
	2021	2020
	N'million	N'million
Accelerated depreciation for tax purposes	(505)	1,848
Unrealised foreign exchange differences	100	69
Impairment allowance on trade receivables	23	-
Provisions	43	33
Employee benefits	(1,636)	-
Fair value adjustments	439	(3)
Deferred tax expense	**(1,536)**	**1,947**

Reconciliation of deferred tax liabilities

	Group		Bank	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
At 1 January	13,375	11,428	-	-
Tax expense during the period recognised in income statement	100	1,947	-	-
Tax expense/(credit) during the period recognised in OCI	(1,636)	-	-	-
As 31 December	**11,839**	**13,375**	-	-

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2020: 30 %).

The analysis of deferred tax liabilities is as follows;

	Group		Bank	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
Deferred tax liabilities:				
- Deferred tax liability to be settled after more than 12 months	11,839	13,375	-	-
	11,839	**13,375**	**-**	**-**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(All amounts are in millions of Naira, unless otherwise stated)

			Group		Bank	
			2021	**2020**	**2021**	**2020**
16	**External reserves**	**Notes**	**N'million**	**N'million**	**N'million**	**N'million**
	Convertible currencies	16a and 16b	14,833,743	14,729,149	14,833,743	14,729,149
	International Monetary Fund Reserve tranche		23	23	23	23
	Gold Bullion	16g	546,967	534,051	546,967	534,051
			15,380,733	**15,263,223**	**15,380,733**	**15,263,223**

Maturity analysis

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Current	9,353,820	9,455,784	9,353,820	9,455,784
Non-current	6,026,913	5,807,439	6,026,913	5,807,439
	15,380,733	**15,263,223**	**15,380,733**	**15,263,223**

			Group		Bank	
			2021	**2020**	**2021**	**2020**
16a	**Convertible currencies comprise:**		**N'million**	**N'million**	**N'million**	**N'million**
	-Time deposits and money placements		6,373,108	6,662,665	6,373,108	6,662,665
	-Other foreign securities	(Note 16 (c & d)	5,663,938	5,407,900	5,663,938	5,407,900
	-Current accounts with foreign Banks		2,423,565	223,442	2,423,565	223,442
	-Domiciliary accounts		163,142	2,285,062	163,142	2,285,062
	-Sundry currencies and travellers' cheques		231,631	150,980	231,631	150,980
			14,855,384	**14,730,049**	**14,855,384**	**14,730,049**
	Less: Allowance for expected credit losses		(21,641)	(900)	(21,641)	(900)
			14,833,743	**14,729,149**	**14,833,743**	**14,729,149**

Included in convertible currencies (time deposits and money placements, current accounts with foreign Banks, other foreign securities and domiciliary accounts) is an amount of N2,998 billion (31 December 2020: N3,179 billion), which represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts for letters of credit transactions and other purposes. The corresponding liability for this amount is included in deposits. (See Note 25b).

Also included in convertible currencies (time deposits and money placements, current accounts with foreign Banks, other foreign securities and domiciliary accounts) is cash received from Goldman Sachs and J. P. Morgan. The Group entered into a securities lending agreement with Goldman Sachs and J. P. Morgan and as part of the agreement, the Group pledged its holdings on foreign securities in return for cash. The cash received from Goldman Sachs is N0.22 trillion ($500 million), 2020: N0.2 trillion ($500 million) and JP Morgan N3.05 trillion ($7 billion), 2020: N2.9 trillion ($7 billion) is recognised in other foreign securities.

(All amounts are in millions of Naira, unless otherwise stated)

16 External reserves - continued

	Group		Bank	
16b **Convertible currencies are further analysed by currency as follows:**	**2021**	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
United States Dollar	12,655,184	12,627,079	12,655,184	12,627,079
Chinese Renminbi	1,873,833	1,759,478	1,873,833	1,759,478
British Pounds Sterling	125,183	144,851	125,183	144,851
Euro	57,240	69,245	57,240	69,245
Japanese Yen	44,874	14,637	44,874	14,637
Others	77,429	113,859	77,429	113,859
	14,833,743	**14,729,149**	**14,833,743**	**14,729,149**

	Group		Bank	
16c **Other foreign securities are further analysed as follows:**	**2021**	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Externally managed fund	3,890,575	3,737,853	3,890,575	3,737,853
Internally managed fund	1,610,989	1,536,745	1,610,989	1,536,745
Current account balances	162,374	133,302	162,374	133,302
	5,663,938	**5,407,900**	**5,663,938**	**5,407,900**

	Group		Bank	
16d **Other foreign securities are further analysed as follows:**	**2021**	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Short term deposits	162,374	133,634	162,374	133,634
Debt securities:				
- FVTPL	3,890,575	3,376,812	3,890,575	3,376,812
- Amortised cost	1,610,989	1,536,745	1,610,989	1,536,745
Derivatives:				
- Futures contract	-	(476)	-	(476)
- Forward contracts	-	361,185	-	361,185
	5,663,938	**5,407,900**	**5,663,938**	**5,407,900**

16e **Cash and bank balances**

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Cash at hand	1	-	-	-
Cash at bank (local)	20,544	61,652	-	-
Call deposit	4,637	-	-	-
Cash and bank balances	**25,182**	**61,652**	**-**	**-**
Less: Allowance for expected credit losses	-	-	-	-
	25,182	**61,652**	**-**	**-**

(All amounts are in millions of Naira, unless otherwise stated)

16e **Cash and bank balances - continued**

Cash and cash equivalents comprise time deposits, balances with local and foreign banks and sundry currency balances.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Time deposits and money placements	6,373,108	6,662,665	6,373,108	6,662,665
Current accounts with foreign banks	2,423,565	223,442	2,423,565	223,442
Domiciliary accounts	163,142	2,285,062	163,142	2,285,062
Cash at bank (local and foreign)	25,182	61,652	-	-
Other foreign securities - short term deposits	162,374	133,635	162,374	133,635
Sundry currencies and travellers' cheques	231,631	150,980	231,631	150,980
	9,379,002	**9,517,436**	**9,353,820**	**9,455,784**

16f **Convertible currencies that are subject to impairment under IFRS 9 are as follows:**

		Group		Bank	
		2021	**2020**	**2021**	**2020**
Amortised cost		**N'million**	**N'million**	**N'million**	**N'million**
-Time deposits and money placements		6,373,108	6,662,665	6,373,108	6,662,665
-Other foreign securities:					
Short term deposits	16d	162,374	133,635	162,374	133,635
Debt securities	16d	1,610,989	1,536,745	1,610,989	1,536,745
-Current accounts with foreign banks	16a	2,423,565	223,442	2,423,565	223,442
-Domiciliary accounts	16a	163,142	2,285,062	163,142	2,285,062
-Sundry currencies and travellers' cheques		231,631	150,980	231,631	150,980
		10,964,809	**10,992,529**	**10,964,809**	**10,992,529**
Less : Allowance for expected credit losses		(21,641)	(900)	(21,641)	(900)
		10,943,168	**10,991,629**	**10,943,168**	**10,991,629**

Convertible currencies that are not subject to impairment under IFRS 9 are as follows:

FVTPL	Group		Bank	
	2021	**2020**	**2021**	**2020**
-Other foreign securities:	**N'million**	**N'million**	**N'million**	**N'million**
Debt securities (Note 16d)	3,890,575	3,376,812	3,890,575	3,376,812
- Derivatives:				
- Futures contract (Note 16d)	-	(477)	-	(477)
- Forward contracts (Note 16d)	-	361,185	-	361,185
	3,890,575	**3,737,520**	**3,890,575**	**3,737,520**
	14,833,743	**14,729,149**	**14,833,743**	**14,729,149**

(All amounts are in millions of Naira, unless otherwise stated)

16 External reserves - continued

Impairment allowance for external reserve

The allowance for ECL below are for convertible currencies and International Monetary Fund Reserve Tranche at amortised cost and FVOCI.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.4.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

	2021				**2020**			
External rating grade (S&P)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Performing								
High grade (AAA - A)	9,865,083	-	-	**9,865,083**	9,467,346	-	-	**9,467,346**
Standard grade (BBB - B)	1,078,085	-	-	**1,078,085**	1,525,183	-	-	**1,525,183**
Total	**10,943,168**	**-**	**-**	**10,943,168**	**10,992,529**	**-**	**-**	**10,992,529**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to external reserves is as follows:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2021	**10,992,529**	**-**	**-**	**10,992,529**
New assets originated or purchased	7,797,502	-	-	**7,797,502**
Assets derecognised or repaid (excluding write offs)	(7,846,863)	-	-	**(7,846,863)**
At 31 December 2021	**10,943,168**	**-**	**-**	**10,943,168**

(All amounts are in millions of Naira, unless otherwise stated)

16 External reserves - continued

Impairment allowance for external reserve - continued

		2020			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020		**10,893,524**	**-**	**-**	**10,893,524**
New assets originated or purchased		6,937,843	-	-	**6,937,843**
Assets derecognised or repaid (excluding write offs)		(6,838,838)	-	-	**(6,838,838)**
At 31 December 2020		**10,992,529**	**-**	**-**	**10,992,529**

		Stage 1	**Stage 2**	**Stage 3**	**Total**
		N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2021		**900**	**-**	**-**	**900**
New assets originated or purchased	Note 14	1,170	**-**	**-**	**1,170**
Assets derecognised or repaid (excluding write offs)	Note 14	(891)	**-**	**-**	**(891)**
Changes in assumptions	Note 14	20,461	**-**	**-**	**20,461**
At 31 December 2021		**21,641**	**-**	**-**	**21,641**

		Stage 1	**Stage 2**	**Stage 3**	**Total**
		N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020		**1,422**	**-**	**-**	1,422
New assets originated or purchased	Note 14	900	-	-	900
Assets derecognised or repaid (excluding write offs)	Note 14	(1,422)	-	-	(1,422)
Changes in assumptions	Note 14	-	-	-	-
At 31 December 2020		**900**	**-**	**-**	**900**

Financial assets that have low credit risk were assessed for 12-months expected credit and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of the Bank, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero.

(All amounts are in millions of Naira, unless otherwise stated)

16 External reserves - continued

16g Movement analysis for Gold Bullion

	Group 2021 N'million	Group 2020 N'million	Bank 2021 N'million	Bank 2020 N'million
Balance as at 1 January	534,051	379,952	534,051	379,952
Unrealised Foreign exchange gain	31,416	47,678	31,416	47,678
Fair value (loss)/gain on Gold Bullion (Note 9 and Note 13)	(18,500)	106,421	(18,500)	106,421
Balance as at 31 December	**546,967**	**534,051**	**546,967**	**534,051**

17 International Monetary Fund (IMF) related balances

	Group 2021 SDR'million	Group 2021 N'million	Group 2020 SDR'million	Group 2020 N'million	Bank 2021 SDR'million	Bank 2021 N'million	Bank 2020 SDR'million	Bank 2020 N'million
Assets								
Holdings of Special Drawing Rights - Note 17a	3,799	2,313,163	1,473	725,583	3,799	2,313,163	1,473	725,583
Quota in IMF - Note 17b	2,455	1,549,146	2,455	1,209,060	2,455	1,549,146	2,455	1,209,060
	6,254	**3,862,309**	**3,928**	**1,934,643**	**6,254**	**3,862,309**	**3,928**	**1,934,643**
Liabilities								
IMF Account No. 1	7	3,843	7	3,465	7	3,843	7	3,465
IMF Account No. 2	-	32	-	28	-	32	-	28
IMF Securities	4,727	2,582,532	4,727	2,328,221	4,727	2,582,532	4,727	2,328,221
Total IMF liabilities - Note 17c	**4,734**	**2,586,407**	**4,734**	**2,331,714**	**4,734**	**2,586,407**	**4,734**	**2,331,714**
Allocation of Special Drawing Rights - Note 17d	4,028	2,452,292	1,675	825,272	4,028	2,452,292	1,675	825,272
	8,762	**5,038,699**	**6,409**	**3,156,986**	**8,762**	**5,038,699**	**6,409**	**3,156,986**

(All amounts are in millions of Naira, unless otherwise stated)

17 International Monetary Fund (IMF) related balances - continued

The Central Bank of Nigeria is the fiscal and depository agent of the Federal Republic of Nigeria for transactions with the International Monetary Fund (IMF). Special Drawing Rights (SDR) are issued by the International Monetary Fund (IMF) to member countries and represent allocations available to these member countries in managing and meeting their sovereign payment obligations. Financial resources availed to Nigeria by the Fund are channeled through the Bank. The Bank presents the holdings and allocations of the IMF SDR as an asset and liability, respectively, in the statement of financial position. Repayment of the IMF loans as well as charges is the responsibility of the Bank. The SDR balances in IMF accounts are translated into Naira and any unrealized gains or losses are netted off in Other assets (receivable from Federal Government of Nigeria in respect of SDR). The IMF calculates the daily value of the SDR in terms of the United States of America (US) Dollars by reference to a valuation basket of four currencies (USD, GBP, Euro & Japanese Yen).

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
17a **IMF Holdings of Special Drawing Rights**	**2,313,163**	**725,583**	**2,313,163**	**725,583**
At 1 January	725,583	747,143	725,583	747,143
Interest earned during the year	691	2,529	691	2,529
Interest charged during the year	(15,322)	(15,230)	(15,322)	(15,230)
Allocation*	1,346,886	-	1,346,886	-
Exchange gains/(losses)	255,325	(8,859)	255,325	(8,859)
At 31 December	**2,313,163**	**725,583**	**2,313,163**	**725,583**

*This represents the additional allocation of SDR2,352,527,860 to CBN on 23 August 2021 with the intention of boosting global liquidity.
Based on the swift message from IMF to Nigeria, the Central Bank of Nigeria received the payments for value dated 23 August 2021.

Maturity analysis

	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Current	2,313,163	725,583	2,313,163	725,583
	2,313,163	**725,583**	**2,313,163**	**725,583**

	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
17b **Quota in International Monetary Fund**	**1,549,146**	**1,209,060**	**1,549,146**	**1,209,060**
At 1 January	1,209,060	1,016,290	1,209,060	1,016,290
Allocation	-	-	-	-
Exchange gain	340,086	192,770	340,086	192,770
At 31 December	**1,549,146**	**1,209,060**	**1,549,146**	**1,209,060**

Maturity analysis

	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Non-current	1,549,146	1,209,060	1,549,146	1,209,060
	1,549,146	**1,209,060**	**1,549,146**	**1,209,060**

(All amounts are in millions of Naira, unless otherwise stated)

17 International Monetary Fund (IMF) related balances - continued

The quota in International Monetary Fund is the reserve tranche held with the IMF by member states. It represents non-interest bearing instrument.

	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
17c **IMF related liabilities**	**2,586,407**	**2,331,714**	**2,586,407**	**2,331,714**
At 1 January	2,331,714	967,851	2,331,714	967,851
Addition*	-	1,042,343	-	1,042,343
Exchange gains	254,693	321,520	254,693	321,520
At 31 December	**2,586,407**	**2,331,714**	**2,586,407**	**2,331,714**

* Addition during the year are not considered as part of cashflows as they relate to Federal Government of Nigeria (FGN) liabilities to IMF.

Maturity analysis

	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
Current	2,586,407	2,331,714	2,586,407	2,331,714
	2,586,407	**2,331,714**	**2,586,407**	**2,331,714**

IMF related liabilities represent other payables owed by the Federal Government of Nigeria (FGN) to the General Resources Account of IMF.

