

NDIC

Nigeria Deposit Insurance Corporation
Established under Bank Act 2006

AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2023



Sound banks for a healthy
economy!

**NIGERIA DEPOSIT INSURANCE CORPORATION
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FOR THE YEAR ENDED 31 DECEMBER 2023**

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**NIGERIA DEPOSIT INSURANCE CORPORATION
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Directors present their annual report on the affairs of the Nigeria Deposit Insurance Corporation ("the Corporation") together with the audited financial statements for the year ended 31 December 2023.

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB).

Incorporation and address

The Corporation was established in Nigeria under the Nigeria Deposit Insurance Corporation Act No. 22 of 1988 as repealed and re-enacted by the Nigeria Deposit Insurance Corporation Act 2023 (NDIC Act) as a body corporate with perpetual succession and common seal and is domiciled in Nigeria.

The address of its registered office is:

Plot 447/448 Constitution Avenue
Central Business District
PMB 284, Garki
Abuja.

Principal activity

The principal activity of the Corporation is insuring all qualifying insurable deposit liabilities of licensed Deposit Money Banks and such other licensed deposit-taking financial institutions operating in Nigeria so as to engender confidence in the Nigerian banking system.

Insurance premium

The Corporation received insurance premium of N224.51 billion for the year ended 31 December 2023 (December 2022: N171.79 billion).

	Note	Dec-23 N'000	Dec-22 N'000
Deposit insurance premium	25	224,506,954	171,793,056

Operating results

The Corporation's results for the year are set out on page 8. Total Operating income increased by N50.88 billion while the Net operating surplus increased by N38.93 billion.

	Dec-23 N'000	Dec-22 N'000
Interest and other income	266,211,532	215,332,340
Operating expenses	(82,795,946)	(70,847,442)
Net operating surplus	183,415,586	144,484,898

Directors

In compliance with Section 7 and 10 of NDIC Act, the Directors who held office on the date of signing this report were:

Mr. Bello Hassan, OON	Managing Director/Chief Executive Officer
Mr. M. M. Ibrahim	Executive Director (Operations)
Mrs. Emily C. Osuji	Executive Director (Corporate Services)
Mrs. Lydia S. Jafiya, mni	Chairman, Interim Management Committee (Perm Sec. Federal Ministry of Finance)
Mr. Chibuike D. Nwaegerue	Interim Management Committee Member (Representing the Central Bank of Nigeria)
Mr. Lamido Yuguda	Interim Management Committee Member (DG. Securities and Exchange Commission)
Dr. Abdul-Hakeem Abdul Lateef	Chairman*
Prof. Osita Oabu	Non-executive*
Mrs Yasmine Aminu Dalhatu	Non-executive*
Engr. Umar Gambo Jibrin	Non-executive*
Mr. Mohammed Attahiru Haruna	Non-executive*
Mr. Simon Dada Ogie	Non-executive*
Prince Abimbola Olashore	Non-executive*
Mr. Haruna Bala Mustafa	Non-executive (Representing the Central Bank of Nigeria)*
Mr. Ali Mohammed	Non-executive (Representing the Federal Ministry of Finance)*

* Appointment was effective 25th May, 2023 and dissolution of the board was effective 16th June, 2023

**NIGERIA DEPOSIT INSURANCE CORPORATION
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Share capital and shareholding

The issued and fully paid-up authorised capital of the Corporation were beneficially held as follows for the year ended 31 December 2023:

Central Bank of Nigeria
Ministry of Finance Incorporated
Total

31-Dec-23	
No. of shares	Shareholding
'000	%
1,380,000	60
920,000	40
2,300,000	100

Central Bank of Nigeria
Ministry of Finance Incorporated
Total

31-Dec-22	
No. of shares	Shareholding
'000	%
1,380,000	60
920,000	40
2,300,000	100

Equal opportunity employment

The Corporation accords all applicants/employees equal opportunities of being appointed to fill any vacant positions for which they are suitable and qualified subject to the Corporation's guidelines and regulations governing recruitment, selection and placement of employees.

Employee health, safety and welfare

The Corporation enforces strict health and safety rules and practices at the work environment which are reviewed and tested regularly.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Corporation's premises. The Corporation operates a group life insurance cover for the benefit of its employees.

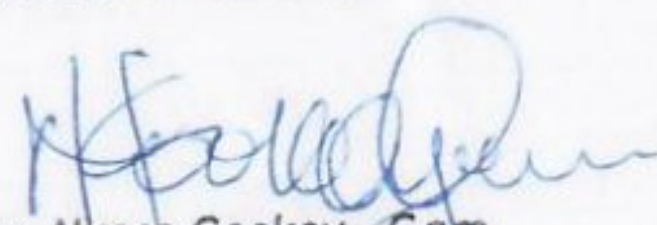
Employee training and involvement

The Directors maintain regular communication and consultation with employees and staff representatives on matters affecting employees and the Corporation. There is great emphasis on staff development and training through carefully planned training courses and seminars to update special skills and job requirements of the staff throughout the Corporation.

Auditors

Auditors: Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Corporation. In accordance with section 20.2 of the Nigerian Code of Corporate Governance therefore, the auditors will be re-appointed at the Board meeting without any resolution being passed.

By order of the Board



Mrs. Nkese Cookey-Gam
Secretary to the Corporation
FRC/2022/PRO/NBA/004/041152

24th April 2024



NIGERIA DEPOSIT INSURANCE CORPORATION
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Nigeria Deposit Insurance Corporation Act, 2023 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Nigeria Deposit Insurance Corporation Act, 2023 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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



Mrs. Lydia S. Jafiya, mni
Chairman
FRC/2024/PRO/DIR/008/217458

24th April 2024



Bello Hassan, OON
Managing Director
FRC/2021/004/00000022452

24th April 2024



KPMG Professional Services
KPMG Tower
Bishop Abovade Cole Street
Victoria Island
PMG 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nigeria Deposit Insurance Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nigeria Deposit Insurance Corporation ("the Corporation"), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Nigeria Deposit Insurance Corporation Act, 2023, and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises the directors' report, statement of directors' responsibilities in relation to the financial statements and other national disclosures but does not include the financial statements and our auditor's report thereon.

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registered in Nigeria No. BN 385925

A list of partners is available for inspection at the firm's address.



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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Nigeria Deposit Insurance Corporation Act, 2023 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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

We communicate with those charged with governance 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.

Akinyemi Ashade, FCA
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
03 May 2024
Lagos, Nigeria

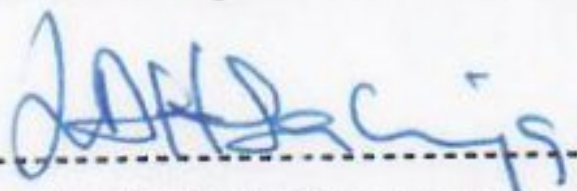


NIGERIA DEPOSIT INSURANCE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31-Dec-23 N'000	31-Dec-22 N'000
Assets			
Cash and balances with the Central Bank of Nigeria	12	54,842,928	15,004,851
Financial assets:			
-Debt instruments at amortised cost	13	1,977,102,627	1,656,917,644
-Debt instruments at fair value through other comprehensive income	13	389,471,153	443,373,888
Other assets	14	29,569,050	8,546,172
Property, equipment and right-of-use assets	15	69,786,485	57,840,227
Intangible assets	16	2,404,337	3,052,444
Total Assets		2,523,176,580	2,184,735,226
Liabilities and Equity			
Liabilities			
Compensation due to insured depositors	17	18,461,872	12,458,539
Due to banks	18	1,160,343	1,090,136
FGN consolidated revenue fund payable	19	35,508,144	14,775,677
Deposit Insurance Fund	25	1,651,266,934	1,434,572,663
Account payables and other liabilities	20	27,265,744	26,020,150
Retirement benefit obligations	21	47,925,554	38,426,794
Total Liabilities and deposit insurance fund		1,781,588,591	1,527,343,959
Equity			
Share capital	22	2,300,000	2,300,000
Retained earnings	22c	143,462,067	127,013,019
Fair value reserve	22b	(13,346,919)	(11,094,593)
Other reserves	23	100,000	100,000
Deposit insurance reserves	24	609,072,841	539,072,841
Total Equity		741,587,989	657,391,267
Total liabilities and equity		2,523,176,580	2,184,735,226

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 24th April 2024 and signed on its behalf by:



Mrs. Lydia S. Jafiya, mni
Chairman
FRC/2024/PRO/DIR/008/217458



Bello Hassan, OON
Managing Director
FRC/2021/004/00000022452

Additionally certified by:


Mrs. Emily C. Osuji
Executive Director (Corporate Services)
FRC/2022/PRO/NIM/002/285134



Dairo S. O.
Director of Finance
FRC/2013/PRO/00000002919

**NIGERIA DEPOSIT INSURANCE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	31-Dec-23 N'000	31-Dec-22 N'000
Interest income calculated using effective interest method	5	263,306,607	215,302,136
Rental income	6	15,321	15,321
Other income	7	2,889,604	14,883
Total operating income		266,211,532	215,332,340
Employee benefits expense	8	66,510,167	55,143,747
Other operating expenses	9	14,781,321	14,605,845
Credit loss expense on financial assets	10	207,779	175,756
Depreciation of property, equipment and right-of-use assets	15	1,154,959	782,789
Amortisation of intangible assets	16	141,720	139,305
Total operating expenses		82,795,946	70,847,442
Net operating surplus		183,415,586	144,484,898
Other comprehensive income			
<i>Items that will not to be reclassified to profit or loss:</i>			
Re-measurement losses on defined benefit plans	11	(6,234,070)	(5,493,245)
Total items that will not be reclassified to profit or loss		(6,234,070)	(5,493,245)
<i>Items that will be reclassified to profit or loss:</i>			
<i>Debt instruments at fair value through other comprehensive income:</i>			
Net change in fair value during the year	11	(2,210,014)	(13,735,476)
Changes in allowance for expected credit losses on debt instruments at fair value through other comprehensive income	11	(42,312)	(50,837)
Net (losses) on financial instruments at fair value through other comprehensive income		(2,252,326)	(13,786,313)
Total items that will be reclassified to the income statement		(2,252,326)	(13,786,313)
Other comprehensive (losses) for the year		(8,486,396)	(19,279,558)
Total comprehensive income for the year		174,929,190	125,205,340

The accompanying notes form an integral part of these financial statements.



NIGERIA DEPOSIT INSURANCE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital N'000	Retained earnings N'000	Other reserves N'000	Fair value reserve N'000	Deposit Insurance Reserve N'000	Total equity N'000
As at 1 January 2023		2,300,000	127,013,019	100,000	(11,094,593)	539,072,841	657,391,267
Net operating surplus		-	183,415,586	-	-	-	183,415,586
Transfer to Deposit Insurance Reserve	24	-	(70,000,000)	-	-	70,000,000	-
Other comprehensive income	11	-	(6,234,070)	-	(2,252,326)	-	(8,486,396)
		2,300,000	234,194,535	100,000	(13,346,919)	609,072,841	832,320,457
Transfer to FGN Consolidated Revenue Fund account	19	-	(90,732,468)	-	-	-	(90,732,468)
As at 31 December 2023		2,300,000	143,462,067	100,000	(13,346,919)	609,072,841	741,587,989
As at 1 January 2022		2,300,000	117,609,285	100,000	2,691,722	469,072,841	591,773,848
Net operating surplus		-	144,484,898	-	-	-	144,484,898
Transfer to Deposit Insurance Reserve	24	-	(70,000,000)	-	-	70,000,000	-
Other comprehensive income	11	-	(5,493,245)	-	(13,786,313)	-	(19,279,558)
		2,300,000	186,600,938	100,000	(11,094,593)	539,072,841	716,979,186
Transfer to FGN Consolidated Revenue Fund account	19	-	(59,587,919)	-	-	-	(59,587,919)
As at 31 December 2022		2,300,000	127,013,019	100,000	(11,094,593)	539,072,841	657,391,267

The accompanying notes form an integral part of these financial statements.

