

# INDIC

Nigeria Deposit Insurance Corporation  
Protecting your bank deposits

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31  
DECEMBER 2021



**Sound banks for a healthy economy**



**Deposit Guarantee**

**NIGERIA DEPOSIT INSURANCE CORPORATION  
INDEX TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

---

<b>CONTENTS</b>	<b>Page</b>
Directors' report	2-3
Statement of directors' responsibilities in relation to the financial statements	4
Report of the independent auditors	5-7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12-60
<b>Other national disclosures:</b>	
Statement of value added	62
Five-year financial summary	63

**NIGERIA DEPOSIT INSURANCE CORPORATION  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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The Corporation was established in Nigeria under the Nigeria Deposit Insurance Corporation Act No. 22 of 1988 as repealed and re-enacted by the Nigerian Deposit Insurance Corporation Act 2006 (NDIC Act) as a body corporate with perpetual succession and common seal and is domiciled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 N145.56 billion for the year ended 31 December 2021 (December 2020: N111.76 billion).

	<b>Dec-21</b>	<b>Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Deposit insurance premium	145,558,427	111,762,701

**Operating results**

The Corporation's results for the year are set out on page 8. Gross income increased by N15.73 billion while the operating surplus increased by N15.36 billion.

	<b>Dec-21</b>	<b>Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Interest and other income	192,516,995	176,782,378
Operating expenses	(59,399,455)	(59,022,034)
<b>Net operating surplus</b>	<b>133,117,540</b>	<b>117,760,344</b>

**Directors**

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

Mrs Ronke Sokefun	Chairman
Mr. Bello Hassan	Managing Director/Chief Executive Officer*
Mr. M. M. Ibrahim	Executive Director (Operations)*
Hon. Mrs. Omolola Abiola-Edewor	Executive Director (Corporate Services)**
Mrs Emily Osuji	Executive Director (Corporate Services)***
Mr. Mustapha Adewale Mudashiru	Non-executive
Brig-Gen. J.O. J. Okoloagu (rtd)	Non-executive
Mr. Adewale W. Adeleke	Non-executive
Mr. Bello Garba	Non-executive
Mrs Diana Okonta	Non-executive
Mrs Ya'ana Yaro	Non-executive
Mr Haruna Bala Mustafa	Non-executive (Representing the Central Bank of Nigeria)****
Mr. Stephen Okon	Non-executive (Representing the Federal Ministry of Finance)

**NIGERIA DEPOSIT INSURANCE CORPORATION  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

\* Appointment effective February 17, 2021  
\*\* Term ended effective January 24, 2022  
\*\*\* Appointment effective March 03, 2022  
\*\*\*\* Appointment effective March 23, 2021

**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 2021:

	<b>31-Dec-21</b>	
	No. of shares '000	Shareholding %
Central Bank of Nigeria	1,380,000	60
Ministry of Finance Incorporated	920,000	40
<b>Total</b>	<b>2,300,000</b>	<b>100</b>

	<b>31-Dec-20</b>	
	No. of shares '000	Shareholding %
Central Bank of Nigeria	1,380,000	60
Ministry of Finance Incorporated	920,000	40
<b>Total</b>	<b>2,300,000</b>	<b>100</b>

**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 Company. 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 Cooney - Gam**

Secretary to the Corporation  
FRC/2022/PRO/NBA/004/041152

17th August 2022

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Nigeria Deposit Insurance Corporation Act, 2006 and Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Nigeria Deposit Insurance Corporation Act, 2006 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 Ronke Sokefun**  
(Chairman)  
FRC/2020/002/00000021975

17th August 2022

-----  
**Mr Bello Hassan**  
Managing Director  
FRC/2021/004/00000022452

17th August 2022



**KPMG Professional Services**

KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMB 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 2021;
- 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 significant 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 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Nigerian Deposit Insurance Corporation Act, 2006, and the Financial Reporting Council of Nigeria, Act, 2011.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the 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.

Partners:

Adegoke A. Oyelami	Ayodele H. Othihiwa	Joseph O. Tegbe	Olanike I. James	Tayo I. Ogungbenro
Adekunle A. Elebute	Bolanle S. Afolabi	Kabir O. Okunlola	Olufemi A. Babem	Temitope A. Onitiri
Adetola P. Adeyemi	Chibuzor N. Anyanechi	Lawrence C. Amadi	Olumide O. Olayinka	Tolulope A. Odukale
Adewale K. Ajayi	Chineme B. Nwigbo	Martins I. Arogie	Olusegun A. Sowande	Uzodinma G. Nwankwo
Ajibola O. Olomola	Elijah O. Oladunmoye	Mohammed M. Adama	Olutoyin I. Ogunlowo	Victor U. Onyenkpa
Akinyemi Ashade	Goodluck C. Obi	Nneka C. Eluma	Oluwafemi O. Awotoyo	
Ayobami L. Salami	Ibitomi M. Adepoju	Olabimpe S. Afolabi	Oluwatoyin A. Gbagi	
Ayodele A. Soyinka	Ijeoma T. Emezie-Ezigbo	Oladimeji I. Salaudeen	Oseme J. Obalaje	



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 financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Nigerian Deposit Insurance Corporation Act, 2006 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determines 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 intends 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 auditors' 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 auditors' 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 auditors' 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.

A handwritten signature in blue ink, appearing to read 'Akinyemi Ashade'.

Akinyemi Ashade  
FRC/2013/ICAN/00000000786  
For: KPMG Professional Services  
Chartered Accountants  
07 October 2022  
Lagos, Nigeria



**NIGERIAN DEPOSIT INSURANCE CORPORATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	31-Dec-21 N'000	31-Dec-20 N'000
Interest income calculated using effective interest method	5	192,354,252	176,385,658
Rental income	6	15,321	15,321
Other income	7	147,422	381,399
<b>Total operating income</b>		<b>192,516,995</b>	<b>176,782,378</b>
Employee benefits expense	8	45,557,812	47,636,390
Other operating expenses	9	12,702,725	10,286,862
Credit loss expense on financial assets	10	191,390	734
Depreciation of property, equipment and right-of-use assets	15	608,549	688,650
Amortisation of intangible assets	16	338,979	409,398
<b>Total operating expenses</b>		<b>59,399,455</b>	<b>59,022,034</b>
Net operating surplus		<b>133,117,540</b>	<b>117,760,344</b>
<b>Other comprehensive income</b>			
Items that will not to be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans	11	8,205,910	(5,216,745)
<b>Total items that will not be reclassified to the income statement</b>		<b>8,205,910</b>	<b>(5,216,745)</b>
<i>Items that will be reclassified to profit or loss:</i>			
Debt instruments at fair value through other comprehensive income:			
Net change in fair value during the year	11	(69,941,203)	44,962,885
Changes in allowance for expected credit losses on debt instruments at fair value through other comprehensive income	11	(11,804)	31,187
Net (losses)/gains on financial instruments at fair value through other comprehensive income		<b>(69,953,007)</b>	<b>44,994,072</b>
<b>Total items that will be reclassified to the income statement</b>		<b>(69,953,007)</b>	<b>44,994,072</b>
<b>Other comprehensive (losses)/ income for the year</b>		<b>(61,747,097)</b>	<b>39,777,327</b>
<b>Total comprehensive income for the year</b>		<b>71,370,443</b>	<b>157,537,671</b>

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

**NIGERIAN DEPOSIT INSURANCE CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	31-Dec-21 N'000	31-Dec-20 N'000
<b>Assets</b>			
Cash and balances with the Central Bank of Nigeria	12	7,473,152	94,353,598
Financial assets:			
-Debt instruments at amortised cost	13	1,357,187,347	1,101,656,066
-Debt instruments at fair value through other comprehensive income	13	508,134,637	523,172,204
Other assets	14	6,835,418	3,805,448
Property, equipment and right-of-use assets	15	46,985,880	37,658,720
Intangible assets	16	3,144,025	2,360,186
<b>Total Assets</b>		<b>1,929,760,459</b>	<b>1,763,006,222</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Compensation due to insured depositors	17	12,426,515	12,484,536
Due to banks	18	1,039,837	1,008,772
FGN consolidated revenue fund payable	19	9,507,537	4,105,681
Deposit Insurance Fund	25	1,262,846,499	1,117,214,200
Account payables and other liabilities	20	21,239,160	14,058,762
Retirement benefit obligations	21	30,927,063	38,042,964
<b>Total Liabilities and deposit insurance fund</b>		<b>1,337,986,611</b>	<b>1,186,914,915</b>
<b>Equity</b>			
Share capital	22	2,300,000	2,300,000
Retained earnings	22c	117,609,285	95,499,867
Fair value reserve	22b	2,691,722	72,644,729
Other reserves	23	100,000	100,000
Deposit insurance reserves	24	469,072,841	405,546,711
<b>Total Equity</b>		<b>591,773,848</b>	<b>576,091,307</b>
<b>Total liabilities and equity</b>		<b>1,929,760,459</b>	<b>1,763,006,222</b>