	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
17d **IMF allocation of Special Drawing Rights**	**2,452,292**	**825,272**	**2,452,292**	**825,272**
At 1 January	825,272	835,174	825,272	835,174
Additional allocation	1,346,886	-	1,346,886	-
Exchange gains/(losses)	280,134	(9,902)	280,134	(9,902)
At 31 December	**2,452,292**	**825,272**	**2,452,292**	**825,272**

Maturity analysis

	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
Current	2,452,292	825,272	2,452,292	835,174
	2,452,292	**825,272**	**2,452,292**	**835,174**

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
18	**Loans and receivables**	**N'million**	**N'million**	**N'million**	**N'million**
	Asset Management Corporation of Nigeria (AMCON) Notes	3,858,863	3,967,147	3,858,863	3,967,147
	Overdraft balances and short term advances	17,224,881	13,038,661	17,224,881	13,038,661
	CBN Standing Lending Facility (SLF) (a)	7,200	201	7,200	201
	Repurchase Transactions (Repo) (a)	357,775	-	357,775	-
	Long term loans	1,863,781	1,708,425	1,863,781	1,708,425
	Bank of Industry Debenture (BOI)	629,106	630,869	629,106	630,869
	Bank of Industry Loan (BOI)	201,740	201,035	201,740	201,035
	Real Sector Support Facility (RSSF)	186,091	209,969	186,091	209,969
	Nigerian Mortgage Refinance Company Loan	37,599	37,612	37,599	37,612
	Other loans	536,158	247,939	116,229	116,252
	Nigerian Treasury Bonds	6,858	19,067	6,858	19,067
	NESI Stabilization Strategy Limited loan	-	-	89,601	117,459
	NESI NBET Payment Assurance Facility	1,391,144	935,339	1,391,144	935,339
	Loans to Deposit Money Banks on Commercial Agricultural Credit Scheme	201,857	244,147	201,857	244,147
	Micro Small and Medium Entreprise loans	88,187	241,471	88,187	241,471
	Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Debenture (NIRSAL)	-	-	78,087	77,362
	Staff loans	18,457	12,355	17,429	12,355
	NHFP Subordinated loan to MFB	16	181	16	181
	6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)	1,274	1,243	1,274	1,243
	Advances to Federal Mortgage Bank of Nigeria	9	9	9	9
	Export Development Facility	97,609	100,590	97,609	100,590
	Non oil export facility	31,030	33,802	31,030	33,802
	Anchor Borrowers' programme	949,177	424,016	943,289	409,066
	Accelerated Agricultural Development	19,615	16,338	19,615	16,338
	Africa Finance Corporation	153,458	-	-	-
	Creative Industry Initiative	-	2,736	-	2,736
	Nigerian Youth Investment Fund	1,121	-	1,121	-
	Promissory Notes	306,151	322,673	306,151	322,673
	NESI Stabilization Strategy Limited Debenture	-	-	1,019,490	508,988
		28,169,157	**22,395,825**	**28,776,032**	**22,952,997**
	Less: Allowance for ECL (Note 18)	(889,311)	(467,327)	(890,081)	(462,408)
		27,279,846	**21,928,498**	**27,885,951**	**22,490,589**
	Trade receivables	4,560	10,240	-	-
	Less: Allowance for ECL (Note 3.2.4)	(2,026)	(1,791)	-	-
		2,534	**8,449**	**-**	**-**
		27,282,380	**21,936,947**	**27,885,951**	**22,490,589**

Maturity analysis

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Current	17,224,881	13,038,661	17,224,881	13,038,661
Non-current	10,057,499	21,926,707	10,661,070	22,490,589
	27,282,380	**21,936,947**	**27,885,951**	**22,490,589**

(a) The Bank offers the Standing Lending Facilities (SLF) and Repurchase Transactions (Repo) to provide Naira liquidity to eligible institutions that are unable to access funds on the inter-bank market and to set an upper limit on rates. The loans are collaterized by financial securities such as treasury bills, OMO bills, FGN Bonds etc owned by the requesting financial institutions.
The table below shows the collaterals, loan tenors, and interest rates on the facilities.

Security	**Interest rate**	**Tenor (Days)**	**Collateral cover**	**Fair value of collateral**
Standing Lending Facilities	12.50%	1	9,000	8,790
Repurchase Transactions	14% - 15%	4 - 90	468,013	351,177

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

Group

Impairment allowance for loans and receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances excluding trade receivables. Details of the Group's policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

	2021				2020			
External rating grade (S&P)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Performing								
High grade (AAA - A)	-	-	-	**-**	-	-	-	**-**
Standard grade (BBB - B)	23,619,037	22,324	1,832,494	**25,473,855**	16,617,973	4,092	4,033,258	**20,655,323**
Sub-standard grade (CCC - CC)	121,100	-	153,015	**274,115**	871,960	-	752,352	**1,624,312**
Past due but not impaired (C)	1,420,373	33,312	851,310	**2,304,995**	-	-	-	**-**
Non-performing					-	-	-	
Individually impaired	-	-	116,192	**116,192**	-	-	116,190	**116,190**
Total	**25,160,510**	**55,636**	**2,953,011**	**28,169,157**	**17,489,933**	**4,092**	**4,901,800**	**22,395,825**

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

Group

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables is as follows:

	2021				2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January	**17,489,933**	**4,092**	**4,901,800**	**22,395,825**	12,732,011	-	4,704,678	**17,436,689**
New assets originated or purchased	8,586,147	-	-	**8,586,147**	5,772,298	-	-	**5,772,298**
Assets derecognised or repaid (excluding write offs)	(24,935)	(19,581)	(2,768,299)	**(2,812,815)**	(227,070)	-	(586,092)	**(813,162)**
Transfers to stage 2	(71,125)	71,125	-	**-**	(4,092)	4,092	-	**-**
Transfers to stage 3	(819,510)	-	819,510	**-**	(783,215)	-	783,215	**-**
At 31 December	**25,160,510**	**55,636**	**2,953,011**	**28,169,157**	**17,489,933**	**4,092**	**4,901,800**	**22,395,825**

	2021				2020			
ECL - Loans and receivables excluding trade receivables	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January	**206,184**	**84**	**261,059**	**467,327**	**105,361**	**-**	**246,748**	**352,109**
New assets originated or purchased	271,678	-	-	**271,678**	221,269	-	-	**221,269**
Assets derecognised or repaid (excluding write offs)	(687)	(8,880)	(114,689)	**(124,256)**	(21,335)	-	(125,178)	**(146,513)**
Transfers to stage 2	(16,287)	16,287	-	**-**	(82)	82	-	**-**
Transfers to stage 3	(82,457)	-	82,457	**-**	(99,029)	-	99,029	**-**
Impact on ECL of transfers	-	1,389	273,173	**274,562**	-	2	40,460	**40,462**
At 31 December	**378,431**	**8,880**	**502,000**	**889,311**	**206,184**	**84**	**261,059**	**467,327**

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

Bank

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

	2021				2020			
External rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Performing								
Standard grade (BBB - B)	24,225,910	22,324	1,832,496	**26,080,730**	17,137,424	4,092	4,033,258	**21,174,774**
Sub-standard grade (CCC - CC)	121,100	-	153,015	**274,115**	871,960	-	752,353	**1,624,313**
Past due but not impaired (C)	1,420,373	33,312	851,310	**2,304,995**	-	-	-	**-**
Non-performing								
Individually impaired	-	-	116,192	**116,192**	-	-	116,190	**116,190**
Total	**25,767,383**	**55,636**	**2,953,013**	**28,776,032**	**18,009,384**	**4,092**	**4,901,801**	**22,915,277**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables is as follows:

	2021				2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January	**18,009,383**	**4,092**	**4,901,802**	**22,915,277**	**13,080,251**	-	4,704,678	**17,784,929**
New assets originated or purchased	8,673,570	-	-	**8,673,570**	5,943,509	-	-	**5,943,509**
Assets derecognised or repaid (excluding write offs)	(24,935)	(19,581)	(2,768,299)	**(2,812,815)**	(227,070)	-	(586,091)	**(813,161)**
Transfers to stage 2	(71,125)	71,125	-	**-**	(4,092)	4,092	-	**-**
Transfers to stage 3	(819,510)	-	819,510	**-**	(783,215)	-	783,215	**-**
At 31 December	**25,767,383**	**55,636**	**2,953,013**	**28,776,032**	**18,009,383**	**4,092**	**4,901,802**	**22,915,277**

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

Bank

		2021				2020			
		Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	Note	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January		**202,185**	**84**	**260,139**	**462,408**	**107,763**	**-**	**245,828**	**353,591**
New assets originated or purchased		277,367	-	-	**277,367**	214,868	-	-	**214,868**
Assets derecognised or repaid (excluding write offs)		(687)	(8,880)	(114,689)	**(124,256)**	(21,335)	-	(125,178)	**(146,513)**
Transfers to stage 2		(16,287)	16,287	-	**-**	(82)	82	-	**-**
Transfers to stage 3		(82,457)	-	82,457	**-**	(99,029)	-	99,029	**-**
Impact on ECL of transfers		-	1,389	273,173	**274,562**	-	2	40,460	**40,462**
At 31 December		**380,121**	**8,880**	**501,080**	**890,081**	**202,185**	**84**	**260,139**	**462,408**

(All amounts are in millions of Naira, unless otherwise stated)

18 Loans and receivables - continued

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.2

18a Impairment allowance on Trade receivables

The below shows the ECL reversal on trade receivables for the year recorded in the income statement:

	Group	
	2021	**2020**
	N'million	**N'million**
As at 1 January	1,791	2,574
Charge for the year (Note 14)	235	(783)
As at 31 December	**2,026**	**1,791**

Overdraft balances and short-term advances:

Overdraft balances represent lending to customers and are collateralized by Nigerian treasury bills and Federal Government bonds.

Bank of Industry Debenture (BOI):

The Bank purchased N535 billion debenture stocks issued by the Bank of Industry (BOI) in 2010. The investment is to fund intervention activities initiated by the Bank and was executed through the BOI. The sum of N300 billion will be applied to power projects, N200 billion applied to the refinancing/ restructuring of Deposit Money Bank's existing loan portfolios to Nigerian small and medium scale enterprise and manufacturing sector with N35 billion to the manufacturing sector.

Long-term loans:

Long-term loans consist of facilities granted to AMCON, FGN and other banks.

Other loans:

Other loans represent facilities given to distressed and liquidated banks.

6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)

This refers to CBN's investment in debentures of the Nigerian Export-Import Bank (NEXIM).

Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending (NIRSAL) Debentur

The Bank invested in N72.5 debenture stocks issued by NIRSAL Plc in 2014. The investment is to fund the agricultural financing mechanism initiated by the Bank to unlock and upscale lending, reduce transaction costs and establish sustainable financial delivery platforms for agricultural business in the country. The purpose is to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain.

(All amounts are in millions of Naira, unless otherwise stated)

19 Financial investments other than those measured at FVTPL

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
(a) Debt instruments measured at FVOCI				
Government debt securities				
Nigerian Treasury Bills	3,101	1,368	3,101	**1,368**
FGN Bonds	-	-	-	**-**
Total debt instruments measured at FVOCI	**3,101**	**1,368**	**3,101**	**1,368**

	Group		Bank	
Maturity analysis	**2021**	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Current	3,101	1,368	3,101	1,368
Non-current	-	-	-	-
	3,101	**1,368**	**3,101**	**1,368**

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
(b) Equity instruments measured at FVOCI				
Nigeria Deposit Insurance Corporation (NDIC)	54,697	51,880	54,697	51,880
International Islamic Liquidity Management Corporation of Malaysia	8,062	3,746	8,062	3,746
African Export Import Bank (Afrexim)	220,836	202,723	220,836	202,723
Total equity instruments	**283,595**	**258,349**	**283,595**	**258,349**

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
(c) Debt instruments at amortised cost				
Government debt securities				
Investment in AMCON Bonds	944,486	929,907	944,486	929,907
FGN Bonds	1,764,465	1,764,465	1,666,370	1,669,852
Nigerian Treasury Bills	270,099	433,828	270,099	433,828
	2,979,050	**3,128,200**	**2,880,955**	**3,033,587**
Other debt securities				
Corporate Bonds	204,960	206,934	-	-
Investment in FARMSMART	321	321	-	-
Agricultural Value Chains Investment	3,530	-	-	-
Fixed deposit	7,757	-	-	-
Promissory notes	7,518	-	-	-
	3,203,136	**3,335,455**	**2,880,955**	**3,033,587**
Less: Allowance for ECL*	(418)	(536)	-	-
Total debt instruments at amortised cost	**3,202,718**	**3,334,919**	**2,880,955**	**3,033,587**

(All amounts are in millions of Naira, unless otherwise stated)

19 Financial investments other than those measured at FVTPL - continued

Group

(d) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to debt instruments at amortised cost is as follows:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January	**3,335,455**	**-**	**-**	**3,335,455**
New assets originated or purchased	18,805	-	-	**18,805**
Assets derecognised or repaid (excluding write offs)	(151,124)	-	-	**(151,124)**
At 31 December	**3,203,136**	**-**	**-**	**3,203,136**

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January	536	**-**	**-**	**536**
New assets originated or purchased	192	-	-	**192**
Assets derecognised or repaid (excluding write offs)	(310)	-	-	**(310)**
At 31 December	**418**	**-**	**-**	**418**

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January	**3,092,129**	**-**	**-**	**3,092,129**
New assets originated or purchased	243,326	-	-	**243,326**
Assets derecognised or repaid (excluding write offs)	-	-	-	**-**
At 31 December	**3,335,455**	**-**	**-**	**3,335,455**

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January	-	**-**	**-**	**-**
New assets originated or purchased	536	-	-	**536**
Assets derecognised or repaid (excluding write offs)	-	-	-	**-**
At 31 December	**536**	**-**	**-**	**536**

	Group		**Bank**	
Maturity analysis	**2021**	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Current	474,641	640,226	270,099	433,828
Non-current	2,728,077	2,694,693	2,610,856	2,599,759
	3,202,718	**3,334,919**	**2,880,955**	**3,033,587**

More information regarding the valuation methodologies can be found in Note 3.5.

(All amounts are in millions of Naira, unless otherwise stated)

19 Financial investments other than those measured at FVTPL - continued

(i) **Equity investments at FVOCI**

	Nigeria Deposit Insurance Corporation (NDIC)	International Islamic Liquidity Management Corporation of Malaysia	African Export Import Bank (Afrexim)	Total
	N'million	N'million	N'million	N'million
Balance as at 1 January 2020	**49,128**	**3,243**	**114,285**	**166,656**
Investment during the year	-	-	-	-
Fair value gain during the year	2,752	503	88,439	91,694
Balance as at 31 December 2020	**51,880**	**3,746**	**202,724**	**258,350**
Fair value gain during the year	2,817	4,316	18,112	25,245
Balance as at 31 December 2021	**54,697**	**8,062**	**220,836**	**283,595**

As at year ended 31 December 2021, the Bank carried out the valuation of these investments using the Market approach (corroborative calculations). This method considered assumptions and valuation inputs in arriving at the fair value of the investment as at the end of the reporting period and this gave rise to fair value gains/(losses) on NDIC,IILMC and AFREXIM.

Equity investment in International Islamic Liquidity Management Corporation of Malaysia (IILMC)

The International Islamic Liquidity Management Corporation is an international institution established on 25 October 2010 by central banks, monetary authorities and multilateral organisations to create and issue short-term Shari'ah-compliant financial instruments to facilitate effective cross-border Islamic liquidity management. By creating more liquid Shari'ah-compliant financial markets for institutions offering Islamic financial services (IIFS), the IILM aims to enhance cross-border investment flows, international linkages and financial stability. The Bank holds an investment in the equity of IILMC. The Bank paid a total of USD 5,000,000 since the establishment of IILMC. The proportion of the Bank equity interest to the total holding in this Corporation is 6.67%. These shares are measured at fair value with gains/losses recognised in OCI.

Equity investment in Nigeria Deposit Insurance Corporation (NDIC)

The Nigeria Deposit Insurance Corporation (NDIC) was set up to insure all deposit liabilities of licensed banks and other insured financial institutions so as to engender confidence in the Nigerian banking system; to give assistance to insured Institutions in the interest of depositors, in case of imminent or actual financial difficulties of banks particularly where suspension of payments is threatened, and avoiding damage to public confidence in the Banking system; to guarantee payments to depositors, in case of imminent or actual suspension of payments by insured Institutions up to the maximum as provided and to assist monetary authorities in the formulation and implementation of policies so as to ensure sound Banking practice and fair competition among insured institutions in the Nigeria.