NIGERIA DEPOSIT INSURANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31-Dec-23 N'000	31-Dec-22 N'000
Operating activities			
Net cash generated from operations	26	122,237,668	101,134,420
Investing activities			
Purchase of financial instruments	13c	(748,631,882)	(633,886,368)
Proceeds from redemption of financial instruments	13c	480,538,312	400,350,901
Purchase of property and equipment	15v	(9,694,586)	(5,626,485)
Purchase of intangible assets	16	(15,590)	(40,731)
Interest received	13c	262,657,824	199,905,986
Profit from sale of property and equipment	7	38,287	2,601
Net cash (outflows)/inflow generated from investing activities		(15,107,635)	(39,294,096)
Financing activities			
Payment to the FGN consolidated revenue account	19	(70,000,000)	(54,319,779)
Repayment of principal portion of lease liabilities	15	(38,202)	-
Net cash flows used in financing activities		(70,038,202)	(54,319,779)
Net increase/ (decrease) in cash and cash equivalents		37,091,831	7,520,543
Cash and cash equivalents at 1 January		15,004,851	7,473,152
Cash and cash equivalents at 31 December	12	54,842,928	15,004,851
Effects of changes in exchange rates to cash and cash equivalents	7	(2,746,246)	(11,156)
Net increase / (decrease) in cash and cash equivalents		37,091,831	7,520,543

The accompanying notes form an integral part of these financial statements.



NIGERIA DEPOSIT INSURANCE CORPORATION
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Corporate information

The Nigeria Deposit Insurance Corporation ("the Corporation") insures the qualifying insurable deposit liabilities of licensed money banks and such other deposit-taking financial institutions operating in Nigeria so as to engender confidence in the Nigerian banking system.

The Corporation was incorporated and domiciled in Nigeria. Its registered office is at Plot 447/448 Constitution Avenue, Central Business District, Abuja.

2 Material accounting policies

2.1 Basis of preparation

The financial statements of the Corporation have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Financial Reporting Council of Nigeria (Amendment) Act 2023.

The financial statements have been prepared on an historical cost basis, except for debt instruments at fair value through other comprehensive income (FVOCI) all of which have been measured at fair value. The financial statements are presented in naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

Presentation of financial statements

The Corporation presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 27.

Financial assets and financial liabilities are offset and the net amount reported in the 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. Otherwise assets and liabilities are recognised independently. Income and expense 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 Corporation.

2.2 Changes in accounting policies and disclosures

Except for the changes in Note 3 below, the Corporation has consistently applied the accounting policies as set out in Note 2.3 and 2.4 to all periods presented in these financial statements.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Corporation's 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 Corporation'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. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Corporation'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 financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

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

- Capital management: Note 4.3



NIGERIA DEPOSIT INSURANCE CORPORATION
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2023

- Financial instruments risk management and policies	Note 4
- Sensitivity analysis disclosures	Note 4 and 21

2.3.1 Judgments

In the process of applying the Corporation's accounting policies, the directors have made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Corporation as lessee

The Corporation 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 Corporation has several lease contracts that include extension and termination options. The Corporation 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 Corporation reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

2.3.2 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 Corporation 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 Corporation.

(i) Impairment losses on financial assets

Financial assets other than trade receivables

The measurement of impairment losses 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 Corporation's Expected Credit Loss (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 Corporation's internal credit grading model, which assigns PDs to the individual grades
 - The Corporation'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 life time ECL 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 levels and collateral values, 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



NIGERIA DEPOSIT INSURANCE CORPORATION
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2023

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

(ii) 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 including 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. See Note 4 for further disclosures.

(iii) Contingencies

There may be pending cases where the Corporation is joined as defendant. The estimate of possible adverse judgments of these cases is based on the assessment of the strength of the defense of the Corporation or advisability of a compromise. The Corporation is of the opinion that these legal cases will not have a material adverse effect on its financial position. It is possible; however, that there may be material changes in the estimates based on developments or events in the future.

(iv) Defined benefit obligation

The cost of the defined benefit pension plan, gratuity scheme and other post-employment medical benefits and the present value of the pension obligation 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.

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 21.

(v) Provision for deposit insurance fund

The provision for deposit insurance fund is made in line with the requirements of section 17 of the NDIC act 2023. This includes both for specific claims and a general accrual for claims. Specific provisions for claims in respect of insured deposits are estimated by management and recorded when conditions crystallise that in management's opinion, will likely result in claims to the Corporation. The general accrual for claims reflects management's best estimate of losses on insured deposits arising from the inherent risk in insured institutions. The provision is established by assessing the aggregate risk in insured institutions based on current market and economic conditions, the likelihood of losses and the application of historic loss experience.



NIGERIA DEPOSIT INSURANCE CORPORATION
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2023

Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially, from management's estimates.

(vi) Depreciation and carrying value of property, plant and equipment

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

(vii) Estimating the incremental borrowing rate

The Corporation 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 Corporation 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 Corporation 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Corporation 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 Corporation's credit rating, or to reflect the terms and conditions of the lease).

2.3.3 Going concern

The directors made an assessment of the Corporation's ability to continue as a going concern and are satisfied that it has the resources to continue in its operations for the foreseeable future.

Liquidity and funding risk:

The Corporation has a robust liquidity management framework and contingency funding plan that builds in adequate buffers to support liquidity run-off in a stress scenario. Also, the Corporation's interest rate risk is expected to remain within tolerable limits since significant volume of its financial assets are invested in risk free securities issued by the Federal Government of Nigeria in line with its investment policy.

Therefore, the financial statements continue to be prepared on the going concern basis.

2.4 Summary of material accounting policies

2.4.1 Foreign currency translation

The Corporation's financial statements are presented in naira, which is also the Corporation's functional currency.

Transactions and balances

Transactions in foreign currencies are recorded at the functional currency spot rates ruling 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 comprehensive income.

2.4.2 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.



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2.4.2.1 Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Corporation 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.

2.4.2.2 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 2.4.3.1.1 and 2.4.3.1.2. Financial instruments are initially measured at their fair value (as defined in Note 2.4.22), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Sundry receivables are measured at the transaction price. When the fair value of the financial instruments at initial recognition differs from the transaction price, the Corporation accounts for the Day 1 profit or loss, as described below.

2.4.2.3 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 Corporation 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.

2.4.2.4 Measurement categories of financial assets and liabilities

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

- Amortised cost, as explained in Note 2.4.3.1
- FVOCI, as explained in Notes 2.4.3.2

2.4.3 Financial assets and liabilities

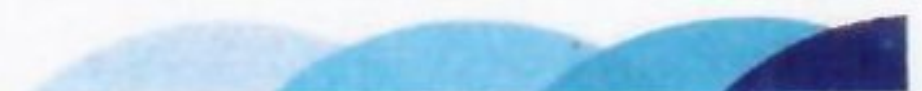
2.4.3.1 Loans and advances to staff, Deposit Insurance Fund, financial instruments at amortised cost

The Corporation initially recognises deposit insurance fund, debt securities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument.

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



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2.4.3.1.1 Business model assessment

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

The Corporation'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 Corporation'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 Corporation's original expectations, the Corporation 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.

2.4.3.1.2 The SPPI test

As a second step of its classification process the Corporation 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).

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 Corporation applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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 FVPL.

2.4.3.2 Debt instruments at FVOCI

The Corporation 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. The ECL calculation for debt instruments at FVOCI is explained in Note 2.4.6.2. Where the Corporation holds more than one investment in the same security, they are deemed to be disposed off based on commitments to be settled. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

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2.4.3.3 Financial liabilities

After initial measurement, financial liabilities 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.

2.4.4 Reclassification of financial assets and liabilities

The Corporation does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Corporation acquires, disposes of, or terminates a business line.

Financial liabilities are never reclassified. The Corporation did not reclassify any of its financial assets or liabilities in 2023.

2.4.5 Derecognition of financial assets and liabilities

2.4.5.1 Derecognition other than for substantial modification

2.4.5.1.1 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 Corporation also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Corporation has transferred the financial asset if, and only if, either:

- The Corporation 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 Corporation 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 Corporation 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 Corporation cannot sell or pledge the original asset other than as security to the eventual recipients
- The Corporation has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Corporation 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 Corporation has transferred substantially all the risks and rewards of the asset.

Or

- The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Corporation 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.

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When the Corporation 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 Corporation's continuing involvement, in which case, the Corporation 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 Corporation has retained.

2.4.5.1.2 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.

2.4.6 Impairment of financial assets

2.4.6.1 Overview of the ECL principles

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 2.4.6.2). The Corporation's policies for determining if there has been a significant increase in credit risk are set out in Note 4.4.

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 Corporation 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 4.4.

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

- Stage 1: When loans or financial instrument are first recognised, the Corporation recognises an allowance based on 12mECLs. Stage 1 loans or financial instruments also include facilities where the credit risk has improved and the loans or financial instrument has been reclassified from Stage 2.
- Stage 2: When a loan or financial instrument has shown a significant increase in credit risk since origination, the Corporation records an allowance for the LTECLs. Stage 2 loans or financial instrument also include facilities, where the credit risk has improved and the loans or financial instruments has been reclassified from Stage 3.
- Stage 3: Loans or financial instruments considered credit-impaired (as outlined in Note 4.4). The Corporation records an allowance for the LTECLs.

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For financial assets for which the Corporation 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.

2.4.6.2 The calculation of ECLs

The Corporation calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted using the financial instruments 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 4.4.
- 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 4.4.
- 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 4.4.

When estimating the ECLs, the Corporation considers three scenarios (a base case, an upturn and downturn). Each of these scenarios is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans or financial instrument are expected to be recovered, including the probability that the loans or financial instrument will cure and the amount that the Corporation can recover from the outstanding loans or financial instrument amount.

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

Impairment losses and releases are accounted for and disclosed separately in the statement of profit or loss.

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 Corporation 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 Corporation 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.

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*Stage 3: For loans considered credit-impaired (as defined in Note 4.4), the Corporation 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%.

2.4.6.3 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.

Write-offs

Financial assets are written off either partially or in their entirety only when the Corporation has stopped pursuing the recovery. 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.

Offsetting financial instruments - policy applicable for current and comparative periods

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

2.4.7 Leases

The Corporation 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.

Corporation as a lessee

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 15 Property, equipment and right-of-use assets and are subject to impairment in line with the Corporation's policy as described in Note 2.4.14 Impairment of non-financial assets.

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ii) Lease liabilities

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Corporation's lease liabilities are included in Account payables and other liabilities (see Note 20).

iii) Short-term leases and leases of low-value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Corporation as a lessor

Leases in which the Corporation does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4.8 Recognition of interest income

2.4.8.1 The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument 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. The Corporation 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 loan. 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).

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If expectations regarding the cash flows on the financial asset are revised for reasons other than 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 profit or loss.

Interest and similar income

The Corporation calculates interest income by applying the EIR to the gross amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired (as set out in Note 2.4.6.1) and is therefore regarded as 'Stage 3', the Corporation calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures (as outlined in Note 4.4) and is no longer credit-impaired, the Corporation reverts to calculating interest income on a gross basis.

2.4.9 Rental income

Rental income arising from operating leases on properties leased out by the Corporation is accounted for on a straight-line basis over the lease terms and included in rental income in the statement of comprehensive income.

2.4.10 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, non-restricted current accounts with Central Bank of Nigeria (CBN) and amounts due from CBN on demand or with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.4.11 Property, equipment and right-of-use assets

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. 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. Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 2.4.7. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation is calculated using the straight-line method to write down the cost of each component of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	40 years
Roof	30 years
Lift	10 years
Generators	5 years
Furniture, fittings and equipment	4 years
Motor vehicle	4 years
Capital work in progress	N/A

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

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.

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2.4.12 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 the statement of comprehensive income 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 on a straight line basis 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 the statement of profit or loss in the expense category that is consistent with the function of the 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 the statement of comprehensive income when the asset is derecognised.

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

- Computer software : 3 years

2.4.13 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Corporation 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

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 on a straight line basis over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

2.4.14 Impairment of non-financial assets

The Corporation 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 Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs to sell and its value in use. Where 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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's or CGU's recoverable amount. A previously recognized 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 exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.4.15 Post-employment benefits

(i) Defined benefit pension plans

The Corporation operates defined benefit plans. The cost of providing benefits under the defined benefit plans are determined using the projected unit credit actuarial valuation method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of comprehensive income in subsequent periods.