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 17th August 2022 and signed on its behalf by:

-----  
Mrs Ronke Sokefun  
Chairman  
FRC/2020/02/00000021975

Additionally certified by:

-----  
Hon. Mrs Omolola Abiola-Edewor  
Executive Director (Corporate Services)  
FRC/2014/NIM/00000009731

-----  
Bello Hassan  
Managing Director  
FRC/2021/004/00000022452

-----  
Muizz O. Lawal  
Director of finance  
FRC/2020/002/00000021977

**NIGERIAN DEPOSIT INSURANCE CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	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
<b>As at 1 January 2021</b>		<b>2,300,000</b>	<b>95,499,867</b>	<b>100,000</b>	<b>72,644,729</b>	<b>405,546,711</b>	<b>576,091,307</b>
Net operating surplus		-	133,117,540	-	-	-	133,117,540
Transfer to Deposit Insurance Reserve	24	-	(63,600,002)	-	-	63,526,130	(73,872)
Other comprehensive income	11	-	8,205,910	-	(69,953,007)	-	(61,747,097)
		<b>2,300,000</b>	<b>173,223,315</b>	<b>100,000</b>	<b>2,691,722</b>	<b>469,072,841</b>	<b>647,387,878</b>
Transfer to FGN Consolidated Revenue Fund account	19	-	(55,614,030)	-	-	-	(55,614,030)
<b>As at 31 December 2021</b>		<b>2,300,000</b>	<b>117,609,285</b>	<b>100,000</b>	<b>2,691,722</b>	<b>469,072,841</b>	<b>591,773,848</b>
<b>As at 1 January 2020</b>		<b>2,300,000</b>	<b>89,165,175</b>	<b>100,000</b>	<b>27,650,657</b>	<b>345,543,553</b>	<b>464,759,385</b>
Net operating surplus		-	117,760,344	-	-	-	117,760,344
Transfer to Deposit Insurance Reserve	24	-	(60,003,158)	-	-	60,003,158	-
Other comprehensive income	11	-	(5,216,745)	-	44,994,072	-	39,777,327
		<b>2,300,000</b>	<b>141,705,616</b>	<b>100,000</b>	<b>72,644,729</b>	<b>405,546,711</b>	<b>622,297,056</b>
Transfer to FGN Consolidated Revenue Fund account	19	-	(46,205,749)	-	-	-	(46,205,749)
<b>As at 31 December 2020</b>		<b>2,300,000</b>	<b>95,499,867</b>	<b>100,000</b>	<b>72,644,729</b>	<b>405,546,711</b>	<b>576,091,307</b>

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

**NIGERIAN DEPOSIT INSURANCE CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	31-Dec-21 N'000	31-Dec-20 N'000
<b>Operating activities</b>			
Net cash generated from operations	26	92,421,481	55,869,137
<b>Investing activities</b>			
Purchase of financial instruments	13	(860,380,805)	(726,230,386)
Proceeds from redemption of financial instruments	13	602,180,271	623,370,691
Purchase of property, plant and equipment	15	(9,830,219)	(4,484,529)
Purchase of intangible assets	16	(1,122,817)	(160,324)
Interest received	13	139,916,675	169,497,207
Proceeds from sale of property, plant and equipment	7	11,112	24,810
<b>Net cash (outflows)/inflow generated from investing activities</b>		<b>(129,225,783)</b>	<b>62,017,469</b>
<b>Financing activities</b>			
Payment to the FGN consolidated revenue account	19	(50,212,172)	(54,600,009)
Repayment of principal portion of lease liabilities	15	-	(23,210)
<b>Net cash flows used in financing activities</b>		<b>(50,212,172)</b>	<b>(54,623,219)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(87,016,478)</b>	<b>63,263,387</b>
Cash and cash equivalents at 1 January		94,353,598	30,761,300
Cash and cash equivalents at 31 December	12	7,473,152	94,353,598
Effects of changes in exchange rates to cash and cash equivalent	7	(136,032)	(328,911)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(87,016,478)</b>	<b>63,263,387</b>

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

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**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 Significant accounting policies**

**2.1 Basis of preparation**

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

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 2021**

---

- |  |               |
|--|---------------|
| - 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 2021**

---

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 includes both provisions 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 2021**

---

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 COVID-19 pandemic is expected to impact liquidity risk and interest rate risk exposed to by the Corporation. However, 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 significant 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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**2.4.2.1 Date of recognition**

Financial assets and liabilities, with the exception of loans and advances to staff, 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. Loans and advances to staff are recognised when funds are transferred to the staff.

**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 2.4.21), 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**

From 1 January 2018, 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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**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 on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**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**

From 1 January 2021, 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 2021.

**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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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 adoption of IFRS 9 has fundamentally changed the Corporation's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Corporation has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL.

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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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 scenario 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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

• 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**

The Corporation's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group 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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**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**

Under both IFRS 9, 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).

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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 assets 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	Nil

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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**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.

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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 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(4) of the NDIC Act 2006. This account represents the insurance premium received from insured financial institutions net claims paid out. The premium received, usually on demand, are initially measured at fair value and subsequently, at amortised cost (See note 2.4.3).

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**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**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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 12 of the NDIC Act 2006.

**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 2021 will not have impact on the Corporation's financial position, performance and/or disclosures.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform
- Amendment to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**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
Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract	<p>The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify that costs of fulfilling a contract comprise both:</p> <ul style="list-style-type: none"> <li>• the incremental costs – e.g. direct labour and materials; and</li> <li>• an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification is applicable for companies that apply the 'incremental cost' approach and they will need to recognise bigger and potentially more provisions.</li> </ul> <p>The Corporation will not be affected by these amendments on the date of transition. Effective for annual periods beginning on or after 1 January 2022.</p>
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 - Annual improvements 2018-2020	<p>IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.</p> <ul style="list-style-type: none"> <li>• IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf</li> <li>• IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.</li> <li>• IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.</li> </ul> <p>The Interpretation will not have an impact on the financial statements of the Corporation when adopted after 1 January 2022</p>

**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

<p>Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use</p>	<p>The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management. As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. Companies will therefore need to distinguish between:</p> <ul style="list-style-type: none"> <li>• costs associated with producing and selling items before the item of property, plant and equipment is available for use; and</li> <li>• costs associated with making the item of property, plant and equipment available for its intended use. Making this allocation of costs may require significant estimation and judgement. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin</li> </ul> <p>The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation when adopted.</p>
<p>Amendments to IFRS 3 - Reference to the Conceptual Framework</p>	<p>The amendment has:</p> <ul style="list-style-type: none"> <li>• updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;</li> <li>• added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and</li> <li>• added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</li> </ul> <p>The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation when adopted.</p>
<p>IFRS 17 including amendments Initial application of IFRS 17 and IFRS 9 – Comparative Information - Insurance Contracts</p>	<p>IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:</p> <ul style="list-style-type: none"> <li>• Reinsurance contracts held;</li> <li>• Direct participating contracts; and</li> <li>• Investment contracts with discretionary participation features.</li> </ul>



**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<p>Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023. This standard is not applicable to the Corporation</p>
<p>Amendments to IAS 1 - Classification of liabilities as current or non-current</p>	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation.</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation when adopted after 1 January 2023</p>
<p>Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure Initiative: Accounting Policies</p>	<p>The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include requiring companies to disclose their material accounting policies rather than their significant accounting policies;</p> <ul style="list-style-type: none"> <li>• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;</li> </ul> <p>The amendments are consistent with the refined definition of material:</p> <p>"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation when adopted after 1 January 2022</p>



**NIGERIA DEPOSIT INSURANCE CORPORATION**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

<p>Amendments to IAS 8- Definition of Accounting Estimates</p>	<p>This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarifies the following:</p> <ul style="list-style-type: none"> <li>• an entity develops an accounting estimate to achieve the objective set out by an accounting policy.</li> <li>• developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.</li> <li>• a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</li> <li>• a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the</li> </ul> <p>The definition of accounting policies remains unchanged.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation.</p>
<p>Amendment to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</p>	<p>The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation.</p>
<p>Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</p>	<p>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.</p> <p>The definition of a business is key to determining the extent of the gain to be recognised.</p> <p>The Interpretation will not have an impact on the financial statements of the Corporation.</p>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 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 RILIERT 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 2021, the Corporation had a deposit insurance fund of N1.732 trillion (2020:N1.522 trillion) which represents 32 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 Insurance and financial risk