(All amounts are in millions of Naira, unless otherwise stated)

19 Financial investments other than those measured at FVTPL - continued

Equity investment in Nigeria Deposit Insurance Corporation (NDIC) - continued

The Bank paid a total of N1.38billion since the establishment of NDIC. The proportion of the Bank equity interest to the total holding in this institution is 60%. However, the Federal Ministry of Finance which holds the remaining 40% has power to direct the relevant activities of the Corporation. These shares are measured at fair value with gains/losses recognised in OCI.

Equity investment in African Export Import Bank (Afrexim)

The African Export - Import Bank was set up in October 1993 for the purpose of stimulating a consistent expansion, diversification and development of African trade to rapildly increase Africa's share of global trade. Afreximbank has four classes of shares – A, B, C and D. The Bank's investment falls under the "Class A" shares which are held by African Governments/States, their public institutions or their designated institutions, including continental, regional, and sub-regional financial institutions. The proportion of the Bank equity interest to the total holding in this institution is 6.21%.

(ii) **Reconciliation of net gains/losses recognised in OCI and fair value reserve on equity and debt instruments at FVOCI:**

	Group and Bank		
	Unquoted equity instruments	Quoted debt instruments	Total
	N'million	N'million	N'million
As at 1 January 2020	**50,991**	**87**	**51,078**
Remeasurement recognised in OCI (Note 10)	91,694	(70)	**91,624**
As at 31 December 2020	**142,685**	**17**	**142,702**
Remeasurement recognised in OCI (Note 10)	25,245	22	**25,267**
As at 31 December 2021	**167,930**	**39**	**167,969**

	Group		Bank	
	2021	2020	2021	2020
20 Investments in subsidiaries	N'million	N'million	N'million	N'million
Nigerian Security Printing and Minting Plc. (NSPM)	-	-	42,891	42,891
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)	-	-	2,500	2,500
NESI Stabilization Strategy Limited (NESI)	-	-	10	10
Infrastructure Corporation of Nigeria (INFRACORP)	-	-	700	-
Total investments	**-**	**-**	**46,101**	**45,401**

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries - continued

Maturity analysis

	2021 N'million	2020 N'million
Non-current	46,101	45,401
	46,101	**45,401**

Percentage shareholding

CBN holds 89.52% equity interest in NSPM Plc. The subsidiary is held by CBN to meet its functions as a Central bank and is thus of a long standing nature. NSPM is a company whose main business activity is the printing and minting of Nigerian banknotes and coins respectively. It also prints security documents and products for other businesses. The investment in NSPM is carried at cost less impairment in the separate financial statements. The principal place of business and country of incorporation is in Abuja, Nigeria.

CBN has not made any capital commitments to NSPM. The risk that CBN is exposed to as a result of controlling NSPM is limited to providing additional capital in the event that NSPMC fails to meet its own working capital requirements.

The CBN holds 100% equity interest in NIRSAL. The subsidiary was set up by the CBN to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain. The principal place of business and country of incorporation is in Abuja, Nigeria.

The CBN has capital commitments of N699 million to NIRSAL. The risk that the CBN is exposed to as a result of controlling NIRSAL is limited to providing additional capital in the event that NIRSAL fails to meet its own working capital requirements. The additional investment in NIRSAL relates to below market rate debenture issued by NIRSAL to CBN.

The CBN holds 99.99% equity interest in NESI. NESI is a company whose primary activities are to promote long term sustainability and efficiency of the Nigeria Electricity Supply Industry through the initiation and encouragement of programmes and the creation of mechanisms and processes fundamental to the growth and bankability of the Nigerian Electricity Supply Industry. The principal place of business and country of incorporation is in Abuja, Nigeria.

The CBN has capital commitments on N147.87 billion to NESI. The risk that the CBN is exposed to as a result of controlling NESI is limited to providing additional capital in the event that NESI fails to meet its own working capital requirements.

The CBN holds 70% equity interest in INFRACORP. The Infrastructure Corporation of Nigeria (InfraCorp) is a dedicated privately managed infrastructure vehicle established and co-owned by the Central Bank of Nigeria (CBN), Africa Finance Corporation (AFC) and Nigeria Sovereign Investment Authority (NSIA) jointly referred to as “the Promoters” by appointed infrastructure asset managers. The principal place of business and country of incorporation is in Abuja, Nigeria.

The CBN has capital commitments of N700 million to INFRACORP. The risk that the CBN is exposed to as a result of controlling INFRACORP is limited to providing additional capital in the event that INFRACORP fails to meet its own working capital requirements.

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

(a) Nigerian Security Printing and Minting Plc. (NSPM)

Summarised statement of profit or loss and other comprehensive income	**2021**	**2020**
	N'million	**N'million**
Revenue	57,346	58,043
Cost of sales	(38,066)	(38,224)
Administrative expenses	(11,482)	(5,146)
Other operating income	613	589
Finance income	-	372
Finance costs	-	(35)
Profit on ordinary activities before tax	**8,411**	**15,599**
Income tax expense	(1)	(4,710)
Profit after tax	**8,410**	**10,889**
Other comprehensive income	-	-
Total comprehensive income for the year	**8,410**	**10,889**
Attributable to:		
Equity holders of parent	8,073	10,469
Non-controlling interest	337	420

Summarised statement of financial position	**2021**	**2020**
	N'million	**N'million**
Inventories and cash and cash equivalents (current)	34,327	44,435
Property, plant and equipment and other non-current assets	54,480	53,356
Trade and other receivables and retirement benefit surplus	24,599	21,260
Trade and other payables (current)	(9,496)	(8,602)
Liabilities (non-current)	(4,488)	(12,995)
Other liabilities (current)	(12,511)	(9,235)
Total equity	**86,911**	**88,219**
Attributable to:		
Equity holders of parent	85,462	86,770
Non-controlling interest	1,449	1,449

Summarised cash flow information for year ended	**2021**	**2020**
	N'million	**N'million**
Operating	(1,172)	17,440
Investing	(3,908)	(551)
Financing	(9)	(35)
Net (decrease)/increase in cash and cash equivalents	**(5,089)**	**16,854**

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries (continued)

(a) Nigerian Security Printing and Minting Plc. (NSPM) - continued

	%	%
Proportion of equity interest held by non-controlling interests	**10.48**	**10.48**
	2021	**2020**
	N'million	**N'million**
Accumulated balances of material non-controlling interests	9,108	9,245

(b) Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)

Summarised statement of profit or loss and other comprehensive income	**2021**	**2020**
	N'million	**N'million**
Interest income	12,519	14,877
Interest expense	(1,674)	(2,098)
Other operating income	6,971	874
Administrative expenses	(1,665)	(1,003)
Other expenses	(13,792)	(10,641)
Profit on ordinary activities before tax	**2,358**	**2,009**
Income tax expense	(164)	-
Profit after tax	**2,194**	**2,009**

Summarised statement of financial position	**2021**	**2020**
	N'million	**N'million**
Cash and cash equivalents (current)	7,273	13,602
Investments	109,693	109,550
Other assets	18,541	22,484
Liabilities (non-current)	(90,093)	(103,674)
Other liabilities (current)	(4,057)	(2,866)
Total equity	**41,357**	**39,096**

Summarised cash flow information for year ended	**2021**	**2020**
	N'million	**N'million**
Operating	(5,468)	3,209
Investing	(5,385)	230
Net (decrease)/increase in cash and cash equivalents	**(10,853)**	**3,439**

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries (continued)

(c) NESI Stabilization Strategy Limited (NESI)

Summarised statement of profit or loss and other comprehensive income	**2021**	**2020**
	N'million	**N'million**
Interest income	56,116	47,242
Other income	-	351
Interest expense	(51,278)	(43,474)
Administrative expenses	(3,504)	(3,362)
Other expenses	(1,059)	(82)
Profit on ordinary activities before tax	**275**	**675**
Income tax expense	(176)	(293)
Profit after tax	**99**	**382**

Summarised statement of financial position	**2021**	**2020**
	N'million	**N'million**
Cash and cash equivalents (current)	166,899	113,822
Trade and other receivables (current)	1,052,689	585,477
Trade and other payables (current)	(789)	(132)
Liabilities (non-current)	(1,212,329)	(695,559)
Other liabilities (current)	(3,022)	(293)
Total equity	**3,448**	**3,315**

Summarised cash flow information for year ended	**2021**	**2020**
	N'million	**N'million**
Operating	26,967	(50,551)
Investing	(293,401)	(103,714)
Financing	786,697	204,294
Net increase in cash and cash equivalents	**520,263**	**50,029**

(All amounts are in millions of Naira, unless otherwise stated)

20 Investments in subsidiaries (continued)

(d) Infrastructure Corporation of Nigeria Limited (InfraCorp)

Summarised statement of profit or loss and other comprehensive income	2021	2020
	N'million	N'million
Administrative expenses	(48)	-
Profit on ordinary activities before tax	**(48)**	**-**
Income tax expense	-	-
Profit after tax	**(48)**	**-**

Summarised statement of financial position	2021	2020
	N'million	N'million
Cash and cash equivalents (current)	652	-
Total equity	**652**	**-**

Summarised cash flow information for year ended	2021	2020
	N'million	N'million
Operating	(48)	-
Investing	700	-
Financing	-	-
Net increase in cash and cash equivalents	**652**	**-**

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
	Percentage shareholding	**2021**	**2020**	**2021**	**2020**
21 Investments in associates		**N'million**	**N'million**	**N'million**	**N'million**
Africa Finance Corporation (AFC)	42.4%	381,552	343,818	77,118	77,118
Nigerian Export Import Bank (NEXIM)	50%	23,403	20,487	25,000	25,000
Bank of Industry (BOI)	5.2%	22,864	20,281	7,655	7,655
Bank of Agriculture (BOA)	14.0%	-	-	4,027	4,027
Agricultural Credit Guarantee Scheme Fund (ACGSF)	40.0%	19,035	3,528	16,384	1,200
Nigeria Commodity Exchange (NCX)	59.7%	-	-	408	408
National Economic Reconstruction Fund (NERFUND)	3.6%	-	-	100	100
FMDQ-OTC Security Exchange	15.4%	7,539	6,136	100	100
Nigeria Inter-Bank Settlement System (NIBSS)	3.6%	1,203	922	53	53
Nirsal Microfinance	40%	4,275	2,849	-	-
		459,871	**398,021**	**130,845**	**115,661**
Less: Impairment allowance (Note 21a)		-	-	(4,535)	(4,535)
		459,871	**398,021**	**126,310**	**111,126**

Maturity analysis

	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Non-current	459,871	398,021	126,310	111,126
	459,871	**398,021**	**126,310**	**111,126**

21a A reconciliation of the allowance for impairment losses for investment in associates, by investees, is as follows:

Bank	**Bank of Agriculture (BOA)**	**Nigeria Commodity Exchange (NCX)**	**National Economic Reconstruction Fund (NERFUND)**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
As at 31 December 2020	**4,027**	**408**	**100**	**4,535**
Impairment charged during the year	**-**	**-**	**-**	**-**
As at 31 December 2021	**4,027**	**408**	**100**	**4,535**

21 Investments in associates - continued

The Group holds unlisted equity investments in various entities that are classified as associates. The percentage shareholdings held by the Group and the cost of the investments are presented above.

The investees are involved in activities that promote economic growth and development in Nigeria, which goals form part of the Group's agenda and mandate. The risks faced by the Group as a result of these investments is limited to the original cost invested.

The Group has not made any capital commitments to any of the associates. The investments are carried at cost less impairment in the separate financial statements and equity accounted in the consolidated financial statements. Information about the activities of the associates are presented below:

Africa Finance Corporation (AFC)

AFC is a private sector-led Pan African multilateral development finance institution, with a capital base of US$1.2 billion, established to be a catalyst for private sector infrastructure investment across African. AFC not only provides access to finance, deal structuring and sector technical expertise, but also advisory services, project development capacity, and funding to bridge the infrastructure investment and access deficits, in the core infrastructure sectors of power, natural resources, heavy industry, transport and telecommunications, all critical pillars for economic growth across Africa. Its principal place of business is in Lagos, Nigeria. The Group's interest in AFC is accounted for using the equity method in the consolidated financial statements.
Deposit for shares amounting to $200 million was converted to equity investment in AFC by the Bank in 2021.

Nigerian Export Import Bank (NEXIM)

A foremost bank of its nature in Africa, NEXIM was established to carry on the business of provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports. Its principal place of business is in Abuja, Nigeria. The Group's interest in NEXIM is accounted for using the equity method in the consolidated financial statements.

Bank of Industry (BOI)

The Bank was incorporated as a private limited liability company under the name Nigerian Industrial Development Bank Limited on 22 January 1964 and it changed its name to Bank of Industry Limited by a special resolution passed at an extra-ordinary general meeting held on 5 October 2001. The principal activity of the group is the provision of development financing services. Its principal place of business is in Lagos, Nigeria. The Group's interest in BOI is accounted for using the equity method in the consolidated financial statements.

Bank of Agriculture (BOA)

The Bank was incorporated on 24 November 1972 as Nigerian Agricultural Bank Limited, changed its name to the Nigerian Agricultural and Co-operative Bank Limited (NACB) in 1978 and later changed to Nigerian Agricultural Co-operative and Rural Development Bank Limited (NARCDB) on 29 December 2000. It enlarged it object clause to include the total development activities of the Peoples Bank of Nigeria and also acquired the risk assets of the Family Economic Advancement Program (FEAP).

21 Investments in associates - continued

Bank of Agriculture (BOA) - continued

On 6 October 2010, the Bank further changed to Bank of Agriculture Limited. The Bank is fully owned by the Federal Government of Nigeria through the Ministry of Finance Incorporated and the Central Bank of Nigeria. The Bank grants Micro and Macro loans for Agricultural production, processing and marketing and other financial services, but as from 1 April 2006, marketing ceased to be one of the Bank's principal activities. It also engages in the business of stimulation of rural savings as well as provision of loans to small scale enterprises in order to develop the economic base of the low income populace. Its principal place of business is in Kaduna, Nigeria. The Group's interest in BOA is accounted for using the equity method in the consolidated financial statements.

FMDQ-OTC Plc

FMDQ OTC PLC was incorporated in Nigeria under the companies and Allied matters Act on 6 January 2011 as a public liability company, and was licensed by the Securities and Exchange Commission on 6 November 2012 to perform the function as a securities exchange and self regulatory organisation. The principal activities of the Company are developing, organising and regulating the platform for listing, quotation, registration and trading of debt securities and currencies. Its principal place of business is in Lagos, Nigeria. The Group's interest in FMDQ is accounted for using the equity method in the consolidated financial statements.

Agricultural Credit Guarantee Scheme Fund (ACGSF)

The Fund was established by the Agricultural Credit Guarantee Scheme Fund Decree (No 20) of 1977. The Fund was established for the purpose of providing guarantees in respect of loans granted for agricultural purposes by any bank with a view to encourage banks to make advances to the agricultural sub-sector of the economy. The Fund is managed by the ACGSF Board. The Board was dissolved in October 2007. Its principal place of business is in Abuja, Nigeria. The Group's interest in ACGSF is accounted for using the equity method in the consolidated financial statements.

Additional investment amounting to N15,184 million was made in the entity by the Bank in 2021.

Nigeria Commodity Exchange (NCX)

The Nigeria Commodity Exchange(NCX) was originally incorporated as a Stock Exchange on 17 June, 1998. It commenced electronic trading in securities in May 2001 and was converted to a commodity exchange on 8 August 2001 and brought under the supervision of the Federal Ministry of Commerce. The conversion was premised on the need for an alternative institutional arrangement that would manage the effect of price fluctuations in the marketing of agricultural produce which has adversely affected the earnings of farmers since the abolishment of commodity Boards in 1986. Its principal place of business is in Abuja, Nigeria. The Group's interest in NCX is accounted for using the equity method in the consolidated financial statements.