Past service costs are recognised in the statement of comprehensive income on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Corporation recognises restructuring-related costs

Net interest income and expense is calculated by applying the discount rate disclosed in Note 21 to the net defined benefit liability or asset.

(ii) Defined contribution pension plan

The Corporation operates a defined contribution pension plan in accordance with the Pension Reform Act. Under the Contributory scheme, both the employees and the employer contribute to the scheme as permitted by the Act. The Corporation has no further payment obligations once the contribution has been paid. Contribution payable is recorded as an expense under 'employee benefit expense'. Unpaid contributions are recorded as a liability.

2.4.16 Long term benefits

The Corporation operates defined benefit plans for other long term employee benefits. The cost of providing benefits under the defined benefit plans are determined using the projected unit credit actuarial valuation method.

Re-measurements gains and losses on other long employee benefits such as Long Service Award and Severance Benefit for the Board of Directors are recognised in profit or loss in the period in which they occur.

2.4.17 Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, and 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. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

2.4.18 Deposit insurance fund

Insurance premiums received for each category of insured financial institutions are transferred to a Deposit Insurance Fund account in accordance with Section 17 of the NDIC Act 2023. This account represents the insurance premium received from insured financial institutions net claims paid out.

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2.4.19 Equity and reserves

Fair value reserve

Fair value reserve, which comprises changes in fair value of debt instruments at FVOCI.

Other reserve

Other reserve represents funds set aside by the Corporation for motor vehicle insurance sinking fund.

General reserve fund

General reserve fund represents the remaining surplus after transfer of eighty percent of the net operating surplus to the Federal Government of Nigeria Consolidated Revenue Fund. This is shown as retained earnings in the statement of financial position.

Deposit insurance fund reserves

The Deposit insurance reserves represents the additional provisions made in line with the Target Funding Model of the Corporation which is based on a defined risk exposure as the Total Insured Deposits of categorised Unsound and Marginal Banks plus a provision of the Insured Deposits of Sound Banks in the system at any point in time.

Provision for insured deposit obligations includes both provision for specific losses and a general accrual for losses for marginal and unsound institutions. Specific provisions for losses in respect of insured deposit obligations are recorded when an insured bank's license has been revoked. The general accrual reflects management's best estimate of losses on insured deposits obligation likely to arise from institutions that are assessed by their current market and economic conditions to be unhealthy.

Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially, from Management's estimate.

Model results are then considered along with the level of the Deposit Insurance Fund (DIF), as well as management's judgement regarding economic and market conditions to come to a final determination of what the general accrual for claims should be.

2.4.20 Receivership cost

Receivership costs are classified into pre-closing, closing and post-closing expenses. Pre-closing and closing expenses are written-off to the statement of comprehensive income in the period they are incurred while post-closing expenses are recoverable from the relevant closed banks.

Provision is made for any such recoverable considered doubtful of recovery.

2.4.21 Liquidation administration

The Asset Management Department and Claims Resolution Department of the Corporation are responsible for the administration of the assets and liabilities of banks-in-liquidation. The assets and claims against those assets are accounted for separately to ensure that liquidation proceeds are distributed in accordance with applicable laws and regulations. All post-closing expenses incurred by the Corporation on behalf of banks-in-liquidation are recoverable from those entities.

2.4.22 Fair value measurement

The Corporation measures certain financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or for which fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions	Notes
- Quantitative disclosures of fair value measurement hierarchy	Note 4
- Financial instruments (including those carried at amortised cost)	Note 4

NIGERIA DEPOSIT INSURANCE CORPORATION
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The Corporation 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
- 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 Corporation 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.

The Corporation's management determines the policies and procedures for both recurring fair value measurement, debt instrument at fair value through other comprehensive income and for non-recurring measurement.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed by the Corporation's accounting policies.

Management, in conjunction with the Corporation's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Corporation 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.

2.4.23 Income tax

The Corporation is not liable to income tax in accordance with Section 86 of the NDIC Act 2023.

3 Standards, Amendments to Standards and Interpretations

The following listed interpretations and standards which are effective for annual periods beginning on or after 1 January 2023 did not have impact on the Corporation's financial position, performance and/or disclosures.

- Amendments to IAS 8-Definition of Accounting Estimates
- IFRS 17 including amendments Initial application of IFRS 17 and IFRS 9 – Comparative Information - Insurance Contracts
- Amendments to IAS 1 and IFRS Practice statement 2 Disclosure Initiative: Accounting policies
- Amendment to IAS 12 -Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

NIGERIA DEPOSIT INSURANCE CORPORATION
ACCOUNTING POLICIES
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3.1 Standards and interpretations issued but not yet effective

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

Standard/Interpretation	Summary of the requirements and impact assessment
Amendment to IAS 7 and IFRS 7 - Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. Annual periods beginning on or after 1 January 2024. The interpretation will not have an impact on the financial statements of the Corporation when adopted on or after 1 January 2024.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. Effective annual periods beginning on or after 1 January 2025. The interpretation will not have an impact on the financial statements of the Corporation when adopted on 1 January 2025.
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The Interpretation will not have an impact on the financial statements of the Corporation.
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendment requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows: <ul style="list-style-type: none"> • On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized. Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019. <p>The interpretation will not have an impact on the financial statements of the Corporation when adopted on 1 January 2024.</p>

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<p>Amendments to IAS 1 - Classification of Liabilities as Current or Non-current Liabilities with Covenants</p>	<p>The amendment clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.</p> <p>Only covenants with which a company must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or noncurrent at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p> <p>The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability. If a liability has any conversion options, then those generally affect its classification as current or noncurrent, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.</p> <p>The interpretation will not have an impact on the financial statements of the Corporation when adopted on 1 January 2024.</p>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4 Risk management framework

4.1 Introduction

There are inherent risks in the Corporation's activities which are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Corporation is exposed to insurance risk and financial risk (credit risk, liquidity risk and market risk), the latter being subdivided into trading and non-trading risks. It is also subject to agency, operating and reputational risks.

Risk management/Governance structure

The Enterprise Risk Management Department reports to the Board through its Committee on IT/Corporate Strategy and reports administratively to the Managing Director/Chief Executive Officer. The Corporation's Enterprise Risk Management Department is structured into three (3) groups and each is headed by staff not below the grade of Principal Manager. The Chief Risk Officer heads the department and is supported by other group heads.

Risk measurement and reporting systems

The Corporation uses both quantitative and qualitative techniques to measure risk. It uses AMAZ RILERT risk rating system with 16 possibilities; 4-point likelihood scale- (Low, Medium, High and Very High) and 4-point impact Scale- (Minor, Moderate, Significant and Very Significant).

The Corporation generates mainly two (2) types of reports namely: (i) Monthly Risk reports (MRR 100), (ii) Quarterly Risk Report (QRR 200). Update on the risk profile of the Corporation to the Board and Management are on quarterly and annual basis. Special reports are often generated for the Board and Management.

Risk mitigation

The Corporation in mitigating risks has designed control measures to mitigate the significant risks inherent in its operations. The Corporation also monitors risk agents by carrying out on-site and off site monitoring of insured institutions.

4.2 Governance framework

The Corporation established the Enterprise Risk Management Department (ERMD) to develop and coordinate the implementation of its Enterprise Risk Management (ERM) Framework. The objective of the Framework is to enable the Corporation consistently identify, assess and manage risks likely to impede the achievement of its mandates in an efficient manner.

4.3 Capital management objectives, policies and approach

The Corporation's capital is comprised of retained earnings and ordinary share capital. The Corporation is not subject to externally imposed capital requirements.

The Board's policy is to enhance the financial soundness of the Corporation. As of 31 December 2023, the Corporation had a deposit insurance fund of N2,260 trillion (2022: N1,973 trillion) which represents 25 basis points of the insured deposits in the insured institutions. NDIC's minimum target range for the DIF is between 25 and 50 basis points of total insured deposits.

4.4 Deposit Insurance and financial risk

(a) Deposit insurance risk

The most significant risk faced by the Corporation is deposit insurance risk. This is the risk of loss or cost incurred in the event of any intervention associated with insuring deposits. The level of deposit insurance risk facing the Corporation will depend on the level of potential distress in the financial system.

The risk exposure is mitigated by the availability of a deposit insurance fund to meet any failure of an insured institution. Also on-site examination and off-site surveillance are conducted on a regular basis to identify weaknesses and prompt corrective actions in the insured institutions.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(b) Financial risks

This is the risk associated with managing the Corporation's assets and liabilities. Financial risk can manifest in the following ways: credit, liquidity, and market risks.

1) Credit risk

Credit risk is the risk of loss attributable to counterparties failing to honor their obligations to the Corporation. It could manifest if an insured institution that receives financial assistance from the Corporation in form of credit facility or counterparty to a financial instrument in which the Corporation has invested fails to meet its financial obligation when it falls due.

Impairment assessment

The references below show where the Corporation's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and cure

The Corporation considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the issuer/borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether an issuer/ borrower is in default, the Corporation also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Corporation carefully considers whether the event should result in treating the issuer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

- External rating of the issuer indicating default or near-default
- The borrower requesting emergency funding from the Corporation
- The borrower is deceased
- Issuer's listed debt suspended at the primary exchange because of rumours or facts about financial difficulties

It is the Corporation'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.

Probability of Default (PD)

In the absence of internally-generated PDs due to the issuers having no previous history of default, NDIC adopted a one-year PD term structure from the Standard & Poor Global Default Rate Study for Sovereign entities. In adopting the S&P term structure, the local external rating of Federal Government of Nigeria was calibrated to S&P rating grades. Since the Corporation's financial instrument were not rated by any rating agency, and are majority FGN Bonds and treasury bills which are externally rated by S&P, therefore S&P annual sovereign local currency rating for Nigeria was adopted and adjusted for forward looking macro economy variables.

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 exposure, the Corporation assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 exposure 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 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.



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Loss given default (LGD)

Since there is no history of default in the repayment of debt by the Federal Government of Nigeria and staff, we have assumed a loss given default of 5% for 2022 (2021: 5%) to cater for time effects should a default occur since the FG and staff has the capacity and authority to repay all outstanding Naira denominated obligations.

Significant increase in credit risk

The Corporation 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 Corporation assesses whether there has been a significant increase in credit risk since initial recognition. The Corporation considered an exposures to have significantly increased in credit risk if contractual payments are more than 30 days past due.

Credit risk exposure

The credit risk is mitigated by the Corporation limiting its investment portfolio to Federal Government securities which are relatively risk-free. The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities as disclosed below:

	Notes	Dec-23 N'000	Dec-22 N'000
Cash and balances with the Central Bank of Nigeria	12	54,842,928	15,004,851
Debt instruments at amortised cost	13a	1,977,102,627	1,656,917,644
Debt instruments at fair value through other comprehensive income	13b	389,471,153	443,373,888
Other assets- sundry receivables	14	18,785,471	1,630,656
Total		2,440,202,179	2,116,927,039

Concentration of risks of financial assets with credit risk exposures

All of the Corporation's credit risk exposures are maintained within Nigeria

Financial assets

The credit quality of financial assets is assessed by reference to external credit ratings information about counterparty default rates.

	Notes	Dec-23 N'000	Dec-22 N'000
Cash and balances with the Central Bank of Nigeria			
Counterparties with external credit rating (S&P) B-	12	54,842,928	15,004,851
Debt instruments at FVOCI			
Counterparties with external credit rating (S&P) B-	13b	389,471,153	443,373,888
Debt instruments at amortised cost			
Counterparties with external credit rating (S&P) B-	13a	1,975,505,964	1,654,889,272
Counterparties without external credit rating	13a	3,150,313	3,331,930
Other assets			
Counterparties without external credit rating	14	18,785,471	1,630,656

The Corporation's financial assets of N2.363 trillion (December 2022: N2.098 trillion) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The Federal Government of Nigeria currently has a foreign long term issuer credit rating of B/B or B-.