##### (a) Insurance risk

The most significant risk faced by the Corporation is insurance risk. This is the risk of loss or cost incurred in the event of any intervention associated with insuring deposits. The level of 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 2021

---

### (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 re-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 majorly 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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 2021 (2020: 5%) to cater for time effects should a default occur since the FGN 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:

	<b>Dec-21 N'000</b>	<b>Dec-20 N'000</b>
Cash and balances with the Central Bank of Nigeria	7,473,152	94,353,598
Debt instruments at amortised cost	1,357,187,347	1,101,656,066
Debt instruments at fair value through other comprehensive income	508,134,637	523,172,204
Other assets- sundry receivables	1,132,375	644,833

**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.

	<b>Dec-21 N'000</b>	<b>Dec-20 N'000</b>
<b>Cash and balances with the Central Bank of Nigeria</b>		
Counterparties with external credit rating (S&P) B+	7,473,152	94,353,598
<b>Debt instruments at FVOCI</b>		
Counterparties with external credit rating (S&P) B+	508,134,637	523,172,204
<b>Debt instruments at amortised cost</b>		
Counterparties with external credit rating (S&P) B+	1,354,988,023	1,101,340,202
Counterparties without external credit rating	3,276,289	1,189,635
<b>Other assets</b>		
Counterparties without external credit rating	1,132,375	644,833

The Corporation's financial assets of N1.863 trillion (December 2020: N1.624 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 (S&P).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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)	2021			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>Performing</b>				
Standard grade (BBB-B+)	1,354,988,023	-	-	1,354,988,023
Unrated	3,276,289	-	-	3,276,289
<b>Total</b>	<b>1,358,264,312</b>	<b>-</b>	<b>-</b>	<b>1,358,264,312</b>

  

External rating grade (S&P)	2020			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>Performing</b>				
Standard grade (BBB-B)	1,101,340,202	-	-	1,101,340,202
Sub-standard grade (CCC-CC)	1,189,635	-	-	1,189,635
<b>Total</b>	<b>1,102,529,837</b>	<b>-</b>	<b>-</b>	<b>1,102,529,837</b>

**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)	2021			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>Performing</b>				
Standard grade (BBB-B+)	508,134,637	-	-	508,134,637
<b>Total</b>	<b>508,134,637</b>	<b>-</b>	<b>-</b>	<b>508,134,637</b>

  

External rating grade (S&P)	2020			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>Performing</b>				
Standard grade (BBB-B)	523,172,204	-	-	523,172,204
<b>Total</b>	<b>523,172,204</b>	<b>-</b>	<b>-</b>	<b>523,172,204</b>

**(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  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Contractual maturities of undiscounted cash flows of financial assets and liabilities**

As at 31 December 2021

	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
<b>Financial assets</b>						
Cash and balances with the Central Bank of Nigeria	7,473,152	7,473,152	-	-	-	7,473,152
Debt instruments measured at amortised costs	1,357,187,347	459,923,871	386,079,445	588,171,237	580,251,317	2,014,425,870
Debt instruments measured at fair value through OCI	508,134,637	104,946,835	180,244,510	153,847,073	300,782,130	739,820,548
Other assets	1,132,375	1,132,375	-	-	-	1,132,375
<b>Total undiscounted financial assets</b>	<b>1,873,927,511</b>	<b>573,476,233</b>	<b>566,323,955</b>	<b>742,018,310</b>	<b>881,033,447</b>	<b>2,762,851,945</b>

	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
<b>Financial liabilities</b>						
Account payables and other liabilities:						
National Housing Fund payable	10,198	10,198	-	-	-	10,198
Unclaimed payments	2,598	2,598	-	-	-	2,598
Other liabilities	17,311,331	17,311,331	-	-	-	17,311,331
Lease liability (Note 15)	74,447	-	96,841	-	-	96,841
Due to banks	1,039,837	1,008,772	-	-	-	1,008,772
Compensation due to insured depositors	12,426,515	12,069,182	-	-	-	12,069,182
FGN Consolidated revenue fund	9,507,537	9,507,537	-	-	-	9,507,537
Deposit insurance fund	1,262,846,499	1,262,846,499	-	-	-	1,262,846,499
<b>Total undiscounted financial liabilities</b>	<b>1,303,218,962</b>	<b>1,302,756,117</b>	<b>96,841</b>	<b>-</b>	<b>-</b>	<b>1,302,852,958</b>
<b>Liquidity gap</b>	<b>570,708,549</b>	<b>(729,279,884)</b>	<b>566,227,114</b>	<b>742,018,310</b>	<b>881,033,447</b>	<b>1,459,998,987</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**As at 31 December 2020**

	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
<b>Financial assets</b>						
Cash and balances with the Central Bank of Nigeria	94,353,598	94,353,598	-	-	-	94,353,598
Debt instruments measured at amortised costs	1,101,656,066	270,965,378	330,327,972	294,835,639	554,118,429	1,450,247,418
Debt instruments measured at fair value through OCI	523,172,204	123,107,147	168,847,784	125,217,755	190,090,525	607,263,211
Other assets	644,833	644,833	-	-	-	644,833
<b>Total undiscounted financial assets</b>	<b>1,719,826,701</b>	<b>489,070,956</b>	<b>499,175,756</b>	<b>420,053,394</b>	<b>744,208,954</b>	<b>2,152,509,060</b>

	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
<b>Financial liabilities</b>						
Account payables and other liabilities:						
National Housing Fund payable	649	649	-	-	-	649
Unclaimed payments	2,598	2,598	-	-	-	2,598
Other liabilities	8,736,523	8,736,523	-	-	-	8,736,523
Lease liability (Note 15)	110,208	52,471	79,193	-	-	131,664
Due to banks	1,008,772	1,008,772	-	-	-	1,008,772
Compensation due to insured depositors	12,484,536	12,484,536	-	-	-	12,484,536
FGN Consolidated Revenue Fund payable	4,105,681	4,105,681	-	-	-	4,105,681
Deposit insurance fund	1,117,214,200	1,117,214,200	-	-	-	1,117,214,200
<b>Total undiscounted financial liabilities</b>	<b>1,143,663,167</b>	<b>1,143,605,430</b>	<b>79,193</b>	<b>-</b>	<b>-</b>	<b>1,143,684,623</b>
<b>Liquidity gap</b>	<b>576,163,534</b>	<b>(654,534,474)</b>	<b>499,096,563</b>	<b>420,053,394</b>	<b>744,208,954</b>	<b>1,008,824,437</b>

**(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 analyses within reasonably possible bands.

The Corporation is only exposed to interest rate risk but has no material exposure to foreign currency risk.

**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  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021**

Increase/(decrease) in basis points

	<b>Effect on equity N'000</b>
+BP100	337,010
-BP100	39,663,326

**For the year ended 31 December 2020**

Increase/(decrease) in basis points

	<b>Effect on equity N'000</b>
+BP100	(1,178,404)
-BP100	18,789,146

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 2021:**

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000	N'000
<b>Assets measured at fair value on a recurring basis:</b>					
Debt instruments measured at FVOCI (Note 13):					
Quoted debt securities:					
Debt securities: FGN bonds	31 Dec	467,626,023	467,626,023	-	-
Debt securities : Nigerian treasury bills	31 Dec	40,508,614	40,508,614	-	-
<b>Assets for which fair values are disclosed (Note 13):</b>					
Debt instruments measured at amortised cost (Note 13):					
Quoted debt securities:					
Debt securities: FGN bonds	31 Dec	841,239,510	-	841,239,510	-
Debt securities : Nigerian treasury bills	31 Dec	210,076,166	-	210,076,166	-
FGN Sukuk Bond	31 Dec	3,184,248	-	3,184,248	-
Special FGN Bonds	31 Dec	253,634,535	-	253,634,535	-
FGN Euro Bond	31 Dec	1,689,550	-	1,689,550	-
Staff loans	31 Dec	3,276,289	-	3,276,289	-

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 2021**

**Fair value measurement hierarchy for assets as at 31 December 2020:**

	Date of valuation	Fair value measurement using			
		Total	Quoted	Significant	Significant
			prices in	observable	unobservable
		active	inputs	inputs	
		(Level 1)	(Level 2)	(Level 3)	
		N'000	N'000	N'000	N'000
<b>Assets measured at fair value on a recurring basis:</b>					
Debt instruments measured at amortised cost (Note 13):					
Quoted debt securities:					
Debt securities: FGN bonds	31 Dec	448,470,294	448,470,294	-	-
Debt securities : Nigerian treasury bills	31 Dec	74,701,910	74,701,910	-	-
<b>Assets for which fair values are disclosed(Note 13):</b>					
Debt securities: FGN Bonds	31 Dec	707,328,008	-	707,328,008	-
Debt securities : Nigerian treasury bills	31 Dec	139,869,544	-	139,869,544	-
FGN Sukuk Bond	31 Dec	2,169,894	-	2,169,894	-
Special FGN	31 Dec	252,995,753	-	252,995,753	-
FGN Euro Bond	31 Dec	-	-	-	-
Staff Loan	31 Dec	1,189,635	-	1,189,635	-