National Economic Reconstruction Fund (NERFUND)

The Fund was established in 1989 by the National Economic Reconstruction Act, Cap. 254, 1990 Laws of the Federation (NERFUND Act) with the main objective of acting as a catalyst for the rapid rise of real production enterprises in the country. To accomplish this, it is mandated to provide medium to long term financing to small and medium scale enterprises, with special emphasis on the manufacturing and agro-allied sectors. It is also saddled with the responsibility of 'correcting observed inadequacies in the provision of medium to long term financing to small and medium scale enterprises' in the country. Its principal place of business is in Abuja, Nigeria. The Group's interest in NERFUND is accounted for using the equity method in the consolidated financial statements.

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued

Nigeria Inter-Bank Settlement System (NIBSS)

The Nigeria Inter-Bank Settlement System Plc. (NIBSS) was set up by the decision of the Bankers Committee in 1992, as a Banking Industry Shared-Service, to help streamline inter-bank payments and settlement mechanisms, and to promote electronic payments in Nigeria. Incorporated in April 1993, it commenced operations on the 13th of June 1994. The Bank holds an investment in the equity of NIBSS. The proportion of the Bank equity interest to the total holding in this institution is 3.6%. These shares are measured at cost less impairment losses. NIBSS is owned by all licensed banks and discount houses in Nigeria, and the Central Bank of Nigeria. The Board consists of representatives of banks, Discount Houses and the Managing Director of NIBSS with Deputy Governor (Operations), Central Bank of Nigeria, as the Chairman. Its principal place of business is in Lagos, Nigeria. The Group's interest in NIBSS is accounted for using the equity method in the consolidated financial statements.

Nirsal Microfinance Bank Ltd

Nirsal Microfinance Bank Ltd was incorporated on 25 March 2019 as a private limited liability company under the provision of the Companies and Allied Matter Act cap c20, LFN 2004. The Bank provides banking services to the general banking public. The Bank commenced operations in the same year on 20 July 2019 and obtained a provisional license to operate as a National Microfinance bank on 12 July 2019 from the Apex Bank. The Group holds an investment in the equity of NIRSAL Microfinance Bank. The proportion of the Group equity interest to the total holding in this institution is 40%. These shares are measured at cost less impairment losses Its principal place of business is in Abuja, Nigeria. The Group's interest in NIRSAL Microfinance Bank is accounted for using the equity method in the consolidated financial statements.

	2021	2020
	N'million	N'million
Share of profit of associates	38,022	32,402
Share of OCI of associates	18,809	30,953
	56,831	**63,355**

Although the Group holds less than 20% of the equity shares of BOA, NIBSS, FMDQ OTC, NERFUND and BOI, and it has less than 20% of the voting power at shareholder meetings, the Group exercise significant influence over the relevant activities of the associates. Also, CBN owns more than half of the voting right in NCX but does not have control since the guidelines setting up NCX does not give CBN powers to direct the relevant activities of the investee.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates financial statements prepared in accordance with IFRSs (adjustments are made to bring the accounting policies of the associates in line with those of the Group).

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued

31 December 2021

	Nirsal Microfinance Bank Ltd N'million	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Current assets	136,864	38,146	3,699,600	195,253	5,249	769,765	13,359	-
Non-current assets	1,834	5,451	4,004	3,064	95,949	941,480	156,008	27,553
Current liabilities	(1,381)	(9,420)	(53,917)	(12,057)	(145,529)	(199,368)	(14,890)	(3)
Non-current liabilities	(94,589)	(542)	(2,690,919)	(143,737)	(4,067)	(1,128,625)	(115,299)	(2,729)
Equity	**42,728**	**33,635**	**958,768**	**42,523**	**(48,398)**	**383,251**	**39,177**	**24,821**
Group's share in equity	4,275	1,203	381,552	23,403	-	22,864	7,539	19035
Revenue								
Gross income/(loss)	5,279	25,187	106,646	8,572	(7,681)	101,666	19,857	1,470
Total expenses	(3,082)	(9,117)	(38,828)	(4,283)	3,604	(47,433)	(10,706)	(668)
Profit/(loss) before income tax	**2,198**	**16,071**	**67,818**	**4,289**	**(11,284)**	**54,233**	**9,151**	**802**
Income tax expense	-	(5,238)	-	-	-	(949)	-	-
Profit/(loss) for the year	**2,198**	**10,833**	**67,818**	**4,289**	**(11,284)**	**53,284**	**9,151**	**802**
Other comprehensive income, net of income tax:	-	-	44,361	-	-	-	709	-

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued

31 December 2021

	Nirsal Microfinance Bank Ltd N'million	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Total comprehensive income/(loss) for the year	2,198	10,833	112,179	4,289	(11,284)	53,284	9,860	802
Group share of profit for the year	1,426	390	28,755	2,918	-	2,800	1,410	323
Group share of other comprehensive income	-	-	18,809	-	-	-	-	-
Group share of total comprehensive income	1,426	390	47,564	2,918	-	2,800	1,410	323
Dividend received	-	109	9,830	2	-	217	-	-

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued
31 December 2020

	Nirsal Microfinance Bank Ltd N'million	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Current assets	129,451	22,920	557,078	67,042	16,101	969,584	26,578	-
Non-current assets	240,268	9,591	2,436,268	89,074	34,496	890,595	298,308	11,925
Current liabilities	(6,395)	(7,191)	(64,323)	(7,734)	(22,733)	(230,434)	(1,445)	(3)
Non-current liabilities	(353,658)	(542)	(2,088,933)	(111,311)	(101,152)	(1,304,334)	(292,562)	(3,093)
Equity	**9,666**	**24,778**	**840,090**	**37,072**	**(73,288)**	**325,410**	**30,879**	**8,828**
Group's share in equity	2,849	922	343,818	20,487	-	20,281	6,136	3,528
Revenue								
Gross income/(loss)	5,279	17,344	83,135	5,180	(7,210)	72,238	30,487	1,075
Total expenses	(3,082)	(6,869)	(22,598)	(3,949)	(4,104)	(38,872)	(12,598)	(612)
Profit/(loss) before income tax	**2,198**	**10,475**	**60,537**	**1,231**	**(11,314)**	**33,366**	**17,889**	**463**
Income tax expense	-	(3,026)	-	-	-	(2,267)	-	-
Profit/(loss) for the year	**2,198**	**7,449**	**60,537**	**1,231**	**(11,314)**	**31,099**	**17,889**	**463**
Other comprehensive income, net of income tax:	-	-	73,654	-	-	-	709	-

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in associates - continued

31 December 2020

	Nirsal Microfinance Bank Ltd N'million	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Total comprehensive income/(loss) for the year	2,198	7,449	134,191	1,231	(11,314)	31,099	18,598	463
Group share of profit for the year	849	268	25,668	586	-	1,763	3,083	185
Group share of other comprehensive income	-	-	30,868	(45)	-	2	128	-
Group share of total comprehensive income	849	268	56,536	541	-	1,765	3,211	185
Dividend received	-	63	7,532	100	-	122	-	-

* The unrecognised share of losses of Bank of Agriculture (BOA) for the year is N1,580 million (2020: N1,584 million).

(All amounts are in millions of Naira, unless otherwise stated)

			Group		Bank	
			2021	**2020**	**2021**	**2020**
22	**Other assets**		**N'million**	**N'million**	**N'million**	**N'million**
	Financial assets:					
	Rapid financing instrument - IMF	Note 22.1	1,209,060	1,209,060	1,209,060	1,209,060
	Other sundry receivables		157,801	144,610	118,810	144,041
	Due from Agricultural Credit Guarantee Scheme Fund		(13)	771	(13)	771
	Other receivables		80,254	53,019	19,309	53,019
	OTC foreign exchange futures	Note 22.2	115,641	283,085	115,641	283,085
			1,562,743	1,690,545	1,462,807	1,689,976
	Less: Allowance for expected credit losses (Note 22a)		(61,151)	(5,759)	(61,151)	(5,759)
			1,501,592	1,684,786	1,401,656	1,684,217
	Non-financial assets:					
	Prepaid staff expenses (Note 22.3)		54,291	57,049	54,291	57,049
	Prepayments		14,493	11,356	10,173	11,349
	Deposit for shares		76,130	76,130	76,130	76,130
	Inventories		15,631	18,584	-	-
			160,545	**163,119**	**140,594**	**144,528**
	Total other assets		**1,662,137**	**1,847,905**	**1,542,250**	**1,828,745**

22.1 In 2020, the Bank entered into rapid financing instrument's (RFI) arrangement with International Monetary Fund (IMF) on behalf of Federal Government of Nigeria. The loan is a 5 years tenor facility, repayable after a moratorium of 2 years and the interest rate is 1% per annum.

22.2 This represents 5% margin and other variation margins deductions by FMDQ on all outstanding futures contracts as at 31 December 2021.

Inventories comprise cost of raw materials, work-in-progress, finished goods, goods in transit and consumables.

22.3 Prepaid staff expenses arise from below market interest loans issued to members of staff.

(All amounts are in millions of Naira, unless otherwise stated)

22 Other assets - continued

Maturity analysis

	Group		Bank	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
Current	82,010	54,591	10,173	11,349
Non-current	1,580,127	1,793,314	1,532,077	1,817,396
	1,662,137	**1,847,905**	**1,542,250**	**1,828,745**

Group

22a Impairment allowance for other assets

The allowance for ECL below are for financial assets under other assets.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.4.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

Group

	2021				2020			
External rating grade (S&P)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Performing								
Standard grade (BBB - B)	1,562,743	-	-	**1,562,743**	1,690,545	-	-	**1,690,545**
Total	**1,562,743**	**-**	**-**	**1,562,743**	**1,690,545**	**-**	**-**	**1,690,545**

(All amounts are in millions of Naira, unless otherwise stated)

22 Other assets - continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other assets is as follows:

	2021				2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January	**1,690,545**	**-**	**-**	**1,690,545**	**299,704**	**-**	**-**	**299,704**
New assets originated or purchased	48,183	-	-	**48,183**	1,448,167	-	-	**1,448,167**
Assets derecognised or repaid (excluding write offs)	(175,985)	-	-	**(175,985)**	(57,326)	-	-	**(57,326)**
At 31 December	**1,562,743**	**-**	**-**	**1,562,743**	**1,690,545**	**-**	**-**	**1,690,545**

		2021				2020			
		Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January		**5,759**	**-**	**-**	5,759	1,026	-	-	1,026
New assets originated or purchased	Note 14	-	-	-	-	5,354	-	-	5,354
Assets derecognised or repaid (excluding write offs)	Note 14	(4,733)	-	-	(4,733)	(621)	-	-	(621)
Changes to assumptions	Note 14	60,125	-	-	60,125	-	-	-	-
At 31 December		**61,151**	**-**	**-**	**61,151**	**5,759**	**-**	**-**	**5,759**

(All amounts are in millions of Naira, unless otherwise stated)

22 Other assets - continued

Bank

Impairment allowance for other assets

The allowance for ECL below are for financial assets under other assets.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.4.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.6.

Bank

	2021				2020			
External rating grade (S&P)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Performing								
Standard grade (BBB - B)	1,462,807	-	-	**1,462,807**	1,689,976	-	-	**1,689,976**
Total	**1,462,807**	**-**	**-**	**1,462,807**	**1,689,976**	**-**	**-**	**1,689,976**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other assets is as follows:

	2021				2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January	**1,689,976**	**-**	**-**	**1,689,976**	**299,448**	**-**	**-**	**299,448**
New assets originated or purchased	20,948	-	-	**20,948**	1,447,285	-	-	**1,447,285**
Assets derecognised or repaid (excluding write offs)	(248,117)	-	-	**(248,117)**	(56,757)	-	-	**(56,757)**
At 31 December	**1,462,807**	**-**	**-**	**1,462,807**	**1,689,976**	**-**	**-**	**1,689,976**

(All amounts are in millions of Naira, unless otherwise stated)

22 Other assets - continued

Bank
Impairment allowance for other assets

		2021				2020			
		Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January		**5,759**	**-**	**-**	5,759	1,026	-	-	1,026
New assets originated or purchased	Note 14	-	-	-	-	5,354	-	-	5,354
Assets derecognised or repaid (excluding write offs)	Note 14	(4,733)	-	-	(4,733)	(621)	-	-	(621)
Changes to assumptions	Note 14	60,125	-	-	60,125	-	-	-	-
At 31 December		**61,151**	**-**	**-**	**61,151**	**5,759**	**-**	**-**	**5,759**

23 Intangible assets

	Group			Bank		
	Computer software	**Software under development**	**Total**	**Computer software**	**Software under development**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cost						
At 1 January 2020	**26,073**	**1,849**	**27,922**	**25,533**	**1,849**	**27,382**
Additions	2,560	-	2,560	2,106	-	2,106
At 31 December 2020	**28,633**	**1,849**	**30,482**	**27,639**	**1,849**	**29,488**
At 1 January 2021	28,633	1,849	30,482	27,639	1,849	29,488
Additions	2,314	-	2,314	2,220	-	2,220
At 31 December 2021	**30,947**	**1,849**	**32,796**	**29,859**	**1,849**	**31,708**

(All amounts are in millions of Naira, unless otherwise stated)

Accumulated amortisation		**Group**			**Bank**	
At 1 January 2020	**20,823**	**-**	**20,823**	**20,638**	**-**	**20,638**
Amortisation	3,388	-	3,388	3,272	-	3,272
At 31 December 2020	**24,211**	**-**	**24,211**	**23,911**	**-**	**23,910**
At 1 January 2021	24,211	-	24,211	23,911	-	23,910
Amortisation	3,676	-	3,676	3,382	-	3,382
At 31 December 2021	**27,887**	**-**	**27,887**	**27,292**	**-**	**27,292**
Net book value						
At 1 January 2020	5,250	1,849	7,099	4,895	1,849	6,744
At 31 December 2021	**3,060**	**1,849**	**4,909**	**2,567**	**1,849**	**4,416**
At 31 December 2020	**4,422**	**1,849**	**6,271**	**3,728**	**1,849**	**5,578**

Maturity analysis	**Group**		**Bank**	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Non-current	4,909	6,271	4,416	5,578
	4,909	**6,271**	**4,416**	**5,578**

24 Property and equipment and right-of-use assets

								Right-of-use assets	
Group	**Land**	**Building**	**Plant, machinery and equipment**	**Furniture and fittings**	**Computer equipment**	**Motor vehicles**	**Capital work in progress**	**Buildings and other premises**	**Total**
Cost or valuation	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
At 1 January 2020	**7,245**	**416,968**	**134,265**	**14,437**	**8,840**	**27,870**	**233,682**	1,677.00	**844,984**
Additions	320	2,134	6,233	1,340	3,815	6,883	19,608	-	40,333
Reclassifications	-	17,284	744	-	-	403	(18,431)	-	-
Disposals	-	(875)	(233)	(74)	(551)	(808)	(6)	-	(2,547)
At 31 December 2020	**7,565**	**435,511**	**141,009**	**15,703**	**12,104**	**34,348**	**234,853**	**1,677**	**882,769**
At 1 January 2021	7,565	435,511	141,009	15,703	12,104	34,348	234,853	1,677	882,769
Additions	-	6,055	10,998	1,658	3,828	5,198	14,609	42	42,388
Reclassifications	860	51,685	1,557	-	-	319	(54,421)	-	-
Disposals	-	-	(226)	(99)	(125)	(908)	(2)	-	(1,360)
At 31 December 2021	**8,425**	**493,251**	**153,337**	**17,262**	**15,806**	**38,957**	**195,039**	**1,719**	**923,796**

(All amounts are in millions of Naira, unless otherwise stated)