NOTES TO THE FINANCIAL STATEMENTS
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Impairment losses on financial assets subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

External rating grade (S&P)	Notes	2023			
		Stage 1	Stage 2	Stage 3	Total
		individual	individual		
		N'000	N'000	N'000	N'000
Performing					
Standard grade (BBB-B+)	13a(ii)	1,975,505,964	-	-	1,975,505,964
Unrated	13a(ii)	3,150,313	-	-	3,150,313
Total		1,978,656,277	-	-	1,978,656,277

External rating grade (S&P)	Notes	2022			
		Stage 1	Stage 2	Stage 3	Total
		individual	individual		
		N'000	N'000	N'000	N'000
Performing					
Standard grade (BBB-B+)	13a(ii)	1,654,889,272	-	-	1,654,889,272
Unrated	13a(ii)	3,331,930	-	-	3,331,930
Total		1,658,221,202	-	-	1,658,221,202

Debt instruments measured at FVOCI

The table below shows the credit quality and the maximum exposure to credit risk based on external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

External rating grade (S&P)	Notes	2023			
		Stage 1	Stage 2	Stage 3	Total
		individual	individual		
		N'000	N'000	N'000	N'000
Performing					
Standard grade (BBB-B+)	13b(ii)	389,471,153	-	-	389,471,153
Total		389,471,153	-	-	389,471,153

External rating grade (S&P)	Notes	2022			
		Stage 1	Stage 2	Stage 3	Total
		individual	individual		
		N'000	N'000	N'000	N'000
Performing					
Standard grade (BBB-B+)	13b(ii)	443,373,888	-	-	443,373,888
Total		443,373,888	-	-	443,373,888

(ii) Liquidity risk

Liquidity risk is the risk that sufficient funds will not be available to the Corporation to honor its financial obligations to insured depositors, staff, contractors and other stakeholders as and when due.

Liquidity risk is mitigated by ensuring that the Corporation has sufficient liquid assets to meet its liabilities as they become due under both normal and stressed conditions. However, this excludes the potential impact of extreme circumstances that cannot reasonably be ascertained. The Corporation maintains a portfolio of highly marketable and diverse assets that can be easily liquidated to meet maturing obligations.

Maturity profiles

The table that follows summarises the maturity profile of the financial assets and financial liabilities of the Corporation based on remaining undiscounted contractual obligations, including interest payable and receivable. Where necessary, maturity profiles are determined based on estimated timing of net cash outflows.

NOTES TO THE FINANCIAL STATEMENTS
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Contractual maturities of undiscounted cash flows of financial assets and liabilities

As at 31 December 2023

	Notes	Carrying amount N'000	Up to 1 year N'000	1-3 years N'000	3-5 years N'000	Over 5 years N'000	Total N'000
Financial assets							
Cash and balances with the Central Bank of Nigeria	12	54,842,928	54,842,928	-	-	-	54,842,928
Debt Instruments measured at amortised costs	13aii	1,977,102,627	479,177,534	845,383,069	317,545,065	1,187,123,635	2,829,229,303
Debt Instruments measured at FVOCI	13bi	389,471,153	52,511,137	153,847,073	264,084,630	36,697,500	507,140,340
Other assets	14	18,785,471	18,785,471	-	-	-	18,785,471
Total undiscounted financial assets		2,440,202,179	605,317,070	999,230,142	581,629,695	1,223,821,135	3,409,998,042
Financial liabilities							
Account payables and other liabilities:							
National Housing Fund payable	20	683	683	-	-	-	683
Unclaimed payments	20	2,968	2,968	-	-	-	2,968
Other liabilities	20	23,717,119	23,717,119	-	-	-	23,717,119
Lease liability	15v	184,548	38,202	186,354	-	-	224,556
Due to banks	18	1,160,343	1,160,343	-	-	-	1,160,343
Compensation due to insured depositors	17	18,461,872	18,461,872	-	-	-	18,461,872
FGN Consolidated revenue fund	19	35,508,144	35,508,144	-	-	-	35,508,144
Deposit insurance fund	25	1,651,266,934	1,651,266,934	-	-	-	1,651,266,934
Total undiscounted financial liabilities		1,730,302,611	1,730,156,265	186,354	-	-	1,730,342,619
Liquidity gap		709,899,568	(1,124,839,195)	999,043,788	581,629,695	1,223,821,135	1,679,655,423

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FOR THE YEAR ENDED 31 DECEMBER 2023

As at 31 December 2022

	Notes	Carrying amount N'000	Up to 1 year N'000	1-3 years N'000	3-5 years N'000	Over 5 years N'000	Total N'000
Financial assets							
Cash and balances with the Central Bank of Nigeria	12	15,004,851	15,004,851	-	-	-	15,004,851
Debt instruments measured at amortised costs	13a(ii)	1,656,917,644	548,784,349	415,388,155	494,231,512	502,291,173	1,960,695,189
Debt instruments measured at FVOCI	13b(i)	443,373,888	99,423,637	164,761,281	181,660,261	189,028,534	634,873,713
Other assets	14	1,630,656	1,630,656	-	-	-	1,630,656
Total undiscounted financial assets		2,116,927,039	664,843,493	580,149,436	675,891,773	691,319,707	2,612,204,409
Financial liabilities							
		Carrying amount N'000	Up to 1 year N'000	1-3 years N'000	3-5 years N'000	Over 5 years N'000	Total N'000
Account payables and other liabilities:							
National Housing Fund payable	20	680	680	-	-	-	680
Unclaimed payments	20	2,598	2,598	-	-	-	2,598
Other liabilities	20	20,902,208	20,902,208	-	-	-	20,902,208
Lease liability	15v	121,757	98,841	42,764	-	-	141,605
Due to banks	18	1,090,136	1,090,136	-	-	-	1,090,136
Compensation due to insured depositors	17	12,458,539	12,458,539	-	-	-	12,458,539
FGN Consolidated Revenue Fund payable	19	14,775,677	14,775,677	-	-	-	14,775,677
Deposit insurance fund	25	1,434,572,663	1,434,572,663	-	-	-	1,434,572,663
Total undiscounted financial liabilities		1,483,924,258	1,483,901,342	42,764	-	-	1,483,944,106
Liquidity gap		633,002,781	(819,057,849)	580,106,672	675,891,773	691,319,707	1,128,260,303

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Corporation monitors and manages market risk principally through sensitivity analysis within reasonably possible bands.

Foreign currency risk

Foreign currency risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk as far as the Corporation is concerned include investment in Eurobond, as well as its domiciliary account balances with CBN.

Interest rate risk

The risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. This risk is mitigated by spreading investment portfolios on different securities (government bonds and treasury bills) with different interest rates.

Debt instruments measured at fair value exposes the Corporation to risk of loss where there is a significant negative movement in market interest rates.

**NOTES TO THE FINANCIAL STATEMENTS
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The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being held constant) of the Corporation's equity.

The sensitivity of equity is calculated by revaluing fixed rate of financial assets measured at fair value through OCI (government bonds and treasury bills) at 31 December for the effects of the assumed changes in interest rates.

The reasonably expected movement in interest rates 100 Basis points (BP) and the impact has been shown in the table below:

For the year ended 31 December 2023
Increase/(decrease) in basis points

+BP100	Effect on equity N'000
-BP100	(666,064)
	26,808,320

For the year ended 31 December 2022
Increase/(decrease) in basis points

+BP100	Effect on equity N'000
-BP100	(654,748)
	32,886,780

There were no changes in methods and assumptions used in preparing the sensitivity analysis from the previous period.

Fair value measurement

The following table provides the fair value measurement hierarchy of the Corporation's assets and liabilities.

a Fair value measurement hierarchy for assets for the period ended 31 December 2023:

	Date of valuation	Fair value measurement using			
		Total N'000	Quoted prices in active markets (Level 1) N'000	Significant observable inputs (Level 2) N'000	Significant unobservable inputs (Level 3) N'000
Assets measured at fair value on a recurring basis:					
Debt instruments measured at FVOCI (Note 13):					
Quoted debt securities:					
Debt securities: FGN bonds	31 Dec	389,471,153	389,471,153	-	-
Assets not measured at fair values:					
Cash and balances with CBN					
Debt instruments measured at amortised cost (Note 13):	31-Dec	54,842,928	-	54,842,928	-
Quoted debt securities:					
Debt securities: FGN bond:	31 Dec	1,353,906,675	1,353,906,675	-	-
Debt securities: Nigerian treasury bills	31 Dec	255,473,140	255,473,140	-	-
FGN Sukuk Bond	31 Dec	7,169,422	7,169,422	-	-
Special FGN Bonds	31 Dec	253,634,535	-	253,634,535	-
FGN Euro Bond	31 Dec	3,303,707	-	3,303,707	-
Staff loans	31 Dec	3,150,313	-	3,150,313	-

There are no liabilities for which fair values are disclosed and also, no transfer between Level 1 and Level 2 during the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Fair value measurement hierarchy for assets as at 31 December 2022:

	Date of valuation	Fair value measurement using		
		Total N'000	Quoted prices in active markets (Level 1) N'000	Significant observable inputs (Level 2) N'000
Assets measured at fair value on a recurring basis:				
Debt instruments measured at amortised cost (Note 13):				
Quoted debt securities: :				
Debt securities: FGN bonds	31 Dec	443,373,888	443,373,888	
Assets not measured at fair value (Note 13):				
Cash and balances with CBN				
Debt securities: FGN Bonds	31-Dec	15,004,851		15,004,851
	31 Dec	999,698,217	999,698,217	
Debt securities: Nigerian treasury bills	31 Dec	331,201,889	331,201,889	
FGN Sukuk Bond	31 Dec	4,514,845	4,514,845	
Special FGN Bonds	31 Dec	253,634,535		253,634,535
FGN Euro Bond	31 Dec	1,689,550		1,689,550
Staff Loan	31 Dec	3,331,930		3,331,930

There are no liabilities for which fair values are disclosed and also, no transfer between Level 1 and Level 2 during the period.

b) Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Corporation's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount		Fair value	
	Dec-23 N'000	Dec-22 N'000	Dec-23 N'000	Dec-22 N'000
Financial assets				
Debt instruments measured at amortised cost	1,977,102,627	1,656,917,644	1,876,637,792	1,594,070,966
Debt instruments measured at FVOCI	389,471,153	443,373,888	389,471,153	443,373,888

There are no liabilities for which fair values are disclosed.

The management assessed that cash and balances with Central Bank of Nigeria, due from banks, financial assets included as part of other assets, accounts payable and other liabilities, compensation due to insured deposit and FGN consolidated revenue fund payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

- The fair value of quoted bond and treasury bill is based on price quotations at the reporting date

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5 Interest income calculated using effective interest method

	31-Dec-23 N'000	31-Dec-22 N'000
Debt instruments measured at amortised costs	214,621,042	161,056,147
Debt instruments measured at FVOCI	48,685,565	54,245,989
	263,306,607	215,302,136

6 Rental income

	31-Dec-23 N'000	31-Dec-22 N'000
From unused portion of Head office building	15,321	15,321

7 Other income

	31-Dec-23 N'000	31-Dec-22 N'000
Profit on disposal of property and equipment	38,287	2,601
Foreign exchange gains	2,746,246	11,156
Others	105,071	1,126
	2,889,604	14,883

Others include sale of obsolete items

8 Employee benefit expenses

	31-Dec-23 N'000	31-Dec-22 N'000
Directors' remuneration (Executive) (See (i) below)	458,897	584,175
Directors' fees	17,887	65,462
Directors training and capacity building expenses (Non-executive)	-	169,183
Directors' allowances and other expenses	290,661	868,398
Staff cost	50,693,590	38,574,833
Defined contribution pension costs	7,023,193	5,279,265
Defined benefit expense (Note 21a) (See (ii) below)	8,025,939	9,602,431
	66,510,167	55,143,747

(i) Directors' remuneration (Executive) represents the remuneration of Executive Management during the year.

(ii) Defined benefit expense includes severance benefit to Executive Management accrued annually and payable following expiration of their service.