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-21	Dec-20	Dec-21	Dec-20
	N'000	N'000	N'000	N'000
Financial assets				
Debt instruments measured at amortised cost	1,357,187,347	1,101,656,066	1,313,100,298	1,103,552,834
Debt instruments measured at FVOCI	508,134,637	523,172,204	508,134,637	523,172,204

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
- The fair values of the Corporation's interest-bearing loans and receivables are determined by using the Discounted Cash flows (DCF) method using the prime lending rate as at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**5 Interest income calculated using effective interest method**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Debt instruments measured at amortised costs	138,323,084	125,639,918
Debt instruments measured at FVOCI	54,031,168	50,745,740
	<b>192,354,252</b>	<b>176,385,658</b>

**6 Rental income**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
From unused portion of Head office building	15,321	15,321

**7 Other income**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Profit on disposal of property, plant and equipment	11,112	24,810
Foreign exchange gains	136,032	328,911
Others	278	27,678
	<b>147,422</b>	<b>381,399</b>

Others include sale of obsolete items

**8 Employee benefit expenses**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Directors' remuneration(Executive) (See(i) below)	476,170	376,157
Directors' fees	62,630	55,063
Directors training and capacity building expenses (Non-executive)	3,135	119,736
Directors' allowances and other expenses	691,490	734,488
Staff cost	34,302,936	35,378,195
Defined contribution pension costs	4,907,725	4,802,268
Defined benefit expense (Note 21a) (See(ii) below)	5,113,726	6,170,483
	<b>45,557,812</b>	<b>47,636,390</b>

(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**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Administrative expenses	11,384,737	8,779,239
Professional fees (See (i) below)	978,482	920,628
Expense relating to leases of short-term assets	308,874	553,072
Other expenses	24,312	13,815
Interest expense on lease liabilities (Note 15)	6,320	20,108
	<b>12,702,726</b>	<b>10,286,862</b>

(i) Included in the professional expenses are audit fees (inclusive of related taxes) of N34.68 million (2020: N35 million). No non-audit services were rendered by KPMG during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**10 Credit loss expense**

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

31-Dec-21	Note	Stage 1	Stage 2	Stage 3	Total
		Individual N'000	Individual N'000	N'000	N'000
Debt instruments measured at amortised cost	13(d)(iii)	203,194	-	-	203,194
Debt instruments measured at FVOCI	13(e)(iii)	(11,804)	-	-	(11,804)
<b>Total impairment loss</b>		<b>191,390</b>	<b>-</b>	<b>-</b>	<b>191,390</b>

31-Dec-20	Note	Stage 1	Stage 2	Stage 3	Total
		Individual N'000	Individual N'000	N'000	N'000
Debt instruments measured at amortised cost	13(d)(iii)	(30,453)	-	-	(30,453)
Debt instruments measured at FVOCI	13(e)(iii)	31,187	-	-	31,187
<b>Total impairment loss</b>		<b>734</b>	<b>-</b>	<b>-</b>	<b>734</b>

**11 Component of other comprehensive income**

		31-Dec-21 N'000	31-Dec-20 N'000
Remeasurement gains/(losses) on defined benefit plans	(Note 21b)	8,205,910	(5,216,745)
Net fair value (losses)/gains on fair value through OCI financial assets		(69,941,203)	44,962,885
Changes in allowance for expected credit losses on FVOCI financial assets	(Note 10)	(11,804)	31,187
		<b>(61,747,097)</b>	<b>39,777,327</b>

**12 Cash and balances with the Central Bank of Nigeria**

	31-Dec-21 N'000	31-Dec-20 N'000
Balances with the Central Bank of Nigeria	7,456,879	94,338,489
Cash in hand	16,273	15,109
	<b>7,473,152</b>	<b>94,353,598</b>

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-21 N'000	31-Dec-20 N'000
<b>(a) Debt instruments at amortised cost</b>		
<b>(i) Government debt securities:</b>		
FGN Bonds	889,448,904	707,328,008
Nigerian Treasury Bills	206,932,059	138,846,547
Special FGN Bonds	253,634,535	252,995,753
FGN Sukuk Bond	3,162,845	2,169,894
FGN Euro Bond	1,809,679	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**(ii) Other debt securities:**

Loans to staff	3,276,289	1,189,635
	<b>1,358,264,312</b>	<b>1,102,529,837</b>
Less: Allowance for ECL (See note (d)(ii))	(1,076,965)	(873,771)
<b>Total debt instruments at amortised costs</b>	<b>1,357,187,347</b>	<b>1,101,656,066</b>

**(iii) Movement in debt instruments at amortised cost**

	31-Dec-21 N'000	31-Dec-20 N'000
Balance, beginning of year	1,102,529,837	1,038,486,415
Acquisition during the year	642,976,368	559,182,686
Disposals/maturities/redemption during the year	(417,728,914)	(498,449,220)
Interest Income (See note 5)	138,323,084	125,639,918
Interest received during the year	(107,836,063)	(122,329,962)
<b>Balance, end of year</b>	<b>1,358,264,312</b>	<b>1,102,529,837</b>

**(b) Debt instruments measured at FVOCI**

**(i) Government debt securities:**

	31-Dec-21 N'000	31-Dec-20 N'000
FGN Bonds	467,626,023	448,470,294
Nigerian Treasury Bills	40,508,614	74,701,910
<b>Total debt instruments measured at FVOCI</b>	<b>508,134,637</b>	<b>523,172,204</b>

**(ii) Movement in debt instruments at FVOCI**

	31-Dec-21 N'000	31-Dec-20 N'000
Balance, beginning of year	523,172,204	432,504,595
Acquisitions during the year	217,404,437	167,047,700
Disposals/maturities/redemption during the year	(184,451,357)	(124,921,471)
Interest Income (See note 5)	54,031,168	50,745,740
Interest received during the year	(32,080,612)	(47,167,245)
Fair value changes	(69,941,203)	44,962,885
<b>Balance, end of year</b>	<b>508,134,637</b>	<b>523,172,204</b>

**(c) Gross reconciliation of Financial assets (excluding cash and balances with Central Bank of Nigeria)**

	31-Dec-21 N'000	31-Dec-20 N'000
Balance, beginning of year	1,625,702,041	1,470,991,010
Acquisitions during the year	860,380,805	726,230,386
Disposals/maturities/redemption during the year	(602,180,271)	(623,370,691)
Interest Income (See note 5)	192,354,252	176,385,658
Interest received during the year	(139,916,675)	(169,497,207)
Fair value changes	(69,941,203)	44,962,885
<b>Gross financial assets</b>	<b>1,866,398,949</b>	<b>1,625,702,041</b>

Less: Allowance for ECL	(1,076,965)	(873,771)
-------------------------	-------------	-----------

<b>Total financial assets</b>	<b>1,865,321,984</b>	<b>1,624,828,270</b>
-------------------------------	----------------------	----------------------

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>(i) Gross carrying amount as at 1 January 2021</b>	1,102,529,837	-	-	1,102,529,837
New assets originated	642,976,368	-	-	642,976,368
Assets derecognised or repaid	(387,241,893)	-	-	(387,241,893)
<b>At 31 December 2021</b>	<b>1,358,264,312</b>	-	-	<b>1,358,264,312</b>

	2020			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>Gross carrying amount as at 1 January 2020</b>	1,038,855,932	-	-	1,038,855,932
New assets originated	559,182,686	-	-	559,182,686
Assets derecognised or repaid	(495,508,781)	-	-	(495,508,781)
<b>At 31 December 2020</b>	<b>1,102,529,837</b>	-	-	<b>1,102,529,837</b>

	2021			
	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>(ii) ECL allowances as at 1 January 2021 under IFRS 9</b>	873,771	-	-	873,771
New assets originated	524,151	-	-	524,151
Assets derecognised or repaid (excluding write-offs)	(320,957)	-	-	(320,957)
<b>At 31 December 2021</b>	<b>1,076,965</b>	-	-	<b>1,076,965</b>