24 Property and equipment and right-of-use assets - continued

								Right-of-use assets	
Group	**Land**	**Building**	**Plant, machinery and equipment**	**Furniture and fittings**	**Computer equipment**	**Motor vehicles**	**Capital work in progress**	**Buildings and other premises**	**Total**
Accumulated depreciation and impairment									
At 1 January 2020	**-**	**5,943**	**68,861**	**10,756**	**5,986**	**12,244**	**-**	**254.00**	**104,044**
Depreciation charged for the year	-	8,457	8,200	1,361	1,303	3,909	-	288	23,518
Disposals	-	(17)	(50)	(67)	(52)	(739)	-	-	(925)
At 31 December 2020	**-**	**14,383**	**77,011**	**12,050**	**7,237**	**15,414**	**-**	**542**	**126,637**
At 1 January 2021	-	14,383	77,011	12,050	7,237	15,414	-	542	126,637
Depreciation charged for the year	-	10,368	9,272	1,534	3,139	4,826	-	338	29,478
Disposals	-	-	(47)	(69)	(15)	(738)	-	-	(869)
At 31 December 2021	**-**	**24,751**	**86,236**	**13,516**	**10,361**	**19,502**	**-**	**880**	**155,246**
Net book value									
At 31 December 2021	**8,501**	**468,581**	**69,888**	**5,044**	**5,446**	**19,320**	**195,090**	**838**	**772,709**
At 31 December 2020	**7,565**	**421,128**	**63,998**	**3,653**	**4,867**	**18,934**	**234,853**	**1,135**	**756,132**
At 1 January 2020	7,245	411,025	65,404	3,681	2,854	15,626	233,682	1,423	740,940

(All amounts are in millions of Naira, unless otherwise stated)

24 Property and equipment and right-of-use assets - continued

Bank	**Land**	**Building**	**Plant and equipment**	**Furniture and fittings**	**Computer equipment**	**Motor vehicles**	**Capital work in progress**	**Right-of-use assets: Buildings and other premises**	**Total**
Cost or valuation	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
At 1 January 2020	**7,191**	**403,284**	**58,966**	**11,667**	**7,363**	**24,222**	**233,673**	**1,629**	**747,995**
Additions	320	2,079	5,915	995	3,768	6,364	19,589	-	39,030
Reclassifications	-	17,276	744	-	-	403	(18,423)	-	-
Disposals	-	(875)	(211)	(70)	(551)	(808)	(6)		(2,521)
At 31 December 2020	**7,511**	**421,764**	**65,414**	**12,592**	**10,580**	**30,181**	**234,833**	**1,629**	**784,503**
At 1 January 2021	7,511	421,764	65,414	12,592	10,580	30,181	234,833	1,629	784,503
Additions	-	6,000	10,673	1,295	3,569	4,788	14,590	-	40,915
Reclassifications	860	51,677	1,557	-	-	319	(54,413)	-	-
Disposals	-	-	(202)	(76)	(125)	(725)	(2)	-	(1,130)
At 31 December 2021	**8,371**	**479,441**	**77,442**	**13,811**	**14,024**	**34,563**	**195,007**	**1,629**	**824,288**

Bank	**Land**	**Building**	**Plant and equipment**	**Furniture and fittings**	**Computer equipment**	**Motor vehicles**	**Capital work in progress**	**Right-of-use assets: Buildings and other premises**	**Total**
Accumulated depreciation and impairment									
At 1 January 2020	**-**	**-**	**41,447**	**8,562**	**5,551**	**10,697**	**-**	**239**	**66,495**
Depreciation charged for the year	-	8,262	4,694	1,222	1,039	3,261	-	266	18,744
Disposals	-	(17)	(43)	(64)	(52)	(739)	-	-	(915)
At 31 December 2020	**-**	**8,245**	**46,098**	**9,720**	**6,538**	**13,219**	**-**	**505**	**84,325**
At 1 January 2021	-	8,245	46,098	9,720	6,538	13,219	-	505	84,325
Depreciation charged for the year	-	10,101	5,657	1,315	2,668	3,833	-	315	23,889
Disposals	-	-	(46)	(57)	(15)	(563)	-	-	(681.00)
At 31 December 2021	**-**	**18,346**	**51,709**	**10,978**	**9,191**	**16,489**	**-**	**821**	**107,534**
Net book value									
At 31 December 2021	**8,371**	**461,095**	**25,733**	**2,833**	**4,833**	**18,074**	**195,007**	**808**	**716,754**
At 31 December 2020	**7,511**	**413,519**	**19,316**	**2,872**	**4,042**	**16,962**	**234,833**	**1,124**	**700,178**
At 1 January 2020	7,191	403,284	17,519	3,105	1,812	13,525	233,673	1,390	681,500

(All amounts are in millions of Naira, unless otherwise stated)

24 Property, equipment and right-of-use - continued

Maturity analysis	**Group**		**Bank**	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Non-current	772,709	756,132	716,754	700,178
	772,709	**756,132**	**716,754**	**700,178**

Revaluation of Land and Buildings

Management determined that the land and buildings constitute a separate class of property, plant and equipment, based on nature, characteristics and risks of the property.

Fair value of the land and buildings was determined using the market comparable method. During the period, revaluation on land and building was not carried out as the revaluation is being done every two years. However in 2019, the revaluation of land and building was performed by the valuer and are based on proprietary databases of prices of transactions for land and buildings of similar nature, location and condition. As at 31 December 2019, the valuation of land and buildings were performed by Nelson Thorpe Alonge Chartered Surveyors (Victor Alonge - FRC/2017/NIESV/00000017669) and Pat Obianwu & Co estate surveyors (Patrick Obianwu - FRC/2014/NIESV/00000007136). These surveyors are accredited independent valuers who have experience in valuation of similar land and buildings in Nigeria. A net gain from the revaluation of the land and buildings of N196 billion in 2019 was recognised in OCI.
The other assumptions and contingent considered by the valuers include;
- the verbal information provided by the Group, the selling agents and the local authorities will be relied upon;
- the said properties are free from all onerous or restrictions covenants;
- the visual inspection of the properties is limited to exteriors of the properties which is accessible without undue difficulty, and as such covered, unexposed or inaccessible part of the properties will be assumed to be in good repair and condition;
- no contaminative or potentially contaminative uses have ever been carried out on the said properties

Fair value measurement disclosures for the revalued land and buildings are provided in Note 3.5

Significant unobservable valuation input:	**Range**
Price per square metre	N80,000 - N110,000

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

(All amounts are in millions of Naira, unless otherwise stated)

24 Property, equipment and right-of-use - continued

Revaluation of Land and Buildings - continued

24a Amount represents the reversal of accumulated depreciation due to the valuation of land and building against the gross carrying amount of the revalued asset.

If the land and buildings were measured using the cost model, the carrying amounts would be, as follows:

	Group 2021 N'million	**Group 2020 N'million**	**Bank 2021 N'million**	**Bank 2020 N'million**
Cost	357,869	299,269	344,011	285,474
Accumulated depreciation	(72,594)	(65,709)	(66,201)	(59,592)
Net carrying amount	**285,275**	**233,560**	**277,810**	**225,882**

No restriction exists on the title of any item of property and equipment and none of these items of property and equipment is pledged (2020: Nil).

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
		N'million	**N'million**	**N'million**	**N'million**
25	**Deposits**				
	Government deposits:				
	- Capital and settlement accounts	9,005,393	7,207,394	9,172,292	7,207,394
	- Domiciliary accounts	2,275,244	2,285,064	2,277,547	2,285,064
	Other accounts (Note 25a)	1,085,475	890,053	1,085,475	890,053
	Financial Institutions:				
	- Current and settlement accounts	390,562	816,380	485,519	1,058,821
	- Banks' reserve accounts	9,393,205	9,084,738	9,393,205	9,084,738
	- Special intervention reserve	412,552	366,574	412,552	366,574
		22,562,431	**20,650,203**	**22,826,590**	**20,892,644**
	Maturity analysis	**2021**	**2020**	**2021**	**2020**
		N'million	**N'million**	**N'million**	**N'million**
	Current	22,562,431	20,650,203	22,826,590	20,892,644
		22,562,431	**20,650,203**	**22,826,590**	**20,892,644**
25a	**Other accounts are further analysed as follows:**	**N'million**	**N'million**	**N'million**	**N'million**
	FGN Petroleum Profits Tax Naira funding account	377,344	38,878	377,344	38,878
	FGN excess crude oil proceeds (Naira funding) account	4,260	4,015	4,260	4,015
	Letters of credit consolidated account	138,643	138,804	138,643	138,804
	FGN (External creditors) funding account	364,262	395,017	364,262	395,017
	Special reserve account	12,729	130,056	12,729	130,056
	Sundry accounts	188,190	183,239	188,190	183,239
	Sovereign Wealth Fund	47	44	47	44
		1,085,475	**890,053**	**1,085,475**	**890,053**

25b Foreign currency deposits held on behalf of customers for letters of credit transactions and other purposes are analysed below:

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Other accounts	1,085,475	890,053	1,085,475	890,053
Domiciliary accounts	2,277,547	2,285,064	2,277,547	2,285,064
	3,363,022	**3,175,117**	**3,363,022**	**3,175,117**

Government deposits:

This represents the position of the accounts of Ministries, Departments and Agencies of the Federal Government of Nigeria with the Central Bank of Nigeria.

Financial Institutions:

The current and settlement accounts represent transaction and deposit balances of financial institutions with the Central Bank of Nigeria. The Banks' reserve accounts represent the statutory minimum reserve (SMR) of commercial banks with the Central Bank of Nigeria. This is a statutory ratio for monetary policy. Commercial banks are required to hold a prescribed percentage of their total deposits with the Central Bank of Nigeria.

Other accounts:

The other accounts largely represent deposits held on behalf of customers. Also, sundry accounts represent special purpose accounts held for different projects or purposes on behalf of customers.

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
26	**Central Bank of Nigeria Instruments issued**	**N'million**	**N'million**	**N'million**	**N'million**
	Open Market Operations - Central Bank of Nigeria Bills	9,354,493	8,722,267	9,354,493	8,722,267
	Central Bank of Nigeria - Special Bills	4,514,399	4,102,522	4,514,399	4,102,522
		13,868,892	**12,824,789**	**13,868,892**	**12,824,789**
	At 1 January	**12,824,789**	**14,620,713**	**12,824,789**	**14,620,713**
	Issued during the year	33,318,240	16,094,150	33,318,240	16,094,150
	Redemption during the year	(31,783,348)	(17,487,597)	(31,783,348)	(17,487,597)
	Deferred interest	(490,790)	(402,477)	(490,790)	(402,477)
	At 31 December	**13,868,892**	**12,824,789**	**13,868,892**	**12,824,789**

Maturity analysis

	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
Current	13,868,892	12,824,789	13,868,892	12,824,789
	13,868,892	**12,824,789**	**13,868,892**	**12,824,789**

Open Market Operations - Central Bank of Nigeria Bills:

Central Bank of Nigeria bills represent bills of the Bank issued to commercial banks as a liquidity management tool and as a means of implementing monetary policy. These instruments have tenors ranging from 7 days - 364 days and carry discount rates ranging from 1.51% - 13.00% per annum (2020:1.56% - 13.28%).

Central Bank of Nigeria - Special Bills

In a bid to deepen the financial markets and avail the monetary authority with an additional liquidity management tool, the Central Bank of Nigeria introduced the "CBN Special Bills" on 1 December 2020. This Bill was raised from the excess balance over the 27.5% minimum CRR of the DMBs maintained by the CBN in order to make use of the idle cash reserved.

The bill is issued at zero coupon with an applicable yield determined by the CBN at issuance. This bill is for a tenor of 90days and can be tradeable amongst banks, "retail and institutional investors".

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
27	**Bank notes and coins in circulation**	**N'million**	**N'million**	**N'million**	**N'million**
	Notes	3,321,952	2,906,186	3,321,952	2,906,186
	Coins	1,325	1,336	1,325	1,336
	eNaira	940	-	940	-
		3,324,217	**2,907,522**	**3,324,217**	**2,907,522**

Maturity analysis

	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
Current	3,324,217	2,907,522	3,324,217	2,907,522
	3,324,217	**2,907,522**	**3,324,217**	**2,907,522**

Bank notes and coins in circulation represents the face value of notes, coins, and eNaira in circulation. Notes and coins held by the Bank which comprise cash in main vault, intermediary vault and cashier/teller at the end of financial year have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation. eNaira is a digital version of the paper/physical naira issued by the Central Bank of Nigeria (CBN) in order to complement the physical naira. The balance corresponds to the total eNaira issued to the public.

28 Employee benefits

The Group engaged the services of Logic Professional Services (Ganiu Shefiu - FRC/2017/NAS/00000017548) to carry out an actuarial valuation of all the Group's employee benefits as at 31 December 2021.

The table below outlines where the Group's post employment amounts and activity are included in the financial statements

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Employee defined benefit liabilities recognised in statement of financial position:				
Defined benefit liabilities:				
Defined benefit pension scheme (Note 28.1)	6,593	43,276	7,385	44,913
Post-employment gratuity scheme (Note 28.2)	132,579	129,314	132,512	127,665
Long service awards (Note 28.3)	4,118	4,275	4,021	4,184
Post-employment medical aid scheme for pensioners (Note 28.4)	-	10,899	-	10,899
Defined contribution liabilities (Note 28.5)	-	979	-	979
Liability in the statement of financial position	**143,290**	**188,743**	**143,918**	**188,640**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Net benefit expenses recognised in income statement:				
Defined benefit pension scheme (Note 28.1)	2,739	618	2,739	21
Post-employment gratuity scheme (Note 28.2)	19,383	23,039	19,316	21,390
Long service awards (Note 28.3)	465	3,875	459	3,854
Post-employment medical aid scheme for pensioners (Note 28.4)	-	1,255	-	1,255
Total defined benefit expenses (Note 11)	**22,587**	**28,787**	**22,514**	**26,519**
Defined contribution expense (Note 28.5)	12,998	12,667	12,998	12,667
	35,585	**41,454**	**35,512**	**39,186**
Remeasurement losses in other comprehensive income:				
Defined benefit pension scheme (Note 28.1)	(39,422)	59,503	(40,267)	59,503
Post-employment gratuity scheme (Note 28.2)	1,278	11,667	1,278	11,667
Post-employment medical aid scheme for pensioners (Note 28.4)	-	517	-	517
Long service awards (Note 28.3)	-	-	-	-
	(38,144)	**71,687**	**(38,990)**	**71,687**

The amount recognised in the income statement under personnel expenses includes current service cost, interest cost and expected return on plan assets and past service costs. Remeasurement gains or losses (other long term employees benefit) on defined benefit schemes are recognized in other comprehensive income.

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 Defined benefit pension scheme

The Central Bank of Nigeria operates a defined benefit pension scheme for the retired employees of the Bank. This scheme is funded and the Bank is expected to pay monthly pension to the retired staff until death of the last pensioner. An actuarial valuation has been performed to determine the Bank's obligations to the pensioners and the amounts have been appropriately recognised in the statement of financial position.

The assets of the pension plan are held in a separate fund managed by the Trustee to meet the short and long term plan pension liabilities of retired employees. The Trustee is required to act in the best interest of the beneficiary. The Trustee is appointed by the Group. The Trustee selects adviser to the fund and are also responsible for preparing proper accounting records of the scheme, safeguarding assets and taking reasonable steps to prevent and detect fraud and any other irregularities. The trustee actively monitors how the duration and the expected yield of the plan assets match the expected cash flows from pension obligations. The Trustee has not changed the processes used to manage risks from previous period, no derivatives are used to manage risk. The Trust deed specify that assets of the fund are not available to the Group for other uses and must be used only to fund defined pension obligation.