9 Other operating expenses

	31-Dec-23 N'000	31-Dec-22 N'000
Administrative expenses	13,354,204	13,232,681
Professional fees (See (i) below)	1,015,950	1,061,110
Expense relating to leases of short-term assets	382,833	294,219
Other expenses	6,243	-
Interest expense on lease liabilities (Note 15)	22,091	17,835
	14,781,321	14,605,845

(i) Included in the professional expenses are audit fees (inclusive of related taxes) of N38.18 million (2022: N38.18 million). The KPMG Professional Services was engaged for consultancy in respect of ISO Annual Surveillance Audit for years 2022 to 2024. Other than the ISO Audit for which fees of N9.78 million were paid (2022: N11.18 million) the auditors KPMG professional services did not perform any other non-audit service for the Corporation during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10 Credit loss expense

The table below shows the ECL charges/reversals on financial instruments for the year recorded in the

31-Dec-23	Note	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 N'000	Total N'000
Debt instruments measured at amortised cost	13(d)(iii)	250,091	-	-	250,091
Debt instruments measured at FVOCI	13(e)(iii)	(42,312)	-	-	(42,312)
Total impairment loss		207,779	-	-	207,779

31-Dec-22	Note	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 N'000	Total N'000
Debt instruments measured at amortised cost	13(d)(iii)	226,593	-	-	226,593
Debt instruments measured at FVOCI	13(e)(iii)	(50,837)	-	-	(50,837)
Total impairment loss		175,756	-	-	175,756

11 Component of other comprehensive income

		31-Dec-23 N'000	31-Dec-22 N'000
Remeasurement gains/(losses) on defined benefit plans	(Note 21b)	(6,234,070)	(5,493,245)
Net fair value (losses)/gains on fair value through OCI financial assets	(Note 22a)	(2,210,014)	(13,735,476)
Changes in allowance for expected credit losses on FVOCI financial assets	(Note 10)	(42,312)	(50,837)
		(8,486,396)	(19,279,558)

12 Cash and balances with the Central Bank of Nigeria

	31-Dec-23 N'000	31-Dec-22 N'000
Balances with the Central Bank of Nigeria	54,842,928	15,004,851
	54,842,928	15,004,851

Cash and cash equivalents for the purpose of statements of cash flows consist of the above.

13 Financial assets

Below is an analysis of the Corporation's financial assets.

	31-Dec-23 N'000	31-Dec-22 N'000
(a) Debt instruments at amortised cost		
(i) Government debt securities:		
FGN Bonds	1,463,750,252	1,071,085,056
Nigerian Treasury Bills	247,045,974	323,636,446
Special FGN Bonds	253,634,535	253,634,535
FGN Sukuk Bond	7,142,060	4,586,795
FGN Euro Bond	3,933,142	1,946,441
Total	1,975,505,963	1,654,889,273

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	31-Dec-23 N'000	31-Dec-22 N'000
(ii) Other debt securities:		
Loans to staff	3,150,313	3,331,930
Total debt securities	1,978,656,277	1,658,221,202
Less: Allowance for ECL (See note (d)(iii))	(1,553,650)	(1,303,558)
Total debt instruments at amortised costs	1,977,102,627	1,656,917,644
	31-Dec-23 N'000	31-Dec-22 N'000
(iii) Movement in debt instruments at amortised cost		
Balance, beginning of year	1,658,221,203	1,358,264,312
Acquisition during the year	748,631,882	633,886,368
Disposals/maturities/redemption during the year	(435,538,312)	(353,715,715)
Interest income (See note 5)	214,621,042	161,056,147
Interest received during the year	(207,279,538)	(141,269,910)
Balance, end of year	1,978,656,277	1,658,221,202
	31-Dec-23 N'000	31-Dec-22 N'000
(b) Debt instruments measured at FVOCI		
(i) Government debt securities:		
FGN Bonds	389,471,153	443,373,888
Total debt instruments measured at FVOCI	389,471,153	443,373,888
	31-Dec-23 N'000	31-Dec-22 N'000
(ii) Movement in debt instruments at FVOCI		
Balance, beginning of year	443,373,888	508,134,637
Acquisitions during the year	-	-
Disposals/maturities/redemption during the year	(45,000,000)	(46,635,186)
Interest income (See note 5)	48,685,565	54,245,989
Interest received during the year	(55,378,286)	(58,636,076)
Fair value changes	(2,210,014)	(13,735,476)
Balance, end of year	389,471,153	443,373,888
	31-Dec-23 N'000	31-Dec-22 N'000
(c) Gross reconciliation of Financial assets (excluding cash and balances with Central Bank of Nigeria)		
Balance, beginning of year	2,101,595,091	1,866,398,949
Acquisitions during the year	748,631,882	633,886,368
Disposals/maturities/redemption during the year	(480,538,312)	(400,350,901)
Interest Income (See note 5)	263,306,607	215,302,136
Interest received during the year	(262,657,824)	(199,905,986)
Fair value changes	(2,210,014)	(13,735,476)
Gross financial assets	2,368,127,430	2,101,595,090
Less: Allowance for ECL	(1,553,650)	(1,303,558)
Total financial assets	2,366,573,780	2,100,291,531

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(d) An analysis of changes in the gross carrying amount of financial assets at amortised cost and the corresponding ECLs is as follows:

	2023			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
(i) Gross carrying amount as at 1 January 2023	1,658,221,203	-	-	1,658,221,203
New assets originated	748,631,882	-	-	748,631,882
Assets derecognised or repaid	(428,196,808)	-	-	(428,196,808)
At 31 December 2023	1,978,656,277	-	-	1,978,656,277

	2022			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	1,358,264,312	-	-	1,358,264,312
New assets originated	633,886,368	-	-	633,886,368
Assets derecognised or repaid	(333,929,478)	-	-	(333,929,478)
At 31 December 2022	1,658,221,202	-	-	1,658,221,202

	2023			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
(ii) ECL allowances as at 1 January 2023	1,303,558	-	-	1,303,558
New assets originated	619,508	-	-	619,508
Assets derecognised or repaid (excluding write-offs)	(369,416)	-	-	(369,416)
At 31 December 2023	1,553,650	-	-	1,553,650

	2022			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowances as at 1 January 2022	1,076,965	-	-	1,076,965
New assets originated	496,056	-	-	496,056
Assets derecognised or repaid (excluding write-offs)	(269,463)	-	-	(269,463)
At 31 December 2022	1,303,558	-	-	1,303,558

	2023			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
(iii) Net charged in profit or loss				
New assets originated	619,508	-	-	619,508
Assets derecognised or repaid (excluding write-offs)	(369,416)	-	-	(369,416)
At 31 December 2023	250,091	-	-	250,091

	2022			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
Net charged in profit or loss				
New assets originated	496,056	-	-	496,056
Assets derecognised or repaid (excluding write-offs)	(269,463)	-	-	(269,463)
At 31 December 2022	226,593	-	-	226,593

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(e) An analysis of changes in the gross carrying amount of financial assets at FVOCI and the corresponding ECLs is, as follows:

(i)	2023			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2023	443,373,888	-	-	443,373,888
New assets originated	-	-	-	-
Assets derecognised or repaid	(53,902,735)	-	-	(53,902,735)
At 31 December 2023	389,471,153	-	-	389,471,153

	2022			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2022	508,134,637	-	-	508,134,637
New assets originated	-	-	-	-
Assets derecognised or repaid	(64,760,749)	-	-	(64,760,749)
At 31 December 2022	443,373,888	-	-	443,373,888

(ii)	2023			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowances as at 1 January 2023	348,050	-	-	348,050
New assets originated	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	(42,312)	-	-	(42,312)
At 31 December 2023	305,738	-	-	305,738

	2022			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
ECL allowances as at 1 January 2022	398,887	-	-	398,887
New assets originated	(15,129)	-	-	(15,129)
Assets derecognised or repaid (excluding write-offs)	(35,708)	-	-	(35,708)
At 31 December 2022	348,050	-	-	348,050

(iii)	2023			
	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Net charged in profit or loss	-	-	-	-
New assets originated	-	-	-	-
Assets derecognised or repaid (excluding write-offs)	(42,312)	-	-	(42,312)
At 31 December 2023	(42,312)	-	-	(42,312)

	2022			
	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Net charged in profit or loss	-	-	-	-
New assets originated	(15,129)	-	-	(15,129)
Assets derecognised or repaid (excluding write-offs)	(35,708)	-	-	(35,708)
At 31 December 2022	(50,837)	-	-	(50,837)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14 Other assets

	31-Dec-23	31-Dec-22
Financial assets	N'000	N'000
Sundry receivables	18,785,471	1,630,656
Non-financial assets		
Advance for receivership and liquidation activities	587,870	413,975
Prepayments	10,886,320	7,265,905
Advance payment to suppliers	287,512	213,760
Allowance for impairment losses	<u>11,761,702</u>	<u>7,893,640</u>
Carrying amount	<u>(978,123)</u>	<u>(978,123)</u>
	29,569,050	8,546,172

Set out below is the movement in the allowance for expected credit losses of sundry receivables:

	2023	2022
	N'000	N'000
As at 1 January	-	-
Write-off	(978,123)	(1,044,354)
As at 31 December	<u>(978,123)</u>	<u>(978,123)</u>

(i) Other assets reconciliations

	2023	2022
	N'000	N'000
Opening balance as at 1 January 2023	8,546,172	6,835,418
Reclassification to PPE from Prepayments	(151,242)	-
Increase in operating assets recognised in reconciliation of net surplus to cash flow	21,174,120	1,710,754
Closing balance as at 31 December 2023	<u>29,569,050</u>	<u>8,546,172</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15 Property, equipment and right-of-use assets

	Land and building N'000	Furniture and equipments N'000	Motor vehicles N'000	Capital work in progress N'000	Right-of-use- assets	Total N'000
					Office building N'000	
Cost:						
As at January 2022	4,205,500	6,684,860	1,201,887	42,465,309	236,968	54,794,524
Additions	69,498	489,781	210,109	10,795,508	72,239	11,637,135
Reclassifications	14,355	357,433	439,507	(811,295)	-	-
Reversals	-	-	-	-	-	-
Remeasurement	-	-	-	-	-	-
Disposals	-	-	(20,948)	-	-	(20,948)
At 31 December 2022	4,289,353	7,532,074	1,830,555	52,449,522	309,208	66,410,712
Additions	122,931	520,651	256,388	11,897,525	370,349	13,167,844
Reclassifications	122,818	548,307	-	(671,125)	-	-
Reversals	-	-	-	(899)	-	(899)
Remeasurement	-	-	-	-	-	-
Disposals	-	-	(152,997)	-	-	(152,997)
At 31 December 2023	4,535,102	8,601,032	1,933,946	63,675,023	679,557	79,424,660
Accumulated depreciation:						
As at January 2022	1,118,258	5,554,572	1,073,404	-	62,410	7,808,644
Depreciation charge for the year	103,432	456,898	149,354	-	73,105	782,789
Remeasurement	-	-	-	-	-	-
Disposals	-	-	(20,948)	-	-	(20,948)
At 31 December 2022	1,221,690	6,011,470	1,201,810	-	135,515	8,570,485
Depreciation charge for the year	106,266	692,275	238,638	-	117,780	1,154,959
Remeasurement	-	-	-	-	65,727	65,727
Disposals	-	-	(152,997)	-	-	(152,997)
At 31 December 2023	1,327,957	6,703,744	1,287,452	-	319,022	9,638,175
Net book value:						
At 31 December 2023	3,207,145	1,897,288	646,494	63,675,023	360,535	69,786,485
At 31 December 2022	3,067,663	1,520,604	628,745	52,449,522	173,693	57,840,227

- (i) There was no item of Property and Equipment that has been pledged as security for borrowings as at year end (2022: nil)
- (ii) There were no impairment losses on any class of Property and Equipment during the year (2022: nil)
- (iii) Capital Commitments are disclosed in note 28(b)

(iv) PPE additions reconciliation

	Dec-23 N'000	Dec-22 N'000
Property, equipment and right-of-use additions	13,167,844	11,637,135
Account payables (Note 20(ii))	(3,176,419)	(6,010,650)
Non cash additions for Right-of-use-assets (Note 20(iii))	(144,629)	-
Reclassification to PPE from Prepayments (Note 14(i))	(151,242)	-
Retention Fee additions to PPE (Note 20(iii))	(967)	-
PPE additions for cashflow (net)	9,694,586	5,626,485

- (v) Set out below are the carrying amounts of lease liabilities (included under 'Account payables and other liabilities' in Note 20) and the movements during the period:

	Dec-23 N'000	Dec-22 N'000
As at 1 January	121,757	74,447
Accretion of interest	22,091	17,835
Additions	144,629	29,475
Payments	(38,202)	-
Remeasurement	(65,727)	-
At the end of the period	184,548	121,757
Current	38,202	98,841
Non-current	186,354	42,764
	224,556	141,605

The maturity analysis of lease liabilities are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

16 Intangible assets

	Computer software N'000	Software under development N'000	Total N'000
Cost:			
As 1 January 2022			
Additions	2,305,876	2,950,259	5,256,135
Reclassification	40,731	-	40,731
Reversals	312,793	(312,793)	-
At 31 December 2022		6,993	6,993
Additions	2,659,400	2,644,459	5,303,859
Reclassification	15,590	636,104	651,694
Reversals	-	-	-
At 31 December 2023	2,674,990	2,122,482	4,797,472
Accumulated amortisation:			
As 1 January 2022			
Amortisation	2,112,111	-	2,112,111
At 31 December 2022	139,305	-	139,305
Amortisation	2,251,416	-	2,251,416
At 31 December 2023	141,720	(1,158,081)	141,720
Net Book Value			
At 31 December 2023	281,854	2,122,482	2,404,337
At 31 December 2022	407,984	2,644,459	3,052,444

(i) Intangible assets additions reconciliation

	31-Dec-23 N'000	31-Dec-22 N'000
Additions to intangible assets	651,694	40,731
Account payables (Note 20ii)	(636,104)	-
Intangible assets additions for cashflow (net)	15,590	40,731

17 Compensation due to insured depositors

At beginning of the period

Additional claim expenses during the year

Payment during the year

At end of the period

	31-Dec-23 N'000	31-Dec-22 N'000
At beginning of the period	12,458,539	12,426,515
Additional claim expenses during the year	7,812,683	66,892
Payment during the year	(1,809,350)	(34,668)
At end of the period	18,461,872	12,458,539

This represents claims to insured depositors of closed banks in accordance with Section 25 of the NDIC Act 2023. A maximum claim of N500,000 or N200,000 is payable to depositor of a licensed deposit money bank, primary mortgage institution and payment service bank, or microfinance bank respectively in the event of failure.

18 Due to banks

At beginning of the period

Interest received on funds invested

At end of the period

	31-Dec-23 N'000	31-Dec-22 N'000
At beginning of the period	1,090,136	1,039,837
Interest received on funds invested	70,207	50,299
At end of the period	1,160,343	1,090,136

This represents outstanding balance of amounts received from the Federal Government of Nigeria for the settlement of the Federal and State Government debts to banks in Nigeria. Payments are made to the affected bank upon reconciliation and verification of claims submitted.

19 FGN consolidated revenue fund payable

At beginning of the period

Transfer from statement of changes in equity

Payments during the year

At end of the period

	31-Dec-23 N'000	31-Dec-22 N'000
At beginning of the period	14,775,677	9,507,537
Transfer from statement of changes in equity	90,732,468	59,587,919
Payments during the year	(70,000,000)	(54,319,779)
At end of the period	35,508,144	14,775,677

**NOTES TO THE FINANCIAL STATEMENTS
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- (i) Transfer to FGN Consolidated Revenue Fund account represents the amount payable to the Federal Government of Nigeria in line with the Fiscal Responsibility Act. This transfer represents 80% of the net operating surplus over operating expenses for the year less transfer made to the deposit insurance fund in respect of provision for insurance fund during the year.
- (ii) The sum of N70 Billion was remitted into the Consolidated Revenue Fund (CRF) in 2023 in line with the requirements of the Fiscal Responsibility Act, 2007. However, N15 Billion relates to the 2022 financial year while N55 Billion relates to 2023 financial year. In year 2022, out of the sum of N54.3 Billion remitted into the CRF, N19.3 Billion relates to the 2021 financial year while the balance of N35 Billion was for the 2022 Financial Year.

20 Account payables and other liabilities

	31-Dec-23 N'000	31-Dec-22 N'000
Financial liabilities		
National Housing Fund payable	683	680
Unclaimed payments	2,968	2,598
Other liabilities	23,717,119	20,902,208
Lease liability (Note 15)	184,548	121,757
	23,905,318	21,027,243
Non financial liabilities		
Accrued expenses	3,089,409	4,747,182
Withholding tax and VAT payable	271,017	245,724
	3,360,426	4,992,906
Total account payables and other liabilities	27,265,744	26,020,150

- (i) Included as part of other liabilities is a payable of N21.59 billion (2022: N18.66 billion) relating to the acquisition of items of property and equipment.

(ii) Account payables and other liabilities reconciliation

	N'000	N'000
Opening balance	26,020,150	21,239,160
PPE payable net additions and payments	3,176,419	6,010,650
Intangible assets additions	636,104	-
Lease liability (Right of use assets additions)	144,629	-
Lease liability (accretion of interest)	22,091	17,835
Lease liability (Repayment of lease liability)	(38,202)	-
Retention Fee additions to PPE	967	-
Increase/(decrease) in operating liabilities recognised in reconciliation of net surplus to cash flow	(2,696,414)	(1,247,494)
Closing balance as at 31 December 2023	27,265,744	26,020,150

21 Retirement benefit obligations

	31-Dec-23 N'000	31-Dec-22 N'000
Net defined benefit liability (21c)	47,925,554	38,426,794

Defined contribution plan

The Corporation operates a defined contribution pension plan for all eligible employees

The total expense charged to income statement of N7.02 billion (2022: N5.27 billion) represents contributions payable to these plans by the Corporation at rates specified in the rules of the plan.

Defined benefit plan

The plan liability is measured on an actuarial basis using the projected unit credit method. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

Legacy fund

Legacy fund represents funds invested by the Corporation on behalf of Pension Fund under the erstwhile defined benefit pension scheme in 2004. The fund is used for the payment of monthly pension of retirees under the defined benefit scheme. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives.

**NOTES TO THE FINANCIAL STATEMENTS
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Appreciation scheme

The appreciation scheme for eligible staff who serve the Corporation for at least five (5) years and the amount is based on number of years in service. The level of benefits provided depends on the member's length of service at exit from the Corporation.

Medical scheme

Medical allowance is enjoyed by any staff that have served the Corporation for ten (10) years and above. The payment is categorised into three (3); junior, senior and executive staff which is paid quarterly. This plan is governed by the employment laws of the Corporation. The level of benefits provided depends on the member's length of service at exit from the Corporation.

Executive management scheme

The scheme helps to determine the defined benefit cost for the 2023 financial year and the amount needed to be recognized in the statement of financial position in respect of the Corporation's liability towards its executive management for the year.

Long service award

The Corporation operates long service award scheme in appreciation of staff's loyalty, dedication and continuous service. The scheme is applicable to those who have completed specified number of years as may be determined by Management from time to time. The value of the award is as determined by the Board from time to time. This has been classified as other long term employee benefit.

Severance benefit

The scheme helps to determine the defined benefit cost for the 2023 financial year and the amount needed to be recognized in the statement of financial position in respect of the Corporation's liability towards its board of directors severance benefits for the year.

The following tables summarise the components of net benefit expense recognised in the statement of comprehensive income and amounts recognised in the statement of financial position for the defined benefits plan.

**(a) Defined benefit expense
December 2023**

	Severance benefit N'000	Long service award N'000	Executive management scheme N'000	Medical scheme N'000	Appreciation scheme N'000	Legacy fund N'000	Total N'000
Current service cost	-	45,553	211,689	46,344	2,333,473	-	2,637,059
Net interest/(income) expense	-	53,898	162,097	620,326	4,706,163	(126,833)	5,415,651
Past service cost Remeasurement (gains)/losses	-	(26,771)	-	-	-	-	(26,771)
Defined benefit expense (Note 8)	-	72,680	373,786	666,670	7,039,636	(126,833)	8,025,939
December 2022							
	Severance benefit N'000	Long service award N'000	Executive management scheme N'000	Medical scheme N'000	Appreciation scheme N'000	Legacy fund N'000	Total N'000
Current service cost	80,623	45,553	148,703	24,598	1,858,842	-	2,158,319
Net interest/(income) expense	33,825	60,930	163,010	297,134	3,624,868	(116,936)	4,062,831
Past service cost Remeasurement (gains)/losses	624,354	502,620	85,145	2,196,035	-	-	3,408,154
	(21,690)	(5,183)	-	-	-	-	(26,873)
Defined benefit expense (Note 8)	717,112	603,920	396,858	2,517,767	5,483,710	(116,936)	9,602,431

NOTES TO THE FINANCIAL STATEMENTS
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(b) Re-measurement gains/(losses) recognised in other comprehensive income

	Executive management scheme N'000	Medical scheme N'000	Appreciation scheme N'000	Legacy fund N'000	Total N'000
At 31 December 2023	(57,235)	289,461	(6,875,340)	409,044	(6,234,070)
At 31 December 2022	281,387	(127,255)	(4,826,733)	(820,644)	(5,493,245)

(b) Re-measurement gains/(losses) recognised in other comprehensive income
The below factors contributed to the net remeasurement gains/losses as follows:

	Executive management scheme (Gain)/ loss N'000	Medical scheme (Gain)/ loss N'000	Appreciation scheme (Gain)/ loss N'000	Legacy fund (Gain)/ loss N'000
Change in Economic assumptions:				
Discount rate				
Inflation rate	(302,714)	(541,804)	(9,014,673)	(348,067)
Salary increase	397,837	-	-	-
Change in Demographic assumptions:				
Experience:				
Data corrections	-	(30)	(7,045)	-
Medical allowance	-	-	-	-
Promotions	-	31,062	-	-
Salary and allowance increase	(43,570)	-	1,609,529	-
Benefit increases	(89,369)	-	(20,180)	-
Pension increases	-	-	-	(193,869)
Demographic experience	95,051	221,311	41,561	94,158
Plan assets	-	-	-	38,734
	57,235	(289,461)	6,875,340	(409,044)

Actual return on plan assets

31-Dec-23 N'000	31-Dec-22 N'000
504,550	378,422

(c) Amounts recognised in the statement of financial position

	Dec-23 N'000	Dec-22 N'000
Present value of unfunded obligations:		
Medical Scheme (Note 21d)	4,450,288	4,696,039
Appreciation scheme (Note 21d)	43,182,543	33,296,396
Executive management scheme (Note 21d)	1,377,165	946,144
Long service award (Note 21d)	357,384	394,164
Severance benefit (Note 21d)	-	-
	49,367,380	39,332,743
Present value of funded obligations:		
Legacy fund obligation (Note 21d)	2,738,304	3,179,674
	52,105,684	42,512,417
Fair value of plan assets (Note 21e)	(4,180,130)	(4,055,623)
Liability in statement of financial position	47,925,554	38,426,794

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(d) Changes in the present value of the defined benefit obligations are as follows:
At 31 December 2023

	Severance benefit N'000	Long service award N'000	Executive management scheme N'000	Medical scheme N'000	Appreciation scheme N'000	Legacy fund N'000	Total N'000
As at 1 January 2023	-	394,164	946,144	4,696,039	33,296,396	3,179,674	42,512,417
Current service cost	-	45,553	211,689	46,344	2,333,473	-	2,637,059
Interest cost	-	53,898	162,097	620,326	4,706,163	416,451	5,958,935
Past service cost	-	-	-	-	-	-	-
Remeasurement (gains)/losses	-	(26,771)	57,235	(289,461)	6,875,340	(447,778)	6,168,565
Benefits paid	-	(109,460)	-	(622,960)	(4,028,829)	(410,043)	(5,171,292)
At 31 December 2023	-	357,384	1,377,165	4,450,288	43,182,543	2,738,304	52,105,684

At 31 December 2022

	Severance benefit N'000	Long service award N'000	Executive management scheme N'000	Medical scheme N'000	Appreciation scheme N'000	Legacy fund N'000	Total N'000
As at 1 January 2022	171,806	22,814	1,134,613	2,334,617	27,398,868	2,510,152	33,572,870
Current service cost	80,623	45,553	148,703	24,598	1,858,842	-	2,158,319
Interest cost	33,825	60,930	163,010	297,134	3,624,868	308,716	4,488,483
Past service cost	624,354	502,620	85,145	2,196,035	-	-	3,408,154
Remeasurement (gains)/losses	(21,690)	(5,183)	(124,918)	(1,179,640)	(5,182,619)	773,414	(5,740,636)
Benefits paid	(888,918)	(232,570)	(303,940)	(283,600)	(4,412,915)	(412,608)	(6,534,551)
At 31 December 2022	-	394,164	946,144	4,696,039	33,296,396	3,179,674	42,512,417

(e) Changes in fair value of plan assets are as follows:

	Legacy fund	
	31-Dec-23 N'000	31-Dec-22 N'000
At beginning of the period		
Interest income on assets	4,085,623	2,645,807
Benefit paid	543,284	425,652
Contributions	(410,043)	(412,608)
Remeasurement losses	-	1,474,002
At the end of the period	4,180,130	4,085,623

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Dec-23 N'000	Dec-23 %	Dec-22 N'000	Dec-22 %
Investment quoted in active markets:				
Debt instruments issued by Federal Government of Nigeria	2,688,242	64.31	2,273,649	55.65
Cash and cash equivalents	708,950	16.96	642,668	15.73
Corporate Bond	782,938	18.73	1,169,305	28.62

The overall expected rates of return on assets is determined based on the market prices including published brokers' forecasts prevailing on the date of valuation, applicable to the period over which the obligation is to be settled.