	2020			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>ECL allowances as at 1 January 2020 under IFRS 9</b>	904,224	-	-	904,224
New assets originated	405,616	-	-	405,616
Assets derecognised or repaid (excluding write-offs)	(436,069)	-	-	(436,069)
<b>At 31 December 2020</b>	<b>873,771</b>	-	-	<b>873,771</b>

	2021			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>(iii) Net charged in profit or loss</b>				
New assets originated	524,151	-	-	524,151
Assets derecognised or repaid (excluding write-offs)	(320,957)	-	-	(320,957)
<b>At 31 December 2021</b>	<b>203,194</b>	-	-	<b>203,194</b>

	2020			
	Stage 1 individual	Stage 2 individual	Stage 3	Total
	N'000	N'000	N'000	N'000
<b>Net charged in profit or loss</b>				
New assets originated	405,616	-	-	405,616
Assets derecognised or repaid (excluding write-offs)	(436,069)	-	-	(436,069)
<b>At 31 December 2020</b>	<b>(30,453)</b>	-	-	<b>(30,453)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

(e) follows:

	2021			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual		
	N'000	N'000	N'000	N'000
<b>Gross carrying amount as at 1 January 2021</b>	523,172,204	-	-	523,172,204
New assets originated	217,404,437	-	-	217,404,437
Assets derecognised or repaid	(232,442,004)	-	-	(232,442,004)
<b>At 31 December 2021</b>	<b>508,134,637</b>	-	-	<b>508,134,637</b>

	2020			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual		
	N'000	N'000	N'000	N'000
<b>Gross carrying amount as at 1 January 2020</b>	431,141,907	-	-	431,141,907
New assets originated	167,047,700	-	-	167,047,700
Assets derecognised or repaid	(75,017,403)	-	-	(75,017,403)
<b>At 31 December 2020</b>	<b>523,172,204</b>	-	-	<b>523,172,204</b>

(ii)

	2021			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual		
	N'000	N'000	N'000	N'000
<b>ECL allowances as at 1 January 2021 under IFRS 9</b>	410,690	-	-	410,690
New assets originated	145,140	-	-	145,140
Assets derecognised or repaid (excluding write-offs)	(156,944)	-	-	(156,944)
<b>At 31 December 2021</b>	<b>398,887</b>	-	-	<b>398,887</b>

	2020			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual		
	N'000	N'000	N'000	N'000
<b>ECL allowances as at 1 January 2020 under IFRS 9</b>	379,503	-	-	379,503
New assets originated	143,054	-	-	143,054
Assets derecognised or repaid (excluding write-offs)	(111,867)	-	-	(111,867)
<b>At 31 December 2020</b>	<b>410,690</b>	-	-	<b>410,690</b>

(iii)

	2021			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual		
	N'000	N'000	N'000	N'000
<b>Net charged in profit or loss</b>				
New assets originated	145,140	-	-	145,140
Assets derecognised or repaid (excluding write-offs)	(156,944)	-	-	(156,944)
<b>At 31 December 2021</b>	<b>(11,804)</b>	-	-	<b>(11,804)</b>

	2020			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual		
	N'000	N'000	N'000	N'000
<b>Net charged in profit or loss</b>				
New assets originated	143,054	-	-	143,054
Assets derecognised or repaid (excluding write-offs)	(111,867)	-	-	(111,867)
<b>At 31 December 2020</b>	<b>31,187</b>	-	-	<b>31,187</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**14 Other assets**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
<b>Financial assets</b>		
Sundry receivables	1,132,375	644,833
<b>Non-financial assets</b>		
Advance for receivership and liquidation activities	595,245	190,216
Prepayments	6,150,007	3,747,373
Advance payment to suppliers	2,145	2,145
Agent bank suspense account	-	265,235
	<b>6,747,397</b>	<b>4,204,969</b>
Allowance for impairment losses	<u>(1,044,354)</u>	<u>(1,044,354)</u>
<b>Carrying amount</b>	<b>6,835,418</b>	<b>3,805,448</b>

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

	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>
<b>As at 1 January</b>	1,044,354	(1,044,354)
<b>As at 31 December</b>	<b>1,044,354</b>	<b>(1,044,354)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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 Office building N'000	Total N'000
<b>Cost:</b>						
As 1 January 2020	4,121,431	5,579,132	1,264,845	29,413,718	233,836	40,612,962
Additions	45,471	490,376	-	3,948,682	-	4,484,529
Disposals	-	-	(128,103)	-	-	(128,103)
At 31 December 2020	4,166,902	6,069,508	1,136,742	33,362,400	233,836	44,969,388
Additions	38,598	401,035	65,145	9,325,441	-	9,830,219
Reclassifications	-	214,317	-	(214,317)	-	-
Reversals	-	-	-	(8,215)	-	(8,215)
Remeasurement	-	-	-	-	3,132	3,132
Disposals	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>4,205,500</b>	<b>6,684,860</b>	<b>1,201,887</b>	<b>42,465,309</b>	<b>236,968</b>	<b>54,794,524</b>
<b>Accumulated depreciation:</b>						
As 1 January 2020	912,196	4,741,841	1,032,047	-	64,036	6,750,120
Depreciation charge for the year	116,424	421,493	86,695	-	64,036	688,648
Disposals	-	-	(128,103)	-	-	(128,103)
At 31 December 2020	1,028,620	5,163,335	990,640	-	128,072	7,310,667
Depreciation charge for the year	89,638	391,237	82,764	-	44,910	608,549
Remeasurement	-	-	-	-	(110,572)	-
Disposals	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>1,118,258</b>	<b>5,554,572</b>	<b>1,073,404</b>	<b>-</b>	<b>62,410</b>	<b>7,808,644</b>
<b>Net book value:</b>						
<b>At 31 December 2021</b>	<b>3,087,242</b>	<b>1,130,288</b>	<b>128,483</b>	<b>42,465,309</b>	<b>174,558</b>	<b>46,985,880</b>
<b>At 31 December 2020</b>	<b>3,138,282</b>	<b>906,172</b>	<b>146,102</b>	<b>33,362,400</b>	<b>105,764</b>	<b>37,658,720</b>

- (i) There was no item of Property and Equipment that has been pledged as security for borrowings as at year end (2020: nil)  
(ii) There were no impairment losses on any class of Property and Equipment during the year (2020: nil)  
(iii) Capital Commitments are disclosed in note 28(b)

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:

	This Year Dec-21	Last Year Dec-20
<b>As at 1 January</b>	110,208	113,309
Accretion of interest	6,320	20,108
Payments	-	(23,210)
Remeasurement	(42,081)	-
<b>At the end of the period</b>	<b>74,447</b>	<b>110,208</b>
Current	-	52,471
Non-current	74,447	57,737
	<b>74,447</b>	<b>110,208</b>

The maturity analysis of lease liabilities are disclosed in Note 4.  
The Corporation had no cash outflows for leases during the year (2020: N23.21 million)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**16 Intangible assets**

	Computer software N'000	Software under development N'000	Total N'000
<b>Cost:</b>			
As 1 January 2020	2,092,809	2,880,185	4,972,994
Additions	160,324	-	160,324
Reclassification	5,763	(5,763)	
Reversals	-	(1,000,000)	(1,000,000)
<b>At 31 December 2020</b>	<b>2,258,896</b>	<b>1,874,422</b>	<b>4,133,318</b>
Additions	4,880	1,117,937	1,122,817
Reclassification	42,100	(42,100)	-
<b>At 31 December 2021</b>	<b>2,305,876</b>	<b>2,950,259</b>	<b>5,256,135</b>
<b>Accumulated amortisation:</b>			
As 1 January 2020	1,363,734	-	1,363,734
Amortisation	409,398	-	409,398
<b>At 31 December 2020</b>	<b>1,773,132</b>	<b>-</b>	<b>1,773,132</b>
Amortisation	338,979	-	338,979
<b>At 31 December 2021</b>	<b>2,112,111</b>	<b>-</b>	<b>2,112,111</b>
<b>Net Book Value</b>			
<b>At 31 December 2021</b>	<b>193,765</b>	<b>2,950,259</b>	<b>3,144,025</b>
<b>At 31 December 2020</b>	<b>485,764</b>	<b>1,874,422</b>	<b>2,360,186</b>

**17 Compensation due to insured depositors**

	31-Dec-21 N'000	31-Dec-20 N'000
<b>At beginning of the period</b>	12,484,536	12,129,010
Additional claim expenses during the year	-	415,355
Payment during the year	(58,021)	(59,829)
<b>At end of the period</b>	<b>12,426,515</b>	<b>12,484,536</b>

This represents the current year claim to insured depositors of closed banks in accordance with Section 20 of the NDIC Act 2006. A maximum claim of N500,000 or N200,000 is payable to depositor of a licensed deposit money bank and primary mortgage institution. or microfinance bank respectively in the event of failure.