The amounts recognised in the statement of financial position are determined as follows:

	Group		**Bank**	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Present value of defined benefit obligations	96,580	142,286	95,077	141,128
Fair value of plan assets	(89,987)	(99,010)	(87,692)	(96,215)
Net defined benefit liability	**6,593**	**43,276**	**7,385**	**44,913**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 Defined benefit pension scheme (continued)

The movement in the net defined benefit liability over the year is as follows:

	Group			Bank		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2021	**142,286**	**(99,010)**	**43,276**	**141,128**	**(96,215)**	**44,913**
Net interest expense / (income)	9,859	(7,120)	2,739	9,859	(7,120)	2,739
	9,859	(7,120)	2,739	9,859	(7,120)	2,739
Remeasurements:						
Loss from change in financial assumptions	(35,290)	-	(35,290)	(35,290)	-	(35,290)
Actuarial gain on plan assets	-	1,483	1,483	-	983	983
Experience adjustment	(5,615)	-	(5,615)	(5,960)	-	(5,960)
	(40,905)	1,483	(39,422)	(41,250)	983	(40,267)
Employer contributions	-	-	-	-	-	-
Benefits payments	(14,660)	14,660	-	(14,660)	14,660	-
At 31 December 2021	**96,580**	**(89,987)**	**6,593**	**95,077**	**(87,692)**	**7,385**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 **Defined benefit pension scheme (continued)**

	Group			Bank		
	Present value of obligation	**Fair value of plan assets**	**Total**	**Present value of obligation**	**Fair value of plan assets**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
At 1 January 2020	**95,940**	**(82,920)**	**13,020**	**95,079**	**(80,125)**	**14,954**
Net interest income	10,452	(9,834)	618	9,855	(9,834)	21
	10,452	(9,834)	618	9,855	(9,834)	21
Remeasurements:						
Loss from change in financial assumptions	33,636	-	33,636	33,636	-	33,636
Actuarial gains on plan assets	-	(1,218)	(1,218)	-	(1,218)	(1,218)
Experience adjustment	27,085	-	27,085	27,085	-	27,085
	60,721	(1,218)	59,503	60,721	(1,218)	59,503
Employers Contributions	-	(29,565)	(29,565)	-	(29,565)	(29,565)
Benefits payments	(24,827)	24,527	(300)	(24,527)	24,527	-
At 31 December 2020	**142,286**	**(99,010)**	**43,276**	**141,128**	**(96,215)**	**44,913**

The remeasurements of the net defined benefit liability (asset) relates only to changes in financial assumptions.

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 **Defined benefit pension scheme (continued)**

Asset mix

The breakdown of the fund's net assets as provided by the Group is shown in the table below:

Category	**2021 N'million**	**Percentage**	**2020 N'million**	**Percentage**
Investments quoted in active markets:				
Equities	4,007	4.45%	3,695	3.73%
Money market	17,200	19.11%	-	0.00%
Bonds	66,068	73.42%	67,928	68.61%
Cash	-	0.00%	24,015	24.26%
Unquoted investments:				
Property	2,295	2.55%	2,794	2.82%
Others	417	0.46%	577	0.58%
Gross value of assets	**89,987**	**100%**	**99,010**	**100%**
Less: Amount due to active staff	-	0%	-	0%
Net asset	**89,987**	**100%**	**99,010**	**100%**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 Defined benefit pension scheme (continued)

The breakdown of the fund's net assets as provided by the Bank is shown in the table below:

Category	**2021 N'million**	**Percentage**	**2020 N'million**	**Percentage**
Investments quoted in active markets:				
Equities	4,007	4.57%	3,695	3.84%
Money market	17,200	19.61%	-	0.00%
Bonds	66,068	75.34%	67,928	70.60%
Cash	-	0.00%	24,015	24.96%
Unquoted investments:				
Others	417	0.48%	577	0.60%
Gross value of assets	**87,692**	**100%**	**96,215**	**100%**

The significant actuarial assumptions were as follows:

Financial Assumptions	**Bank**	
Long Term Average	**2021**	**2020**
Discount Rate (p.a)	13.0%	7.4%
Rate of Pension Increase(p.a)	2.3%	2.26%
Rate of Inflation	Not appliable	Not appliable

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 **Defined benefit pension scheme (continued)**

Demographic Assumptions

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience are same as used in the previous period, and are as shown below:

	Age of Pensioner	Average Expected Future Lifetime (years)
Mortality of Pensioners		
	55	22
	60	19
	65	15
	70	12
	75	9

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Net impact on defined benefit obligation			
		2021		2020	
Base:	Change in assumptions	Impact of an increase N'million	Impact of a decrease N'million	Impact of an increase N'million	Impact of a decrease N'million
Discount rate	0.5%/(1%)	(4,418)	4,867	(9,130)	10,422
Pension Increase rate	0.5%/(1%)	5,842	(5,346)	10,929	(9,696)
Mortality experience	1year	(2,295)	2,266	(4,488)	4,499

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.1 **Defined benefit pension scheme (continued)**

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact on defined benefit obligation			
		2021		**2020**	
	Change in assumptions	**Impact of an increase**	**Impact of a decrease**	**Impact of an increase**	**Impact of a decrease**
Base:		**N'million**	**N'million**	**N'million**	**N'million**
Discount rate	0.5%/(1%)	(4,418)	4,867	(9,130)	10,422
Pension Increase rate	0.5%/(1%)	5,842	(5,346)	10,929	(9,696)
Mortality experience	1year	(2,295)	2,266	(4,488)	4,499

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The maturity profile of the defined benefit obligation is shown below:

	Group		**Bank**	
	2021	**2020**	**2021**	**2020**
	N'million	**N'million**	**N'million**	**N'million**
Within the next 12months (next annual reporting period)	15,433	15,899	15,280	15,742
Between 2 and 5 years	57,897	60,260	57,324	59,663
Between 5 and 10 years	61,268	65,251	60,661	64,605
Total expected payments	134,598	141,410	133,265	140,010

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.34 years (2020:7 years)

Through its defined benefit plans (pension scheme) the Group is exposed to volatility in market rates and mortality.

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.2 Post-employment gratuity scheme

The Group operates a non-contributory, lump sum, defined benefit gratuity scheme. Under this scheme, qualifying employees are entitled to gratuity payments on exit from the Group after completing 5 years of continuous service with the Group. Under the previous framework, the Group recognised yearly liabilities in its financial statements under this scheme. However, under IFRS the Group has engaged the services of an Actuary to estimate the gratuity plan's accrued liability for each of the years. This plan is unfunded and the amounts recognised in the statement of financial position have been appropriately recognised.

This plan is governed by the employment laws of the Bank. The level of benefits provided depends on the member's length of service and salary at exit from the Bank. The fund has a legal form of a foundation and It is governed by the Board of Trustees, which consists of an equal number of employers and employee representatives.

The amounts recognised in the statement of financial position are determined as follows:

	Group		Bank	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
Present value of obligations	**132,579**	**129,314**	**132,512**	**127,665**

The movement in the defined benefit liability over the year is as follows:

	Group	Bank
	Present value of obligation	Present value of obligation
	N'million	N'million
At 1 January 2021	**129,314**	**127,665**
Current service cost	9,551	9,551
Past service cost	-	-
Interest expense	9,832	9,765
	19,383	19,316
Remeasurements:		
Loss from change in financial assumptions	(6,022)	(6,022)
Experience adjustment	7,300	7,300
	1,278	1,278
Benefits paid	(17,396)	(15,747)
At 31 December 2021	**132,579**	**132,512**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.2 Post-employment gratuity scheme - continued

	Group	Bank
	Present value of obligation	Present value of obligation
	N'million	N'million
At 1 January 2020	**105,300**	**105,300**
Current service cost	7,196	7,196
Interest expense	15,843	14,194
	23,039	21,390
Remeasurements:		
Loss from change in financial assumptions	19,154	19,154
Experience adjustment	(7,487)	(7,487)
	11,667	11,667
Benefits paid	(10,692)	(10,692)
At 31 December 2020	**129,314**	**127,665**

The remeasurements of the net defined benefit liability relates only to changes in financial assumption.

The significant actuarial assumptions were as follows:

Financial Assumptions	**Bank**	
Long Term Average	**2021**	**2020**
Discount Rate (p.a)	13.0%	7.4%
Average Pay Increase (p.a)	12.0%	7.4%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory are same as used in the previous period, and are as shown below:

Demographic Assumptions

	Sample age	Number of deaths in year out of 10,000 lives
Mortality in service		
	25	7
	30	7
	35	9
	40	14
	45	26
	50	48
	60	144

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.2 Post-employment gratuity scheme - continued

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2021		**2020**	
Base:	**Change in assumption**	**Impact of an increase**	**Impact of a decrease**	**Impact of an increase**	**Impact of a decrease**
		N'million	**N'million**	**N'million**	**N'million**
Discount rate	1%	(7,522)	8,500	(9,322)	10,778
Salary Increase rate	1%	9,050	(8,146)	10,738	(9,457)
Mortality experience	1year	33	(27)	1	(4)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The maturity profile of the defined benefit obligation is shown below:

	2021	**2020**
	N'million	**N'million**
Within the next 12months (next annual reporting period)	41,849	8,921
Between 2 and 5 years	100,022	80,221
Between 5 and 10 years	124,202	66,402
Total expected payments	266,073	155,544

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.11 years (2020: 7.3 years)

Through its defined benefit plans (post employment gratuity scheme) the Group is exposed to inflation risk and mortality risk.

The withdrawal rates used in determining the value of defined benefit obligation as at end of the year were same as in the previous year and are shown below:

Withdrawal from service

	Rate	
Age Band	**2021**	**2020**
Less than or equal to 30	5%	5%
31-39	4%	4%
40-44	3%	3%
45-59	0%	0%
60	100%	100%

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.3 Long service awards

The Group provides its employees with a long service award at their tenth, twentieth, thirtieth and thirty-fifth year of employment with the Group irrespective of grade and department. This is a graduated fixed sum cash award paid to staff after they have worked for any of these length of service with the Group. The Group engaged the services of an Actuary to determine its liability with respect to this scheme at the end of the reporting period.

The amounts recognised in the statement of financial position are determined as follows:

	Group		Bank	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
Present value of obligations	**4,118**	**4,275**	**4,021**	**4,184**

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation	Bank Present value of obligation
	N'million	N'million
At 1 January 2021	**4,275**	**4,184**
Current service cost	552	552
Interest expense	328	328
	880	880
Remeasurements:		
Loss from change in assumptions	(170)	(172)
Experience adjustment	(245)	(249)
	(415)	(421)
Benefits paid	(622)	(622)
At 31 December 2021	**4,118**	**4,021**
At 1 January 2020	**1,251**	**1,181**
Current service cost	127	127
Interest expense	127	106
	254	233
Remeasurements:		
Loss from change in assumptions	316	316
Experience adjustment	3,305	3,305
	3,621	3,621
Benefits payments	(851)	(851)
At 31 December 2020	**4,275**	**4,184**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.3 Long service awards - continued

The significant actuarial assumptions were as follows:

Financial Assumptions	**Bank**	
Long Term Average	**2021**	**2020**
Discount Rate (p.a)	13.0%	7.4%
Average Pay Increase (p.a)	12.0%	7.4%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory are same as used in the previous period, and are as shown below:

Demographic Assumptions

	Sample age	**Number of deaths in year out of 10,000 lives**
Mortality in service		
	25	7
	30	7
	35	9
	40	14
	45	26

Withdrawal from service

The withdrawal rates used in determining the value of defined benefit obligation as at end of the year were same as in the previous year and are shown below:

	Rate	
Age Band	**2021**	**2020**
Less than or equal to 30	5%	5%
31-39	4%	4%
40-44	3%	3%
45-59	0%	0%
60	100%	100%

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2021		**2020**	
Base:	**Change in assumption**	**Impact of an increase N'million**	**Impact of a decrease N'million**	**Impact of an increase N'million**	**Impact of a decrease N'million**
Discount rate	1%	(231)	261	(266)	304
Salary Increase rate	1%	280	(252)	282	(252)
Mortality experience	1year	(12)	12	12	(13)

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.3 Long service award - continued

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2021		2020	
Base:	**Change in assumption**	**Impact of an increase N'million**	**Impact of a decrease N'million**	**Impact of an increase N'million**	**Impact of a decrease N'million**
Discount rate	1%	(231)	261	(266)	304
Salary Increase rate	1%	280	(252)	282	(252)
Mortality experience	1year	(12)	12	12	(13)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The maturity profile of the defined benefit obligation is shown below:

	2021 N'million	2020 N'million
Within the next 12months (next annual reporting period)	370	610
Between 2 and 5 years	2,789	2,357
Between 5 and 10 years	6,611	4,093
Total expected payments	**9,770**	**7,060**

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.49 years (2020: 7 years)

Through its other long term benefits (long service award) the Group is exposed to inflation risk.

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.4 Post-employment medical aid scheme for pensioners

The medical aid scheme is a scheme that was operated by the Bank for the benefit of the pensioners. The pensioners are paid a fixed sum of amount twice every year, in January and July of the same year. The amount paid to each beneficiary is a function of the grade while in employment.

This plan is governed by the employment laws of the Bank. The fund has a legal form of a foundation and It is governed by the Board of Trustees, which consists of an equal number of employers and employee representatives.

This plan was discontinued on approval of the Committee of Governors of the Bank in 2021.

	Group		Bank	
	2021	2020	2021	2020
	N'million	N'million	N'million	N'million
Present value of obligations	**-**	**10,899**	**-**	**10,899**

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation	Bank Present value of obligation
	N'million	N'million
At 1 January 2021	**10,899**	**10,899**
Interest expense	-	-
Past service cost	-	-
	-	-
Remeasurements:		
Loss from change in financial assumptions	-	-
Experience adjustment	-	-
	-	-
Benefits paid	-	-
Write back of liabilities	(10,899)	(10,899)
At 31 December 2021	**-**	**-**

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.4 Post-employment medical aid scheme for pensioners - continued

	Group	Bank
	Present value of obligation	**Present value of obligation**
	N'million	**N'million**
At 1 January 2020	**9,735**	**9,735**
Interest expense	1,255	1,255
	1,255	1,255
Remeasurements:		
Loss from change in financial assumptions	1,200	1,200
Experience adjustment	(683)	(683)
	517	517
Benefits paid	(608)	(608)
At 31 December 2020	**10,899**	**10,899**

The remeasurements of the net defined benefit liability relates only changes in financial assumption.