Reconciliation of present value of defined benefit liabilities and fair value of plan assets to the statement of financial position:

	31-Dec-23 N'000	31-Dec-22 N'000
Present value of defined benefit liabilities	52,105,684	42,512,417
Fair value of plan assets	(4,180,130)	(4,085,623)
Net defined benefit liability	47,925,554	38,426,794

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Analysed as:
Retirement benefit obligation

47,925,554	38,426,794
47,925,554	38,426,794

The key economic assumptions (per annum) used in determining gratuity plan benefit obligations for the medical plan are shown below:

	31-Dec-23	31-Dec-22
Discount rate	%	%
Medical benefit increase allowance	16.20	14.00
Inflation rate	-	-

The key economic assumptions (per annum) used in determining pension obligations for the appreciation plan are shown below:

	31-Dec-23	31-Dec-22
Discount rate	%	%
Salary increase rate	16.20	14.00
	16.20	12.55

The key economic assumptions (per annum) used in determining pension obligations for the legacy fund are shown below:

	31-Dec-23	31-Dec-22
Discount rate	%	%
Pension increase allowance	16.20	14.00
	6.00	6.00

The key economic assumptions (per annum) used in determining pension obligations for executive management scheme are shown below:

	31-Dec-23	31-Dec-22
Discount rate	%	%
Salary increase rate	16.20	14.00
Inflation rate	16.20	12.55
Benefit increase rate	16.20	12.55
	16.20	12.55

The key economic assumptions (per annum) used in determining pension obligations for long service award are shown below:

	31-Dec-23	31-Dec-22
Discount rate	%	%
Benefit increase rate	16.20	14.00

The key economic assumptions (per annum) used in determining pension obligations for severance benefit are shown below:

	31-Dec-23	31-Dec-22
Discount rate	%	%
Director fee and allowance increase rate	16.20	14.00

A quantitative sensitivity analysis for significant assumption as at 31 December 2023 is as shown below:

Medical scheme Assumptions	Discount rate		Benefit increase rate		Age rating	
	1%	1%	1%	1%	1 year	1 year
	N'000	N'000	N'000	N'000	N'000	N'000
Sensitivity Level	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the defined benefit obligation	(209,293)	231,054	246,939	-	(66,758)	63,873

NOTES TO THE FINANCIAL STATEMENTS
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Appreciation scheme Assumptions		Discount rate		Salary inflation rate		Age rating	
Sensitivity Level		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Impact on the defined benefit obligation		Increase	Decrease	Increase	Decrease	Increase	Decrease
		(3,233,595)	3,733,699	3,887,025	(3,421,031)	24,424	(22,002)
Legacy fund Assumptions		Discount rate		Pension increase rate		Age rating	
Sensitivity Level		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Impact on the net defined benefit obligation		Increase	Decrease	Increase	Decrease	Increase	Decrease
		(133,922)	148,212	161,692	(147,444)	(65,234)	67,269
Executive management scheme Assumptions		Discount rate		Salary increase rate		Age rating	
Sensitivity Level		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Impact on the net defined benefit obligation		Increase	Decrease	Increase	Decrease	Increase	Decrease
		(105,714)	123,902	102,759	(90,548)	(35,775)	36,530
Long service award Assumptions		Discount rate		Benefit increase rate		Mortality rate	
Sensitivity Level		1% N'000	1% N'000	1% N'000	1% N'000	1% N'000	1% N'000
Impact on the net defined benefit obligation		Increase	Decrease	Increase	Decrease	Increase	Decrease
		(12,341)	13,314	13,690	-	(595)	534

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Corporation at 31 December 2023.

The mortality base table used for the schemes is A1967-70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

A quantitative sensitivity analysis for significant assumption as at 31 December 2022 is as shown below:

Medical scheme Assumptions		Discount rate		Benefit increase rate		Age rating	
Sensitivity Level		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Impact on the defined benefit obligation		Increase	Decrease	Increase	Decrease	Increase	Decrease
		(249,968)	278,769	294,634	-	(77,374)	74,312

NOTES TO THE FINANCIAL STATEMENTS
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Appreciation scheme Assumptions		Discount rate		Salary increase rate		Age rating	
		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Sensitivity Level		Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the defined benefit obligation		(2,198,972)	2,522,591	2,367,976	(2,099,805)	31,424	(28,313)
Legacy fund Assumptions		Discount rate		Pension increase rate		Age rating	
		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Sensitivity Level		Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the net defined benefit obligation		(177,656)	198,972	212,816	(191,994)	(85,107)	84,353
Executive management scheme Assumptions		Discount rate		Salary increase rate		Age rating	
		1% N'000	1% N'000	1% N'000	1% N'000	1 year N'000	1 year N'000
Sensitivity Level		Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the net defined benefit obligation		(85,133)	100,108	78,413	(69,258)	(25,782)	26,110
Long service award Assumptions		Discount rate		Benefit inflation		Inflation rate	
		1% N'000	1% N'000	1% N'000	1% N'000	1% N'000	1% N'000
Sensitivity Level		Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the net defined benefit obligation		(13,631)	14,776	14,851	-	(667)	598

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumption occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The Corporation is committed towards ensuring that all obligations arising from the defined benefit scheme in the foreseeable future are settled. There is no funding arrangement or policy that will impact negatively on future contributions.

Plan assets include various securities with a fair value of N4.18 billion (2022: N4.09 billion).

The average duration of the defined benefit plan obligation at the end of the reporting period age of 60 is 18 years for men (2022: 18 years) and 25 years for women (2022: 25 years).

The Corporation's Retirement Benefit Obligations were valued by Alexander Forbes Consulting Actuaries Nigeria, a firm of certified actuaries with FRC number FRC/2012/0000000000504.

The Valuation report was signed by Wayne van Jaarsveld with FRC number FRC/2021/002/00000024507.

22 Share capital

	31-Dec-23 N'000	31-Dec-22 N'000
Authorised: 50 billion ordinary shares of ₦1 each	50,000,000	50,000,000
Issued and fully paid: 2.3 billion ordinary shares of ₦1 each	2,300,000	2,300,000

NOTES TO THE FINANCIAL STATEMENTS
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22b Fair value reserve

The fair value reserve includes the net cumulative change in the debt instruments measured at FVOCI until the investment is derecognised or impaired.

	31-Dec-23 N'000	31-Dec-22 N'000
As at 1 January	(11,094,593)	2,691,722.00
Net changes in fair value during the year	(2,210,014)	(13,735,476)
Changes in ECL on debt instrument FVOCI	(42,312)	(50,637)
As at 31 December	(13,346,919)	(11,094,593)

22c Retained earnings

	31-Dec-23 N'000	31-Dec-22 N'000
As at 1 January	127,013,019	117,609,285
Net Surplus	183,415,586	144,484,898
Transfer to Deposit Insurance Reserve	(70,000,000)	(70,000,000)
Other Comprehensive Income	(6,234,070)	(5,493,245)
Transfer to FGN Consolidated Revenue Fund Account	(90,732,468)	(59,587,919)
As at 31 December	143,462,067	127,013,019

23 Other reserve

	31-Dec-23 N'000	31-Dec-22 N'000
Other reserve	100,000	100,000

The other reserves represents funds set aside by the Corporation for motor vehicle insurance sinking fund.

Motor vehicle insurance sinking fund is for the replacement of accidented vehicles of the Corporation. The Directors approved a maximum amount of N100 million for the fund.

24 Deposit insurance Reserve

	Payment Service Banks N'000	Special Insured Institutions N'000	Deposit Money Banks N'000	Non- Interest Deposit N'000	Total N'000
As at 1 January 2023	209,491	157,531,277	366,237,375	15,094,698	539,072,841
Provision for deposit insurance for the year (See note (i) below)	162,745	62,543,976	7,293,279	-	70,000,000
As at 31 December 2023	372,236	220,075,253	373,530,654	15,094,698	609,072,841
As at 1 January 2022	-	144,619,981	309,358,162	15,094,698	469,072,841
Provision for deposit insurance for the year (See note (i) below)	209,491	12,911,296	56,879,213	-	70,000,000
As at 31 December 2022	209,491	157,531,277	366,237,375	15,094,698	539,072,841

(i) Represents provisions made in line with the Target Funding Model of the Corporation during the year which is transferred to the Target Funding Reserves from retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
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25 Deposit Insurance Fund (DIF)

	Payment Service Banks N'000	Special Insured Institutions N'000	Deposit Money Banks N'000	Non-Interest Deposit N'000	Total N'000
As at 1 January 2023	4,870	13,229,604	1,416,803,919	4,534,270	1,434,572,663
Premium for the year (See Note (i) below)	11,786	2,234,332	219,777,155	2,483,681	224,506,954
Transfer to compensation due during the year (Note 17)	-	(7,812,683)	-	-	(7,812,683)
As at 31 December 2023	16,656	7,651,253	1,636,581,074	7,017,951	1,651,266,934

	Payment Service Banks N'000	Special Insured Institutions N'000	Deposit Money Banks N'000	Non-Interest Deposit N'000	Total N'000
As at 1 January 2022	118	11,110,692	1,248,609,038	3,126,651	1,262,846,499
Premium for the year (See note (i) below)	4,752	2,185,804	168,194,881	1,407,619	171,793,056
Transfer to compensation due during the year (Note 17)	-	(66,892)	-	-	(66,892)
As at 31 December 2022	4,870	13,229,604	1,416,803,919	4,534,270	1,434,572,663

(i) Represents premium collected from deposit money banks, primary mortgage institutions, microfinance banks, payment service banks and non-interest banks during the year which is transferred to the Deposit Insurance Fund (DIF) in accordance with Section 17 (6) of NDIC Act, 2023

(a) The total provision which reflects management's best estimate of losses that may arise on total insured deposits held by insured institutions is represented as follows:

	31-Dec-23 N'000	31-Dec-22 N'000
Deposit Insurance reserves (See Note 24)	609,072,841	539,072,841
Deposit Insurance fund (See Note 25)	1,651,266,934	1,434,572,663
	2,260,339,775	1,973,645,504

26 Reconciliation of net surplus before tax to cash flows provided by operating activities:

	31-Dec-23 N'000	31-Dec-22 N'000
Operating surplus from operations	183,415,586	144,484,898
Non-cash adjustments to reconcile surplus before tax to net cash flows:		
Depreciation of property, equipment and right-of-use assets (Note 15)	1,154,959	782,789
Amortisation of intangible assets (Note 16)	141,720	139,305
Profit on disposal of property and equipment (Note 7)	(38,287)	(2,601)
Foreign exchange gains (Note 7)	(2,746,246)	(11,156)
Credit loss expense on financial assets (Note 10)	207,779	175,756
Interest expense on lease liabilities (Note 9)	22,091	17,835
Employee benefit costs (Note 8)	8,025,939	9,602,431
Interest income (Note 5)	(263,306,607)	(215,302,136)
Reversal of property and equipment (Note 15)	599	-
Reversal of intangible assets (Note 16)	1,158,061	(6,993)
Remeasurement of Leases -Accumulated depreciation (Note 15)	65,727	-
(Increase)/decrease in operating assets:		
Other assets	(21,174,121)	(1,710,755)
Increase/(decrease) in operating liabilities:		
Account payables and other liabilities (Note 20b)	(2,696,414)	(1,247,495)
Due to banks	70,207	50,299
Compensation due to insured depositors	6,003,333	32,024
Deposit insurance fund	216,694,271	171,726,164
Retirement benefit obligation	(4,761,249)	(7,595,945)
Net cash flows from operating activities	122,237,668	101,134,420