**18 Due to banks**

	31-Dec-21 N'000	31-Dec-20 N'000
<b>At beginning of the period</b>	1,008,772	956,611
Interest received on funds invested	31,065	52,161
<b>At end of the period</b>	<b>1,039,837</b>	<b>1,008,772</b>

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**

	31-Dec-21 N'000	31-Dec-20 N'000
<b>At beginning of the period</b>	4,105,681	12,499,941
Transfer from statement of changes in equity	55,614,030	46,205,749
Payments during the year	(50,212,172)	(54,600,009)
<b>At end of the period</b>	<b>9,507,537</b>	<b>4,105,681</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

Subsequent to year end, an additional N20 billion was remitted to the Federal Government of Nigeria in line with the Fiscal Responsibility act.

**20 Account payables and other liabilities**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
<b>Financial liabilities</b>		
National Housing Fund payable	10,198	649
Unclaimed payments	2,598	2,598
Other liabilities	17,311,331	8,736,523
Lease liability (Note 15)	74,447	110,208
	<b>17,398,574</b>	<b>8,849,978</b>
<b>Non financial liabilities</b>		
Accrued expenses	3,446,401	5,071,116
Withholding tax and VAT payable	394,185	137,668
	<b>3,840,586</b>	<b>5,208,784</b>
<b>Total account payables and other liabilities</b>	<b>21,239,160</b>	<b>14,058,762</b>

(a) Included as part of Other liabilities is a payable amount of N3.08 billion which represents payables relating to retired staff of the Corporation.

Also included as part of other liabilities is a payable of N12.65 billion (2020: N5.41 billion) relating to the acquisition of items of property and equipment.

In addition, an unremitted defined contribution plan of N628.48 million relating to staff pension deduction for the month of December 2021 was included in other liabilities. The Corporation remitted the pension to the various Pension Fund Administrator in January 2022.

**21 Retirement benefit obligations**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Net defined benefit liability (21c)	<b>30,927,063</b>	<b>38,042,964</b>

**Defined contribution plan**

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

The total expense charged to income statement of N4.9 billion (2020: N4.8 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  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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 2021 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 2021 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 2021**

	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	58,487	4,806	59,864	48,699	2,108,030	-	2,279,886
Net interest/(income) expense	11,429	2,671	111,978	251,320	2,348,830	109,076	2,835,304
Past service cost	3,925	-	-	-	-	-	3,925
Remeasurement (gains)/losses	5,929	(11,318)	-	-	-	-	(5,389)
<b>Defined benefit expense (Note 8)</b>	<b>79,770</b>	<b>(3,841)</b>	<b>171,842</b>	<b>300,019</b>	<b>4,456,860</b>	<b>109,076</b>	<b>5,113,726</b>

**December 2020**

	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	32,865	6,052	39,908	25,705	2,042,564	-	2,147,094
Net interest/(income) expense	8,202	5,075	191,274	212,362	3,537,743	57,670	4,012,326
Past service cost	-	-	-	-	-	-	-
Remeasurement (gains)/losses	15,482	(4,419)	-	-	-	-	11,063
<b>Defined benefit expense (Note 8)</b>	<b>56,549</b>	<b>6,708</b>	<b>231,182</b>	<b>238,067</b>	<b>5,580,307</b>	<b>57,670</b>	<b>6,170,483</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**(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 2021	124,918	1,179,640	5,182,619	1,718,733	8,205,910
At 31 December 2020	(44,286)	(1,792,311)	(2,436,526)	(943,622)	(5,216,745)

**(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	(799,253)	(1,214,555)	(16,630,560)	(1,419,933)
Inflation rate	-	-	-	-
Salary increase	626,620	-	12,926,627	-
Change in Demographic assumptions:				
Experience:				
Data corrections	-	(93,138)	-	-
Medical allowance	-	-	-	-
Promotions	-	13,733	-	-
Salary and allowance increase	(40,740)	-	(931,090)	-
Benefits due	(17,538)	-	(10,173)	-
Pension increases	-	-	-	(242,436)
Demographic experience	105,993	114,320	(537,423)	(29,921)
Plan assets	-	-	-	(26,443)
	<b>(124,918)</b>	<b>(1,179,640)</b>	<b>(5,182,619)</b>	<b>(1,718,733)</b>
			<b>31-Dec-21 N'000</b>	<b>31-Dec-20 N'000</b>
Actual return on plan assets			<b>217,664</b>	<b>444,969</b>

**(c) Amounts recognised in the statement of financial position**

	Dec-21 N'000	Dec-20 N'000
<b>Present value of unfunded obligations:</b>		
Medical Scheme (Note 21d)	2,334,617	3,480,798
Appreciation scheme (Note 21d)	27,398,868	31,141,211
Executive management scheme (Note 21d)	1,134,613	1,819,007
Long service award (Note 21d)	22,814	35,910
Severance benefit (Note 21d)	171,806	92,036
	<b>31,062,718</b>	<b>36,568,962</b>
<b>Present value of funded obligations:</b>		
Legacy fund obligation (Note 21d)	2,510,152	4,214,002
	<b>33,572,870</b>	<b>40,782,964</b>
Fair value of plan assets (Note 21e)	(2,645,807)	(2,740,000)
<b>Liability in statement of financial position</b>	<b>30,927,063</b>	<b>38,042,964</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**(d) Changes in the present value of the defined benefit obligations are as follows:  
At 31 December 2021**

	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
<b>As at 1 January 2021</b>	92,036	35,910	1,819,007	3,480,798	31,141,211	4,214,002	40,782,964
Current service cost	58,487	4,806	59,864	48,699	2,108,030	-	2,279,886
Interest cost	11,429	2,671	111,978	251,320	2,348,830	300,297	3,026,525
Past service cost	3,925	-	-	-	-	-	3,925
Remeasurement (gains)/losses	5,929	(11,318)	(124,918)	(1,179,640)	(5,182,619)	(1,692,290)	(8,184,856)
Benefits paid	-	(9,255)	(731,318)	(266,560)	(3,016,584)	(311,857)	(4,335,574)
<b>At 30 December 2021</b>	<b>171,806</b>	<b>22,814</b>	<b>1,134,613</b>	<b>2,334,617</b>	<b>27,398,868</b>	<b>2,510,152</b>	<b>33,572,870</b>

**At 31 December 2020**

	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
<b>As at 1 January 2020</b>	35,487	43,272	1,564,539	1,691,580	30,314,771	3,090,099	36,739,748
Current service cost	32,865	6,052	39,908	25,705	2,042,564	-	2,147,094
Interest cost	8,202	5,075	191,274	212,362	3,537,743	357,328	4,311,984
Past service cost	-	-	-	-	-	-	-
Remeasurement (gains)/losses	15,482	(4,419)	44,286	1,792,311	2,436,526	1,088,933	5,373,119
Benefits paid	-	(14,070)	(21,000)	(241,160)	(7,190,393)	(322,358)	(7,788,981)
<b>As at 31 December 2020</b>	<b>92,036</b>	<b>35,910</b>	<b>1,819,007</b>	<b>3,480,798</b>	<b>31,141,211</b>	<b>4,214,002</b>	<b>40,782,964</b>

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

	Legacy fund	
	31-Dec-21 N'000	31-Dec-20 N'000
<b>At beginning of the period</b>	2,740,000	2,617,389
Interest income on assets	191,221	299,658
Benefit paid	(311,857)	(322,358)
Contributions	-	-
Remeasurement gains/(losses)	26,443	145,311
<b>At the end of the period</b>	<b>2,645,807</b>	<b>2,740,000</b>

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

	Dec-21 N'000	Dec-21 %	Dec-20 N'000	Dec-20 %
<b>Investment quoted in active markets:</b>				
Debt instruments issued by Federal Government of Nigeria	1,367,088	51.67	2,008,694	73.31
Cash and cash equivalents	1,011,757	38.24	731,306	26.69
Corporate Bond	266,962	10.09	-	-

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-21 N'000	31-Dec-20 N'000
Present value of defined benefit liabilities	33,572,870	40,782,964
Fair value of plan assets	(2,645,807)	(2,740,000)
Net defined benefit liability	30,927,063	38,042,964

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Analysed as:**

Retirement benefit obligation	30,927,063	38,042,964
	<b>30,927,063</b>	<b>38,042,964</b>

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

	31-Dec-21	31-Dec-20
	%	%
Discount rate	13.4	7.4
Medical benefit increase allowance	-	-
Inflation rate	12.0	12.0