The significant actuarial assumptions were as follows:

Financial Assumption	**Bank**	
Long Term Average	**2021**	**2020**
Discount Rate (p.a)	N/A	7.5%
Medical allowance increase rate	N/A	7.5%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

Demographic Assumptions

Mortality of pensioners	**Age of pensioner**	**Average expected future lifetime (years)**
	55	22
	60	19
	65	15
	70	12
	75	9

(All amounts are in millions of Naira, unless otherwise stated)

28 Employee Benefits - continued

28.4 Post-employment medical aid scheme for pensioners - continued

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2021		**2020**	
	Change in assumption	**Impact of an increase**	**Impact of a decrease**	**Impact of an increase**	**Impact of a decrease**
Base:		**N'million**	**N'million**	**N'million**	**N'million**
Discount rate	1%	-	-	(1,037)	1241
Inflation rate	1%	-	-	1,246	(1,061)
Mortality rate	1 year	-	-	(444)	455

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The following payments are expected contributions to the defined benefit plan in future years:

	2021	**2020**
	N'million	**N'million**
Within the next 12months (next annual reporting period)	-	722
Between 2 and 5 years	-	3,018
Between 5 and 10 years	-	4,376
Total expected payments	**-**	**8,116**

The average duration of the defined benefit plan obligation as at 2020 was 10 years

28.5 *Defined contribution liabilities:*

	Group		**Bank**	
	2021	**2020**	**2021**	**2020**
Defined contributory scheme:	**N'million**	**N'million**	**N'million**	**N'million**
At 1 January	979	1	979	1
Current year expense	12,998	12,667	12,998	12,667
Amount remitted to selected Pension Fund Administrators	(13,977)	(11,689)	(13,977)	(11,689)
At 31 December	**-**	**979**	**-**	**979**

(All amounts are in millions of Naira, unless otherwise stated)

		Group		Bank	
		2021	2020	2021	2020
29 Other liabilities	***Note***	**N'million**	**N'million**	**N'million**	**N'million**
Treasury related payables		689,395	341,242	689,395	341,242
Due to Bank of Industry (BOI)	29g	224,188	186,296	224,188	186,296
Due to International Development Association (IDA)	29h	80,884	66,534	80,884	66,534
Securities lending	29f	3,262,500	3,065,294	3,262,500	3,065,294
Foreign currency forward contract payables		1,300,102	534,373	1,300,102	534,373
Sundry payables	29c	1,034,165	604,437	1,052,243	694,570
Surplus payable to Federal Government of Nigeria	29a	25,135	1,300	25,135	1,300
Accrued charges	29d	66,721	61,652	66,721	61,652
Provisions for legal contingencies	32c	7,783	-	7,783	-
Deposit for shares		5,116	5,116	-	-
Trade payables		(4,049)	18,021	-	-
Anchor Borrower Programme		1,493	9,005	-	-
Rural Finance (RUFIN) Fund		1,687	1,761	-	-
IBRD - SME loan		51	51	51	51
Banking sector resolution sinking cost fund	29b	50,002	50,002	50,002	50,002
Bank borrowings		-	-	-	-
Deferred income		15,157	8,029	-	-
Lease liabilities	29e	938	1,141	938	1,141
		6,761,268	**4,954,254**	**6,759,942**	**5,002,455**

Maturity analysis	Group		Bank	
	2021	2020	2021	2020
	N'million	**N'million**	**N'million**	**N'million**
Current	6,756,152	4,949,138	6,759,942	5,002,455
Non-current	5,116	5,116	-	-
	6,761,268	**4,954,254**	**6,759,942**	**5,002,455**

(All amounts are in millions of Naira, unless otherwise stated)

29 Other liabilities - continued

		Group		Bank	
		2021	**2020**	**2021**	**2020**
29a	**Surplus payable to Federal Government of Nigeria**				
		N'million	**N'million**	**N'million**	**N'million**
	At 1 January	1,300	2,673	1,300	2,673
	Transfer from income statement	24,835	1,000	24,835	1,000
	Paid during the year	(1,000)	(2,373)	(1,000)	(2,373)
	At 31 December	**25,135**	**1,300**	**25,135**	**1,300**

29b **Banking sector resolution sinking cost fund:**

The Banking sector resolution sinking cost fund represents the total contributions by Eligible Financial Institutions (“EFI”) to establish the Banking Sector Resolution Cost Fund (“the Fund”) in Nigeria under the Asset Management Corporation Act and the memorandum of understanding signed by the EFIs with the Central Bank of Nigeria, the Asset Management Corporation of Nigeria (“AMCON”).

29c **Sundry payables:**

Sundry payables represent balances held on behalf of Debt Management Office as regards the proceeds from issued bonds, balances payable to AMCON and other payable amounts.

29d **Accrued charges:**

Accrued charges consist of productivity bonus, intervention fund on national security and other expense accruals.

29e **Movement analysis for lease liabiities:**

	Group		Bank	
	2021	**2020**	**2021**	**2020**
	Million	**Million**	**Million**	**Million**
As at 1 January	1,141	1,327	1141	1,327
Additions	117	-	117	-
Accretion of interest (Note 6)	161	176	161	176
Interest payment	(160)	(176)	(160)	(176)
Principal payment	(321)	(186)	(321)	(186)
As at 31 December	**938**	**1,141**	**938**	**1,141**
Maturity analysis				
Current	-	-	-	-
Non current	938	1,141	938	1,141
	938	**1,141**	**938**	**1,141**

29f **Securities lending**

The Group entered into a securities lending agreement with Goldman Sachs and J.P. Morgan. As part of the agreement, the Group received cash in exchange for its securities to be held as collateral for the loan. J.P. Morgan being the global custodian of the securities of the Group holds an equivalent in securities, of value of loan given in cash. The cash received from Goldman Sachs is N0.22 trillion ($500 million), 2020: N0.2 trillion ($500 million) and JP Morgan N3.05 trillion ($7 billion), 2020: N2.9 trillion ($7 billion) is recognised in other foreign securities (see note 16f).

(All amounts are in millions of Naira, unless otherwise stated)

29 Other liabilities - continued

29g Due to Bank of Industry (BOI)

This represents the balance payable to BOI under the 0% interest redeemable BOI Debenture stock of N535Billion.

29h Due to International Development Association (IDA)

This represents the balance due to the World Bank on behalf of the Federal Government for IDA scheme.

		Group		Bank	
		2021	2020	2021	2020
30	**Share capital and equity reserves**	**Million**	**Million**	**Million**	**Million**
	Authorised shares				
	Ordinary share of N1 each	100,000	100,000	100,000	100,000
	Issued and fully paid up:	**Million**	**Million**	**Million**	**Million**
	Ordinary share of N1 each	5,000	5,000	5,000	5,000
		N'million	**N'million**	**N'million**	**N'million**
	At 31 December	5,000	5,000	5,000	5,000

The Federal Government of Nigeria is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance.

Fair value reserve

The fair value reserve comprises the cumulative change in the fair value of equity and debt instruments classified at fair value through other comprehensive income (FVOCI).

Foreign currency translation reserve

The foreign currency translation reserve represents the Bank's cumulative share of gains or losses on translation of one of the associates - Africa Finance Corporation (AFC) whose functional currency is the US Dollar. See note 21.

Revaluation

The revaluation reserve comprises the cumulative change in the revaluation of property and equipment.

Retained earnings

Retained earnings represents accumulated profits or losses less statutory transfers to the Federal Government of Nigeria. Statutory transfer is 80% of profit for the year.

(All amounts are in millions of Naira, unless otherwise stated)

31 Cash generated from operating activities

	Notes	Group 2021 N'million	Group 2020 N'million	Bank 2021 N'million	Bank 2020 N'million
Profit before tax		**75,466**	**35,506**	**31,044**	**1,251**
Adjustments for non cash items:					
Depreciation of property and equipment	24	29,478	23,518	23,889	18,744
Amortisation of intangible assets	23	3,676	3,388	3,382	3,272
Modification loss	13d	25,943	23,170	25,943	23,170
Loss on deemed disposal of associates (13f)	13f	-	1,789	-	-
Net loss/(gains) on disposal of property and equipment	14	46	(94)	27	(94)
Credit loss expense	14	498,234	98,663	503,806	92,510
Net unrealised losses on foreign exchange revaluation	13	572,874	198,888	572,678	199,252
Share of profit of associates	21	(38,022)	(32,402)	-	-
Defined benefit expense	28	35,585	41,454	35,512	39,186
Interest on lease liabilities	6	161	176	161	176
Gains on derecognition of financial assets	9	(514)	-	-	-
Gains on derecognition of external reserves	8	(95,498)	(8,188)	(95,498)	(8,188)
Fair value (gains)/loss on Gold bullion	9	18,500	(106,421)	18,500	(106,421)
		1,125,929	**279,447**	**1,119,444**	**262,858**
Change in operating assets and liabilities:	31.1				
Increase in loans and receivables	a	(5,793,595)	(4,989,147)	(5,848,978)	(5,191,239)
Increase in external reserves	b	(227,298)	(905,984)	(227,298)	(905,985)
(Increase)/Decrease in other assets	c	130,376	(269,700)	231,103	(270,881)
Increase in deposits	d	1,912,228	7,167,094	1,933,946	7,327,571
Increase/(Decrease) in Central Bank of Nigeria Instruments	e	1,044,103	(1,795,924)	1,044,103	(1,795,924)
Increase in Bank notes and coins in circulation	f	416,695	465,491	416,695	465,477
Increase in other liabilities	g	1,807,014	270,131	1,757,487	307,608
		(710,477)	**(58,039)**	**(692,942)**	**(63,373)**
Cash generated from operating activities		**415,452**	**221,408**	**426,502**	**199,485**

(All amounts are in millions of Naira, unless otherwise stated)

31.1 Reconciliation notes to change in operating assets and liabilities:

			Group		Bank	
			2021	2020	2021	2020
			N'million	N'million	N'million	N'million
a	**Changes in loans and receivables**					
	Opening balance for the year	18	21,936,947	17,085,405	22,490,589	17,431,338
	Impairment charge on loans and receivables	14	(422,219)	(114,435)	(427,673)	(108,818)
	Modification loss	14	(25,943)	(23,170)	(25,943)	(23,170)
	Closing balance for the year	18	(27,282,380)	(21,936,947)	(27,885,951)	(22,490,589)
			(5,793,595)	(4,989,147)	(5,848,978)	(5,191,239)
b	**Changes in external reserves**					
	Opening balance for the year	16	5,274,266	4,286,608	5,274,266	4,286,608
	Decrease/(increase) in restricted cash	16	-	81,673	-	81,673
	Closing balance for the year	16	(5,501,564)	(5,274,266)	(5,501,564)	(5,274,266)
			(227,298)	(905,985)	(227,298)	(905,985)
c	**Changes in other assets**					
	Opening balance for the year	22	644,604	374,904	625,444	354,563
	Closing balance for the year	22	(514,228)	(644,604)	(394,341)	(625,444)
			130,376	(269,700)	231,103	(270,881)
d	**Changes in deposits**					
	Opening balance for the year	25	(20,650,203)	(13,483,109)	(20,892,644)	(13,565,073)
	Closing balance for the year	25	22,562,431	20,650,203	22,826,590	20,892,644
			1,912,228	7,167,094	1,933,946	7,327,571
e	**Changes in Central Bank of Nigeria Instruments**					
	Opening balance for the year	26	(12,824,789)	(14,620,713)	(12,824,789)	(14,620,713)
	Closing balance for the year	26	13,868,892	12,824,789	13,868,892	12,824,789
			1,044,103	(1,795,924)	1,044,103	(1,795,924)
f	**Changes in Bank notes and coins in circulation**					
	Opening balance for the year	27	(2,907,522)	(2,442,031)	(2,907,522)	(2,442,045)
	Closing balance for the year	27	3,324,217	2,907,522	3,324,217	2,907,522
			416,695	465,491	416,695	465,477

(All amounts are in millions of Naira, unless otherwise stated)

31.1 Reconciliation notes to change in operating assets and liabilities (continued):

			Group 2021 N'million	Group 2020 N'million	Bank 2021 N'million	Bank 2020 N'million
g	**Changes in other liabilities**					
	Opening balance for the year	29	(4,954,254)	(4,668,534)	(5,002,455)	(4,694,847)
	Closing balance for the year	29	6,761,268	4,954,254	6,759,942	5,002,455
			1,807,014	285,720	1,757,487	307,608
h	**Changes in investment in associate**					
	Opening balance for the year	21	398,021	344,273	111,126	111,126
	Share of profit of associate	21	38,022	32,402	-	-
	Closing balance for the year	21	(459,871)	(398,021)	(126,310)	(111,126)
			(23,828)	(21,346)	(15,184)	-
i	**Changes in employee benefit liabilities**					
	Opening balance for the year	28	188,743	129,307	188,640	131,172
	Defined benefit plan expenses	11	22,581	28,787	22,514	26,519
	Pension costs – Defined contribution	11	12,998	12,667	12,998	12,667
	Re-measurement gains/(losses) on defined benefit plans	28	(38,144)	71,687	(38,990)	71,687
	Closing balance for the year	28	(143,290)	(188,743)	(143,918)	(188,640)
			42,888	53,705	41,244	53,405
j	**Changes in investment securities**					
	Opening balance for the year	19	3,594,636	3,303,207	3,293,304	3,200,647
	Fair value adjustment	10	25,267	91,624	25,267	91,624
	Impairment of investment securities	19	(418)	(536)	-	-
	Closing balance for the year	19	(3,489,414)	(3,594,636)	(3,167,651)	(3,293,304)
			130,071	(200,341)	150,920	(1,033)
j	**Changes in subsidiaries**					
	Opening balance for the year	20	-	-	(45,401)	(45,401)
	Closing balance for the year	20	-	-	46,101	45,401
			-	-	700	-

(All amounts are in millions of Naira, unless otherwise stated)

32 Contingent liabilities and commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities including financial guarantees. Even though these obligations may not be recognised in the consolidated and separate statements of financial position, they do contain credit risk and are therefore part of the overall risk of the Group (see Note 3.2.2).

32a Legal proceedings

There are a number of litigations outstanding against the Bank as at 31 December 2021 with contingent liabilities of N51.7 trillion as at 31 December 2021 (2020: N44.7 trillion). The Directors estimate that the outflow of economic resources from the litigations is not probable.

Included in the litigations is a significant case with total claims of N51.7 trillion, in which judgement has been given against the Bank and other co-defendants in prior years and where the Bank's appeal against the judgment is currently pending before the appellate courts.

There was a 2nd defendant on this legal case, who had lost at the Federal High Court and the Court of Appeal (the Bank was a party to the 2nd defendant's appeal) and the matter is currently at the Supreme Court awaiting rulling. The judgement sum amounts to GBP2.159 billion with 15% annual interest calculated with effect from 22 June 1995.

Management is of the view that a high level of success is expected at the Court of appeal, based on professional legal advice and the likelihood of outflow of economic resource is considered remote. Consequently, no provision was recognized in the financial statements.

The Directors are also of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of financial affairs of the Bank have been taken into consideration in the preparation of these consolidated and separate financial statements.

32b Capital Commitments

	Group		Bank	
	2021	**2020**	**2021**	**2020**
Capital and other commitments:	**N'million**	**N'million**	**N'million**	**N'million**
Intervention funds	295,538	1,024,624	295,538	1,024,624
FX forwards, OTC futures and currency swaps	12,798,173	9,894,385	12,798,173	9,894,385
Capital commitments	198,525	123,699	198,525	123,699
	13,292,236	**11,042,708**	**13,292,236**	**11,042,708**

Intervention funds of N1,568.80 billion (31 December 2020: N1,024.62 billion) represents internally generated funds for intervention purposes in respect of Commercial Agricultural Credit Guarantee Scheme, Real Sector Support Facility, Micro, Small and Medium Scale Enterprise Fund, Power and Aviation Fund, SME/Manufacturing Sector Intervention Fund and other intervention activities of the Bank.
Foreign exchange forwards, currency swaps and OTC futures refer to the amounts that the Bank has committed to provide to counterparties in future.

The capital commitments of the Group are in respect of property, plant and equipment, and the funds to meet the capital commitments will be sourced from internally generated funds.
The FX forwards, OTC futures and currency swaps represent the naira equivalent of the outstanding balance as at year end.

32c Guarantees

The Group in 2020 provided a financial guarantee on behalf of Bank of Industry (BOI) on borrowing of EUR750 million (N329,315 million) BOI entered into with a syndicated consortium of international banks, Afrexim (the mainlead) and credit suisse. The loan offer of EUR750m could be up to EUR1bn for a period of 3 years tenor. (2020:N377,718 million)

(All amounts are in millions of Naira, unless otherwise stated)

33 Related party transactions

Central Bank of Nigeria is wholly-owned and controlled by the Federal Government of Nigeria (FGN).

The Federal Government of Nigeria also controls the Ministry of Finance Incorporated, other Government Ministries, Departments and Agencies (MDAs), Nigeria Securities, Printing and Minting Plc (NSPM), Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL) and NESI Stabilization Strategy Limited (NESI). These entities (in addition to the key management personnel of the Bank) are related parties to the Central Bank of Nigeria.

(i) Advances to the Federal Government of Nigeria

The transactions with the Federal government and fellow subsidiaries (under control of the Federal Government) are exempted from the disclosure requirement of IAS 24 due to their nature. However material transactions and balances are disclosed.

	Group	
	2021	**2020**
	N'million	**N'million**
At 1 January	14,058,328	9,460,963
Additions	4,308,682	4,597,365
At 31 December	**18,367,010**	**14,058,328**

(ii) Key management compensation

The Bank's key management personnel comprises the Governor, the 4 Deputy Governors and 7 Non Executive Directors of the Bank.