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

27 Maturity analysis on expected maturity bases

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

31 December 2023

	Current N'000	Non-current N'000	Total N'000
Assets			
Cash and balances with Central Bank of Nigeria	54,842,928	-	54,842,928
Debt instruments at fair value through other comprehensive income	33,670,942	355,800,211	389,471,153
Debt instruments at amortised cost	343,311,728	1,633,790,899	1,977,102,627
Other assets	29,569,050	-	29,569,050
Property, equipment and right-of-use assets	-	69,786,485	69,786,485
Intangible assets	-	2,404,337	2,404,337
Total assets	461,394,648	2,061,781,932	2,523,176,580
Liabilities			
Compensation due to insured depositors	18,461,872	-	18,461,872
Due to banks	1,160,343	-	1,160,343
Account payables and other liabilities	27,265,744	-	27,265,744
Retirement benefit obligation	-	47,925,554	47,925,554
FGN Consolidated Revenue Fund payable	35,508,144	-	35,508,144
Deposit Insurance Fund	204,150,120	1,447,116,814	1,651,266,934
Total liabilities	286,546,223	1,495,042,368	1,781,588,591

31 December 2022

	Current N'000	Non-current N'000	Total N'000
Assets			
Cash and balances with Central Bank of Nigeria	15,004,851	-	15,004,851
Debt instruments at fair value through other comprehensive income	47,128,747	396,245,141	443,373,888
Debt instruments at amortised cost	415,852,593	1,241,065,051	1,656,917,644
Other assets	8,546,172	-	8,546,172
Property, plant and equipment	-	57,840,227	57,840,227
Intangible assets	-	3,052,444	3,052,444
Total assets	486,532,363	1,698,202,863	2,184,735,226
Liabilities			
Compensation due to insured depositors	12,458,539	-	12,458,539
Due to banks	1,090,136	-	1,090,136
Account payables and other liabilities	26,020,150	-	26,020,150
Retirement benefit obligation	-	38,426,794	38,426,794
FGN Consolidated Revenue Fund Account	14,775,677	-	14,775,677
Deposit Insurance Fund	270,880,895	1,163,691,768	1,434,572,663
Total liabilities	325,225,397	1,202,118,562	1,527,343,959

28 Contingencies and commitments

(a) Legal claims/ contingent liabilities

At period-end, the Corporation had several unresolved legal claims in the following amount:

	31-Dec-23 N'000	31-Dec-22 N'000
Pending litigation	800,187,227	800,360,307

These claims arose in the normal course of business and are being contested by the Corporation. The Directors are of the opinion that no material adverse outcome will result therefrom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(b) Capital commitments

Capital commitments authorized by the board amounted to N36.47 billion as of 31 December 2023. (December 2022: N2.27 billion)

29 Related party disclosures

The Corporation is owned by Central Bank of Nigeria (CBN) and Ministry of Finance Incorporated, and have 60% and 40% respectively.

Although the CBN is the majority shareholder, it does not have majority of the voting rights. It does not control nor have significant influence over the activities of the Corporation.

The Corporation's related parties include the Federal Government of Nigeria, Ministry of Finance Incorporated, other Government Departments, and Directors of the Corporation.

There are no other transactions between the Corporation and the Central Bank of Nigeria (CBN) other than as stated in Note 12 on Cash and balances with the Central Bank of Nigeria.

(a) Remuneration paid to directors and senior management of the Corporation for the period is as follows:

	Note	31-Dec-23 N'000	31-Dec-22 N'000
Directors:			
Fees and allowances	8	308,548	933,860
Executive Management:			
Salaries and wages	8	458,897	584,175
		<u>767,445</u>	<u>1,518,035</u>

(b) Transactions with key management personnel of the Corporation

The Corporation may enter into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial and/or approved concessionary terms.

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year:

Staff loans:

	31-Dec-23 N'000	31-Dec-22 N'000
Maximum balance during the year	-	-

30 Events after the reporting date

Balance sheet analysis:

While the amounts in the statement of financial position reflects the carrying amounts as at 31 December 2023, the following should be noted:

Cash and balances with the Central Bank of Nigeria

The Corporation's main operations account held with the Central Bank of Nigeria (CBN - Abuja Current Account) was placed on POST-NO-DEBIT (PND), blocked from access and under the full control of the Honorable Minister of Finance and Coordinating Minister of the Economy (HMFCME) and the Accountant-General of the Federation (AGF). This action temporarily hampered the smooth operations of the Corporation's financial activities.

A new operational TSA Sub-Account has been opened by the Office of the Accountant-General of the Federation (OAGF) (CBN - Abuja 2 Current Account) for the Corporation to utilise for its operations.

As at the time of signing the Corporation's Financial Statements for year 2023, the CBN - Abuja Current Account still had the PND.

Financial performance analysis:

Interest income

The Corporation has continued to earn interest income on its investments issued by the Federal Government of Nigeria despite the global economic uncertainties.

Operating expenses

At the time of signing the financial statements, the Corporation has continued to incur operating expenses incidental to carrying out its mandate as provided in the Corporation's establishing Act despite rising cost levels.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

31 Hypothecation

The Corporation is exposed to a range of financial risks through its financial assets, financial liabilities and deposit insurance fund. In particular, the key financial risk is that in the long-term, its investment proceeds may not be sufficient to fund the obligations arising from bank failures that may occur over time. In response to the risk, the Corporation's assets and liabilities are allocated as follows:

	Deposit Insurance fund N'000	Shareholders fund N'000	Total N'000
31 December 2023			
ASSETS			
Cash and balances with the Central Bank of Nigeria	52,100,782	2,742,146	54,842,928
Financial assets:			
-Debt instruments at amortised cost	1,393,399,085	583,703,542	1,977,102,627
-Debt instruments at fair value through other comprehensive income	389,471,153	-	389,471,153
Other assets	-	29,569,050	29,569,050
Property, equipment and right-of-use assets	-	69,786,485	69,786,485
Intangible assets	-	2,404,337	2,404,337
Total Assets	1,834,971,020	688,205,560	2,523,176,580
LIABILITIES			
Compensation due to insured depositors	18,461,872	-	18,461,872
Due to banks	-	1,160,343	1,160,343
FGN consolidated revenue fund payable	-	35,508,144	35,508,144
Account payables and other liabilities	-	27,265,744	27,265,744
Retirement benefit obligations	-	47,925,554	47,925,554
Deposit insurance fund	1,651,266,934	-	1,651,266,934
Total Liabilities	1,669,728,806	111,859,785	1,781,588,591
Excess of Total Assets over Total Liabilities	165,242,214	576,345,775	741,587,989

	Deposit Insurance fund N'000	Shareholders fund N'000	Total N'000
31 December 2022			
ASSETS			
Cash and balances with the Central Bank of Nigeria	14,254,608	750,243	15,004,851
Financial assets:			
-Debt instruments at amortised cost	1,393,399,085	263,518,559	1,656,917,644
-Debt instruments at fair value through other comprehensive income	443,373,888	-	443,373,888
Other assets	-	8,546,172	8,546,172
Property, equipment and right-of-use assets	-	57,840,227	57,840,227
Intangible assets	-	3,052,444	3,052,444
Total Assets	1,851,027,581	333,707,645	2,184,735,226
LIABILITIES			
Compensation due to insured depositors	12,458,539	-	12,458,539
Due to banks	-	1,090,136	1,090,136
FGN consolidated revenue fund payable	-	14,775,677	14,775,677
Account payables and other liabilities	-	26,020,150	26,020,150
Retirement benefit obligations	-	38,426,794	38,426,794
Deposit insurance fund	1,434,572,663	-	1,434,572,663
Total Liabilities	1,447,031,202	80,312,757	1,527,343,959
Excess of Total Assets over Total Liabilities	403,996,379	253,394,888	657,391,267

Other National Disclosures



NIGERIA DEPOSIT INSURANCE CORPORATION
OTHER NATIONAL DISCLOSURES
STATEMENT OF VALUE ADDED

	31-Dec-23 N'000	%	31-Dec-22 N'000	%
Income	266,211,532		215,332,340	
Less:				
Brought in materials and services (local)	(14,989,100)		(14,781,601)	
Value added	251,222,432	100%	200,550,739	100%
Applied as follows:				
To pay employees:				
Staff costs	66,510,167	26.47%	55,143,747	27.50%
To pay providers of capital:				
Transfer to FGN consolidated revenue fund	90,732,468	36.12%	59,587,919	29.71%
To pay Government:				
Taxation	-	0.00%	-	0.00%
Maintenance of assets and retention for future operations:				
For replacement of property and equipment, RoU assets and intangible assets	1,296,679	0.52%	922,094	0.46%
Retained surplus for the year	92,683,118	36.89%	84,896,979	42.33%
	251,222,432	100%	200,550,739	100%



NIGERIA DEPOSIT INSURANCE CORPORATION
OTHER NATIONAL DISCLOSURES
FIVE- YEAR FINANCIAL SUMMARY

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Assets					
Cash and balances with the Central Bank of Nigeria	54,842,928	15,004,851	7,473,152	94,353,598	30,761,300
Debt instruments at amortised cost	1,977,102,627	1,656,917,644	1,357,187,347	1,101,656,066	1,037,951,708
Debt instruments at fair value through other comprehensive income	389,471,153	443,373,888	508,134,637	523,172,204	431,141,907
Other assets	29,569,050	8,546,172	6,835,418	3,805,448	7,156,589
Property, equipment and right-of-use assets	69,786,485	57,840,227	46,985,880	37,658,720	33,862,842
Intangible assets	2,404,337	3,052,444	3,144,025	2,360,186	3,609,260
	2,523,176,580	2,184,735,226	1,929,760,459	1,763,006,222	1,544,483,606
Liabilities and equity					
Liabilities					
Compensation due to insured depositors	18,461,872	12,458,539	12,426,515	12,484,536	12,129,010
Due to banks	1,160,343	1,090,136	1,039,837	1,008,772	956,611
FGN consolidated revenue fund payable	35,508,144	14,775,677	9,507,537	4,105,681	12,499,941
Deposit insurance funds	1,651,266,934	1,434,572,663	1,262,846,499	1,117,214,200	1,005,866,854
Account payables and other liabilities	27,265,744	26,020,150	21,239,160	14,058,762	14,139,514
Retirement benefit obligations	47,925,554	38,426,794	30,927,063	38,042,964	34,132,291
	1,781,588,591	1,527,343,959	1,337,986,611	1,186,914,915	1,079,724,221
Equity					
Issued share capital	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Retained earnings	143,462,067	127,013,019	117,609,285	95,499,867	89,165,175
Fair value reserve	(13,346,919)	(11,094,593)	2,691,722	72,644,729	27,650,657
Other reserves	100,000	100,000	100,000	100,000	100,000
Deposit insurance Reserve	609,072,841	539,072,841	469,072,841	405,546,711	345,543,553
	741,587,989	657,391,267	591,773,848	576,091,307	464,759,385
Total liabilities and equity/insurance funds	2,523,176,580	2,184,735,226	1,929,760,459	1,763,006,222	1,544,483,606
Summarised statement of comprehensive income					
Total operating income	266,211,532	215,332,340	192,516,995	176,782,378	187,845,245
Total operating expenses	(82,795,946)	(70,847,442)	(59,399,455)	(59,022,034)	(69,780,866)
Net operating surplus	183,415,586	144,484,898	133,117,540	117,760,344	118,064,379
Net operating surplus	183,415,586	144,484,898	133,117,540	117,760,344	118,064,379
Other comprehensive income/(loss) for the year	(8,486,396)	(19,279,558)	(61,747,097)	39,777,327	37,634,504
Total comprehensive income for the year	174,929,190	125,205,340	71,370,443	157,537,671	155,698,883