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

	31-Dec-21	31-Dec-20
	%	%
Discount rate	13.4	7.4
Salary increase rate	11.5	7.4

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

	31-Dec-21	31-Dec-20
	%	%
Discount rate	13.40	7.40
Pension increase allowance	6.00	6.00

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

	31-Dec-21	31-Dec-20
	%	%
Discount rate	13.4	7.4
Salary increase rate	12.00	7.4
Inflation rate	12.00	12.0
Benefit increase rate	12.00	7.4

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

	31-Dec-21	31-Dec-20
	%	%
Discount rate	13.4	7.4
Benefit increase rate	-	-

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

	31-Dec-21	31-Dec-20
	%	%
Discount rate	13.4	7.4
Director fee and allowance increase rate	-	-

**A quantitative sensitivity analysis for significant assumption as at 31 December 2021 is as shown below:**

**Medical scheme**

Assumptions	Discount rate		Benefit 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	(129,276)	144,589	152,373	-	(39,414)	37,912

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>Appreciation scheme</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary inflation rate</b>		<b>Age rating</b>	
	1%	1%	1%	1%	1 year	1 year
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the defined benefit obligation	(1,627,830)	1,859,138	1,889,584	1,680,081	25,021	(22,534)
<b>Legacy fund</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Pension increase rate</b>		<b>Age rating</b>	
	1%	1%	1%	1%	1 year	1 year
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(147,323)	165,815	176,388	(158,394)	(67,617)	67,100
<b>Executive management scheme</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary increase rate</b>		<b>Age rating</b>	
	1%	1%	1%	1%	1 year	1 year
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(70,742)	82,539	73,193	(64,361)	(28,709)	29,214
<b>Long service award</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Benefit increase rate</b>		<b>Mortality rate</b>	
	1%	1%	1%	1%	1%	1%
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(1,338)	1,483	1,562	-	(63)	57
<b>Severance benefits</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Allowance increase rate</b>		<b>Age rating</b>	
	1%	1%	1%	1%	1%	1%
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(7,163)	7,580	8,869	(8,470)	869	(796)

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 2021.

The mortality base table used for the schemes is A49/52 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 2020 is as shown below:**

<b>Medical scheme</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Benefit increase rate</b>		<b>Age rating</b>	
	1%	1%	1%	1%	1 year	1 year
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the defined benefit obligation	(279,160)	324,753	329,883	(270,117)	(81,087)	79,196

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>Appreciation scheme</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary increase rate</b>		<b>Age rating</b>	
	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1 year N'000</b>	<b>1 year N'000</b>
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the defined benefit obligation	(2,082,430)	2,408,737	2,400,722	(2,113,635)	12,461	(11,208)
<b>Legacy fund</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Pension increase rate</b>		<b>Age rating</b>	
	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1 year N'000</b>	<b>1 year N'000</b>
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(359,560)	421,730	423,440	(367,148)	(160,800)	163,550
<b>Executive management scheme</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Salary increase rate</b>		<b>Age rating</b>	
	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1 year N'000</b>	<b>1 year N'000</b>
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(88,752)	103,772	97,518	(85,355)	(40,361)	41,337
<b>Long service award</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Benefit inflation</b>		<b>Inflation rate</b>	
	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(2,227)	2,514	2,528	-	(100)	89
<b>Severance benefits</b>						
<b>Assumptions</b>	<b>Discount rate</b>		<b>Allowance increase rate</b>		<b>Age rating</b>	
	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>	<b>1% N'000</b>
<b>Sensitivity Level</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Impact on the net defined benefit obligation	(4,891)	5,238	5,622	(5,326)	455	(416)

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 N2.65 billion (2020: N2.74 billion).

The average duration of the defined benefit plan obligation at the end of the reporting period age of 60 is 18years for men (2020:18years) and 25years for women (2020: 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**22 Share capital**

	31-Dec-21 N'000	31-Dec-20 N'000
Authorised: 50 billion ordinary shares of ₦1 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid: 2.3 billion ordinary shares of ₦1 each	<u>2,300,000</u>	<u>2,300,000</u>

**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.

**22c Retained earnings**

	31-Dec-21 N'000	31-Dec-20 N'000
<b>As at 1 January</b>	95,499,867	89,165,175
Net Surplus	133,117,540	117,760,344
Transfer to Deposit Insurance Reserve	(63,600,002)	(60,003,158)
Other Comprehensive Income	8,205,910	(5,216,745)
Transfer to FGN Consolidated Revenue Fund Account	(55,614,030)	(46,205,749)
<b>As at 31 December</b>	<u>117,609,285</u>	<u>95,499,867</u>

**23 Other reserve**

	31-Dec-21 N'000	31-Dec-20 N'000
Other reserve	<u>100,000</u>	<u>100,000</u>

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**

	Special Insured Institutions N'000	Deposit Money Banks N'000	Non- Interest Deposit N'000	Total N'000
<b>As at 1 January 2021</b>	128,613,713	267,192,945	9,740,053	405,546,711
Provision for deposit insurance for the year (See note (i) below)	16,080,140	42,165,217	5,354,645	63,600,002
Reclassification (See note (ii) below)	(73,872)	-	-	(73,872)
<b>As at 31 December 2021</b>	<u>144,619,981</u>	<u>309,358,162</u>	<u>15,094,698</u>	<u>469,072,841</u>

	Special Insured Institutions N'000	Deposit Money Banks N'000	Non- Interest Deposit N'000	Total N'000
<b>As at 1 January 2020</b>	116,751,142	224,194,063	4,598,348	345,543,553
Provision for deposit insurance for the year (See note (i) below)	11,862,571	42,998,882	5,141,705	60,003,158
<b>As at 31 December 2020</b>	<u>128,613,713</u>	<u>267,192,945</u>	<u>9,740,053</u>	<u>405,546,711</u>

(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.

(ii) The reclassification of N73.87 million from Deposit Insurance Reserve to Deposit insurance fund relates to premium from Special Insured Institutions which was classified in year 2020 under Deposit Insurance Reserve.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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
<b>As at 1 January 2021</b>	-	9,275,116	1,105,801,679	2,137,405	1,117,214,200
Premium for the year (See Note (i) below)	118	1,761,704	142,807,359	989,246	145,558,427
Reclassification (See Note 24 (ii) above)	-	73,872	-	-	73,872
Transfer to compensation due during the year (Note 17)	-	-	-	-	-
<b>As at 31 December 2021</b>	<b>118</b>	<b>11,110,692</b>	<b>1,248,609,038</b>	<b>3,126,651</b>	<b>1,262,846,499</b>

	Payment Service Banks N'000	Special Insured Institutions N'000	Deposit Money Banks N'000	Non- Interest Deposit N'000	Total N'000
<b>As at 1 January 2020</b>	-	8,475,697	995,894,329	1,496,828	1,005,866,854
Premium for the year (See note (i) below)	-	1,214,774	109,907,350	640,577	111,762,701
Transfer to compensation due during the year (Note 17)	-	(415,355)	-	-	(415,355)
<b>As at 31 December 2020</b>	<b>-</b>	<b>9,275,116</b>	<b>1,105,801,679</b>	<b>2,137,405</b>	<b>1,117,214,200</b>

(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 10 (1&2) of NDIC Act.

(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-21 N'000	31-Dec-20 N'000
Deposit Insurance reserves (See Note 24 above)	469,072,841	405,546,711
Deposit Insurance fund (See Note 25 above)	1,262,846,499	1,117,214,200
	<b>1,731,919,340</b>	<b>1,522,760,911</b>

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

	31-Dec-21 N'000	31-Dec-20 N'000
Operating surplus from operations	133,117,540	117,760,344
<b>Non-cash adjustments to reconcile surplus before tax to net cash flows:</b>		
Depreciation of property, equipment and right-of-use assets (Note 15)	608,549	688,650
Amortisation of intangible assets (Note 16)	338,979	409,398
Profit on disposal of property, plant and equipment (Note 7)	(11,112)	(24,810)
Foreign exchange gains (Note 7)	(136,032)	(328,911)
Credit loss expense on financial assets (Note 10)	191,390	734
Interest expense on lease liabilities (Note 9)	6,320	20,108
Employee benefit costs (Note 8)	5,113,726	6,170,483
Interest income (Note 5)	(192,354,252)	(176,385,658)
Reversal of property, plant and equipment (Note 15)	8,215	-
Remeasurement of Leases -Cost (Note 15)	(3,132)	-
Remeasurement of Leases -Accumulated depreciation (Note 15)	(110,572)	-
Remeasurement of Lease liability (Note 15)	(42,081)	-
<b>(Increase)/decrease in operating assets:</b>		
Other assets	(3,029,970)	3,351,141
<b>Increase/(decrease) in operating liabilities:</b>		
Account payables and other liabilities	7,216,159	(80,752)
Due to banks	31,065	52,161
Compensation due to insured depositors	(58,021)	355,526
Deposit insurance fund	145,558,427	111,347,346
Retirement benefit obligation	(4,023,717)	(7,466,623)
<b>Net cash flows from operating activities</b>	<b>92,421,481</b>	<b>55,869,137</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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 2021**