The compensation paid or payable to key management for employee services is shown below:

	Group	
	2021	**2020**
	N'million	**N'million**
Salaries and other short-term employee benefits	622	592
Total	**622**	**592**

(iii) Balances with Key Management Personnel

	Group	
	2021	**2020**
	N'million	**N'million**
Loans and advances	977	1,103
	977	**1,103**

33 Related party transactions - continued

The Bank has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances with (a) a government that has control and significant influence over the Bank (b) another entity that is a related party because the same government has control or significant influence over both the Bank and the other entity. Hence, the Bank has not disclosed transactions and balances with its subsidiaries and associates as they are controlled by the Federal Government of Nigeria which also controls the Bank. The Bank's collectively significant transactions with the Federal Government of Nigeria and other entities controlled, jointly controlled or significantly influenced by Federal Government arises from the normal business activities of the CBN including government deposits held by the Bank, investment in securities issued by the Federal Government and its agencies, transfer to the Federal Government in compliance with the Fiscal Responsibility Act among others.

34 Covid-19 - Pandemic

Overview of Macro-economic Environment

The impact of the COVID-19 pandemic has remained daunting globally while the Nigerian economy slowly recovered from the pandemic induced recession mainly due to growth in the non-oil sector of the economy.
The economy of Nigeria advanced by 4% year-on-year in the third quarter of 2021, following a 5% expansion in the prior period, which was the strongest since the last quarter of 2014. It is the fourth consecutive quarter of growth since the pandemic-induced recession in 2020 driven by the non-oil sector which grew 5.4% (vs 6.7% in Q2).

In March 2021, the Bank in furtherance of its financial stability mandate, extended the reduction of interest rates on the CBN intervention facilities from nine per cent to five per cent per annum by another twelve (12) months to February 2022.

35 Events after the reporting date

No significant events occurred between the reporting dates and the sign off dates requiring disclosure in, or adjustment to, the consolidated and separate financial statements for the year ended 31 December 2021.

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED
(All amounts are in millions of Naira, unless otherwise stated)

	Group				Bank			
	2021		**2020**		**2021**		**2020**	
	N'million	**%**	**N'million**	**%**	**N'million**	**%**	**N'million**	**%**
Income	2,926,554		2,437,130		2,913,637		2,411,637	
Less:								
Brought in materials and services- local	(2,119,759)		(2,094,401)		(2,158,771)		(2,119,856)	
Credit loss expense	(498,234)		(98,663)		(503,806)		(92,510)	
Value added	**308,561**	**100%**	**244,066**	**100%**	**251,060**	**100%**	**199,271**	**100%**
Applied as follows:								
To pay employees:								
Personnel expenses	200,041	65%	183,601	70%	192,745	77%	176,004	88%
To pay providers of capital:								
Transfer to FGN consolidated revenue fund	24,835	8%	1,000	1%	24,835	10%	1,000	1%
To pay Government:								
Income tax expense	241	0%	2,745	3%	-		-	
Maintenance of assets and retention for future operations:								
For replacement of property,equipment and right-of-use/intangible assets (depreciation and amortisation)	33,154	0.11	26,906	13%	27,271	11%	22,016	11%
Retained surplus for the year	50,290	16%	29,814	13%	6,209	2%	251	0%
	308,561	**100%**	**244,066**	**100%**	**251,060**	**100%**	**199,271**	**100%**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group
Income Statement

	2021 N'million	2020 N'million	2019 N'million	2018 N'million	2017 N'million
Interest and similar income calculated using the effective interest method	1,962,630	1,638,280	1,471,365	874,973	-
Interest and similar income	-	-	-	-	685,608
Other interest and similar income	339,335	111,400	87,867	39,228	-
Interest and similar expense calculated using the effective interest method	(1,258,219)	(1,694,848)	(2,221,373)	(1,902,881)	(1,344,862)
Net interest income/(expense)	**1,043,746**	**54,832**	**(662,141)**	**(988,680)**	**(659,254)**
Fees and commission income	41,978	61,300	64,246	54,440	41,368
Net fair value gain/(loss) on financial instruments	95,498	8,188	50,183	61,928	(51,335)
Other operating income	487,113	617,962	1,044,759	851,817	1,457,958
Total operating Income	**1,668,335**	**742,282**	**497,047**	**(20,495)**	**788,736**
Credit loss (expense)/reversal	(498,234)	(98,663)	(82,758)	409,941	(347,012)
Impairment charge on financial investments	-	-	-	-	(23,297)
Net operating income	**1,170,101**	**643,619**	**414,289**	**389,446**	**418,427**
Personnel expenses	(200,041)	(183,601)	(168,034)	(137,361)	(135,195)
Depreciation of property, equipment and right-of-use	(29,478)	(23,518)	(27,691)	(18,913)	(22,573)
Amortisation of intangible assets	(3,676)	(3,388)	(2,969)	(1,206)	(1,371)
Currency issue expenses	(15,230)	(7,478)	(10,207)	(14,165)	(13,450)
Other operating expenses	(884,232)	(422,530)	(197,050)	(189,873)	(155,054)
Total operating expenses	**(1,132,657)**	**(640,515)**	**(405,952)**	**(361,518)**	**(327,643)**
Net income before share of associates' profit	**37,444**	**3,104**	**8,337**	**27,928**	**90,784**
Share of profit of associates	38,022	32,402	33,632	23,575	18,386
Net income before tax	**75,466**	**35,506**	**41,969**	**51,503**	**109,170**
Income tax expense	(341)	(4,692)	(7,332)	(7,733)	(1,773)
Net income for the year	**75,125**	**30,814**	**34,637**	**43,770**	**107,397**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group
Statement of other comprehensive income

Net income for the year	**75,125**	**30,814**	**34,637**	**43,770**	**107,397**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	22	(70)	94	(20)	-
	22	(70)	94	(20)	-
Available-for-sale financial assets:					
Net change in fair value during the year	-	-	-	-	6,347
Share of other comprehensive income of associates	(2,045)	30,953	22,338	(3,530)	34,584
Net gains/(losses) on available for sale financial assets	**(2,045)**	**30,953**	**22,338**	**(3,530)**	**40,931**
Total items that will be reclassified to the income statement	**(2,023)**	**30,883**	**22,432**	**(3,550)**	**40,931**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	25,245	91,694	8,769	(1,941)	-
Re-measurement (losses)/gains on defined benefit plans	38,144	(71,687)	(43,065)	7,632	31,924
Revaluation of property and equipment	-	-	196,264	-	-
Total items that will not be reclassified to the income statement	**63,389**	**20,007**	**161,968**	**5,691**	**31,924**
Other comprehensive income/(loss) for the year	**61,366**	**184,400**	**2,141**	**72,855**	**89,075**
Total comprehensive income for the year	**136,491**	**219,038**	**45,910**	**180,252**	**213,545**
Attributable to:					
Equity holder of the Bank	156,498				
Non-controlling interests	847				
	157,345	**219,038**	**45,910**	**180,252**	**213,545**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group
Statement of financial postion

	2021 N'million	2020 N'million	2019 N'million	2018 N'million	2017 N'million
Assets					
Cash and bank balances	25,182	61,652	234,661	18,954	28,197
External reserves	15,380,733	15,263,223	14,295,794	16,376,603	14,563,696
IMF Holdings of Special Drawing Rights	2,313,163	725,583	747,143	639,070	650,824
Loans and receivables	27,282,380	21,936,947	17,085,405	13,301,870	10,285,433
Financial assets at fair value through profit or loss	-	-	-	-	-
Investment securities:	-				
Available-for-sale	-	-	-	-	50,669
Held to maturity	-	-	-	-	2,062,360
Debt instruments at fair value through other comprehensive income	3,101	1,368	44,423	2,531	-
Equity instruments at fair value through other comprehensive income	283,595	258,349	166,656	43,602	-
Debt instruments at amortised costs	3,202,718	3,334,919	3,092,129	3,013,284	-
Investments in associates	459,871	398,021	344,273	294,454	271,367
Quota in International Monetary Fund (IMF)	1,549,146	1,209,060	1,016,290	1,046,449	1,002,558
Other assets	1,662,137	1,847,905	429,725	230,476	153,346
Intangible assets	4,909	6,271	7,099	6,752	3,405
Property, plant and equipment	772,709	756,132	740,940	538,106	516,516
Total assets	**52,939,644**	**45,799,430**	**38,204,538**	**35,512,151**	**29,588,371**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group
Statement of financial postion

	2021	2020	2019	2018	2017
	N'million	N'million	N'million	N'million	N'million
Liabilities					
Bank notes and coins in circulation	3,324,217	2,907,522	2,442,031	2,298,267	2,140,673
Deposits	22,562,431	20,650,203	13,483,109	14,365,409	12,466,903
Central Bank of Nigeria Instruments	13,868,892	12,824,789	14,620,713	12,795,093	8,919,793
IMF allocation of Special Drawing Rights	2,452,292	825,272	835,174	714,179	727,153
IMF related liabilities	2,586,407	2,331,714	967,851	998,012	954,121
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Employee benefit liabilities	143,290	188,743	129,307	74,221	103,540
Current income tax payable	2,395	9,454	8,472	3,041	1,810
Deferred tax liabilities	11,839	13,375	11,428	10,868	5,598
Other liabilities	6,761,268	4,954,254	4,693,053	3,456,326	3,449,558
Total liabilities	**51,713,031**	**44,705,326**	**37,191,138**	**34,715,416**	**28,769,149**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	651,968	636,068	607,395	619,678	638,488
Fair value reserve	164,844	141,623	49,258	43,430	47,006
Foreign currency translation reserve	195,677	174,823	144,611	119,238	121,153
Revaluation reserve	196,264	196,264	196,264	-	-
Other reserve	-	(71,687)	-	-	-
Equity attributable to equity holders of the Bank	**1,213,753**	**1,082,091**	**1,002,528**	**787,346**	**811,647**
Non-controlling interests	12,860	12,013	10,872	9,389	7,575
Total equity	**1,226,613**	**1,094,104**	**1,013,400**	**796,735**	**819,222**
Total liabilities and equity	**52,939,644**	**45,799,430**	**38,204,538**	**35,512,151**	**29,588,371**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Bank
Income Statement

	2021 N'million	2020 N'million	2019 N'million	2018 N'million	2017 N'million
Interest and similar income calculated using the effective interest method	1,950,301	1,609,474	1,453,193	852,539	-
Interest and similar income	-	-	-	-	673,217
Other interest and similar income	339,335	111,400	87,867	39,228	-
Interest and similar expense calculated using the effective interest method	(1,258,404)	(1,683,092)	(2,220,766)	(1,900,876)	(1,342,961)
Net interest income/(expense)	**1,031,232**	**37,782**	**(679,706)**	**(1,009,109)**	**(669,744)**
Fees and commission income	41,724	59,611	64,053	54,270	41,311
Net fair value gain/(loss) on financial instruments	95,498	8,188	50,183	61,928	(51,335)
Other operating income	486,779	622,964	1,053,554	853,889	1,450,535
Total operating Income	**1,655,233**	**728,545**	**488,084**	**(39,022)**	**770,767**
Credit loss expense	(503,806)	(92,510)	(81,949)	409,997	(347,012)
Impairment charge on financial investments	-	-	-	-	(23,297)
Net operating income	**1,151,427**	**636,035**	**406,135**	**370,975**	**400,458**
Personnel expenses	(192,745)	(176,004)	(161,845)	(129,237)	(129,533)
Financial sector intervention expenses	-	-	-	-	-
Depreciation of property, equipment and right-of-use	(23,889)	(18,744)	(16,698)	(14,186)	(18,334)
Amortisation of intangible assets	(3,382)	(3,272)	(2,806)	(1,206)	(1,371)
Currency issue expenses	(72,576)	(64,458)	(85,300)	(74,453)	(58,604)
Other operating expenses	(827,791)	(372,306)	(136,520)	(147,678)	(122,450)
Total operating expenses	**(1,120,383)**	**(634,784)**	**(403,169)**	**(366,760)**	**(330,292)**
Net income for the year	**31,044**	**1,251**	**2,966**	**4,215**	**70,166**

OTHER NATIONAL DISCLOSURES

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

(All amounts are in millions of Naira, unless otherwise stated)

Bank

Statement of other comprehensive income

	2021 N'million	2020 N'million	2019 N'million	2018 N'million	2017 N'million
Net income for the year	**31,044**	**2,966**	**4,215**	**70,166**	**104,931**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	22	(70)	94	(20)	-
	22	(70)	94	(20)	-
Available-for-sale financial assets:					
Net change in fair value during the year	-	-	-	-	6,347.00
Net gains/(losses) on available for sale financial assets	-	-	-	-	6,347
Total items that will be reclassified to the income statement	**22**	**(70)**	**94**	**(20)**	**6,347**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	25,245	91,694	8,769	(1,941)	-
Re-measurement (losses)/gains on defined benefit plans	38,990	(71,687)	(44,823)	7,632	31,924
Revaluation of property and equipment	-	-	196,264	-	-
Total items that will not be reclassified to the income statement	**64,235**	**20,007**	**160,210**	**5,691**	**31,924**
Other comprehensive income for the year	**64,257**	**19,937**	**160,304**	**5,671**	**38,271**
Total comprehensive income for the year	**95,301**	**21,188**	**163,271**	**9,886**	**108,437**
Attributable to:					
Equity holder of the Bank	95,301	21,188	163,271	9,886	108,437
	95,301	**21,188**	**163,271**	**9,886**	**108,437**

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CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

(All amounts are in millions of Naira, unless otherwise stated)

Bank

Statement of financial position	**2021**	**2020**	**2019**	**2018**	**2017**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Assets					
External reserves	15,380,733	15,263,223	14,295,794	16,376,603	14,563,696
IMF Holdings of Special Drawing Rights	2,313,163	725,583	747,143	639,070	650,824
Loans and receivables	27,885,951	22,490,589	17,431,338	13,388,732	10,369,678
Investment securities:					
Available-for-sale	-	-	-	-	50,669
Held to maturity	-	-	-	-	1,965,705
Financial assets at fair value through profit or loss	3,101	1,368	44,423	2,531	-
Equity instruments at fair value through other comprehensive income	283,595	258,349	166,656	43,602	-
Debt instruments at amortised costs	2,880,955	3,033,587	2,989,569	2,903,535	-
Investments in subsidiaries	46,101	45,401	45,401	45,401	28,098
Investments in associates	126,310	111,126	111,126	111,126	91,966
Quota in International Monetary Fund (IMF)	1,549,146	1,209,060	1,016,290	1,046,449	1,002,558
Other assets	1,542,250	1,828,745	409,384	209,281	140,461
Intangible assets	4,416	5,578	6,744	6,752	3,405
Property, plant and equipment	716,754	700,178	681,499	469,059	446,531
Total assets	**52,732,475**	**45,672,787**	**37,945,367**	**35,242,141**	**29,313,591**

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CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

(All amounts are in millions of Naira, unless otherwise stated)

Bank

Statement of financial position

	2021	2020	2019	2018	2017
	N'million	N'million	N'million	N'million	N'million
Liabilities					
Bank notes and coins in circulation	3,324,217	2,907,522	2,442,045	2,328,766	2,156,289
Deposits	22,826,590	20,892,644	13,565,073	14,365,409	12,466,903
Central Bank of Nigeria Instruments	13,868,892	12,824,789	14,620,713	12,795,093	8,919,793
IMF allocation of Special Drawing Rights	2,452,292	825,272	835,174	714,179	727,153
IMF related liabilities	2,586,407	2,331,714	967,851	998,012	954,121
Employee benefit liabilities	143,918	188,640	131,171	74,336	103,616
Other liabilities	6,759,942	5,002,455	4,703,777	3,447,680	3,411,843
Total liabilities	**51,962,258**	**44,973,036**	**37,265,804**	**34,723,475**	**28,739,718**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	400,984	427,472	427,221	471,451	524,697
Fair value reserve	167,969	142,702	51,078	42,215	44,176
Revaluation reserve	196,264	196,264	196,264	-	-
Other reserve	-	(71,687)	-	-	-
Equity attributable to equity holders of the Bank	**770,217**	**699,751**	**679,563**	**518,666**	**573,873**
Total liabilities and equity	**52,732,475**	**45,672,787**	**37,945,367**	**35,242,141**	**29,313,591**