	Current N'000	Non-current N'000	Total N'000
<b>Assets</b>			
Cash and balances with Central Bank of Nigeria	7,473,152	-	7,473,152
Debt instruments at fair value through other comprehensive income	45,488,397	462,646,240	508,134,637
Debt instruments at amortised cost	343,172,989	1,014,014,358	1,357,187,347
Other assets	6,835,418	-	6,835,418
Property, equipment and right-of-use assets	-	46,985,880	46,985,880
Intangible assets	-	3,144,025	3,144,025
<b>Total assets</b>	<b>402,969,956</b>	<b>1,526,790,503</b>	<b>1,929,760,459</b>
<b>Liabilities</b>			
Compensation due to insured depositors	12,426,515	-	12,426,515
Due to banks	1,039,837	-	1,039,837
Account payables and other liabilities	21,239,160	-	21,239,160
Retirement benefit obligation	-	30,927,063	30,927,063
FGN Consolidated Revenue Fund payable	9,507,537	-	9,507,537
Deposit Insurance Fund	1,262,846,499	-	1,262,846,499
<b>Total liabilities</b>	<b>1,307,059,548</b>	<b>30,927,063</b>	<b>1,337,986,611</b>

**31 December 2020**

	Current N'000	Non-current N'000	Total N'000
<b>Assets</b>			
Cash and balances with Central Bank of Nigeria	94,353,598	-	94,353,598
Debt instruments at fair value through other comprehensive income	199,928,434	323,243,770	523,172,204
Debt instruments at amortised cost	408,864,328	692,791,738	1,101,656,066
Other assets	3,805,448	-	3,805,448
Property, plant and equipment	-	37,658,720	37,658,720
Intangible assets	-	2,360,186	2,360,186
<b>Total assets</b>	<b>706,951,808</b>	<b>1,056,054,414</b>	<b>1,763,006,222</b>
<b>Liabilities</b>			
Compensation due to insured depositors	12,484,536	-	12,484,536
Due to banks	1,008,772	-	1,008,772
Account payables and other liabilities	14,001,025	57,737	14,058,762
Retirement benefit obligation	-	38,042,964	38,042,964
FGN Consolidated Revenue Fund Account	4,105,681	-	4,105,681
Deposit Insurance Fund	1,117,214,200	-	1,117,214,200
<b>Total liabilities</b>	<b>1,148,814,214</b>	<b>38,100,701</b>	<b>1,186,914,915</b>

**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-21 N'000	31-Dec-20 N'000
Pending litigation	782,771,198	789,876,912

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 2021**

**(b) Capital commitments**

Capital commitments authorized by the board amounted to N11.53billion as of 31 December 2021. (December 2020: N24.32billion)

**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:**

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
<b>Directors:</b>		
Fees and allowances	754,120	789,551
<b>Senior management:</b>		
Salaries and wages	476,170	376,157
	<b>1,230,290</b>	<b>1,165,708</b>

**(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:

	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>N'000</b>	<b>N'000</b>
Maximum balance during the year	-	-

**30 Events after the reporting date**

As at the reporting date, the global and the Nigerian economies were steadily recovering from the significant adverse consequences of the COVID-19 pandemic but the world was hit with another round of economic uncertainties occasioned by the Russia-Ukraine conflict. This has led to unprecedented disruptions in global supply chains, sharp rise in crude oil and natural gas prices, turmoil in global stock and financial markets, and a devastating global food crisis. These outcomes have had serious adverse implications for key sectors including but not limited to oil and gas, aviation, manufacturing, trade and consumer markets resulting in high rise in prices for goods and services across the globe.

**Assets Capitalisation Threshold**

The Corporation reviewed upwards the capitalization threshold for Non-Major assets from N500,000 (Five Hundred Thousand Naira Only) to N1,500,000 (One Million Five Hundred Thousand Naira Only). This was made to address the rising inflation in the Unit prices of Non-Major assets that has been on steep rise after the reporting date.

The effect of this review on the Corporation's future financial statements is that all Non-Major assets below the new capitalization threshold will be written off and only assets that meet the threshold will remain on the assets register.

**Balance sheet analysis:**

While the amounts in the statement of financial position reflects the carrying amounts as at 31 December 2021, the following should be noted:

**Debt instruments at fair value through other comprehensive income**

The fair value of the Corporation's investment in Federal Government bonds and treasury bills recognised has not reduced significantly as at the date the financial statements are authorised for issue despite the impact of the volatility in securities yield and prices in the post covid.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Deposit insurance fund**

The deposit insurance fund of the Corporation has increased subsequent to year end as a result of the receipt of assessed deposit insurance premiums from deposit taking institutions for the 2021 financial year.

**Provision for deposit insurance for the year**

At the time of signing the financial statements, the Corporation has commenced the implementation of a significant review of its target funding provision to respond to the Global economic uncertainties posed by Russia-Ukraine war and the post covid era.

**Financial performance analysis:**

**Deposit insurance premium**

Subsequent to year end, inline with the Corporations establishing Act, the Corporation has completed the premium assessment process for all deposit taking institutions for the 2021 financial year and has received premiums amounting to N145 billion from deposit money banks, non-interest banks and special insured institutions.

**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 occasioned by the Russia- Ukraine war.

**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 Corporations establishing Act despite rising cost levels.

**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:

	<b>Deposit Insurance fund N'000</b>	<b>Shareholders fund N'000</b>	<b>Total N'000</b>
<b>31 December 2021</b>			
<b>ASSETS</b>			
Cash and balances with the Central Bank of Nigeria	7,099,494	373,658	7,473,152
Financial assets:			
-Debt instruments at amortised cost	1,138,001,590	219,185,757	1,357,187,347
-Debt instruments at fair value through other comprehensive income	508,134,637	-	508,134,637
Other assets	-	6,835,418	6,835,418
Property, equipment and right-of-use assets	-	46,985,880	46,985,880
Intangible assets	-	3,144,025	3,144,025
<b>Total Assets</b>	<b>1,653,235,721</b>	<b>276,524,738</b>	<b>1,929,760,459</b>
<b>LIABILITIES</b>			
Compensation due to insured depositors	12,426,515	-	12,426,515
Due to banks	-	1,039,837	1,039,837
FGN consolidated revenue fund payable	-	9,507,537	9,507,537
Account payables and other liabilities	-	21,239,160	21,239,160
Retirement benefit obligations	-	30,927,063	30,927,063
Deposit insurance fund	1,262,846,499	-	1,262,846,499
<b>Total Liabilities</b>	<b>1,275,273,014</b>	<b>62,713,597</b>	<b>1,337,986,611</b>
<b>Excess of Total Assets over Total Liabilities</b>	<b>377,962,707</b>	<b>213,811,141</b>	<b>591,773,848</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Deposit Insurance fund N'000	Shareholders fund N'000	Total N'000
<b>31 December 2020</b>			
<b>ASSETS</b>			
Cash and balances with the Central Bank of Nigeria	89,635,918	4,717,680	94,353,598
Financial assets:			
-Debt instruments at amortised cost	923,757,841	177,898,225	1,101,656,066
-Debt instruments at fair value through other comprehensive income	523,172,204	-	523,172,204
Other assets	-	3,805,448	3,805,448
Property, equipment and right-of-use assets	-	37,658,720	37,658,720
Intangible assets	-	2,360,186	2,360,186
<b>Total Assets</b>	<b>1,536,565,963</b>	<b>226,440,259</b>	<b>1,763,006,222</b>
<b>LIABILITIES</b>			
Compensation due to insured depositors	12,484,536	-	12,484,536
Due to banks	-	1,008,772	1,008,772
FGN consolidated revenue fund payable	-	4,105,681	4,105,681
Account payables and other liabilities	-	14,058,762	14,058,762
Retirement benefit obligations	-	38,042,964	38,042,964
Deposit insurance fund	1,117,214,200	-	1,117,214,200
<b>Total Liabilities</b>	<b>1,129,698,736</b>	<b>57,216,179</b>	<b>1,186,914,915</b>
<b>Excess of Total Assets over Total Liabilities</b>	<b>406,867,227</b>	<b>169,224,080</b>	<b>576,091,307</b>

# Other National Disclosures



**NIGERIAN DEPOSIT INSURANCE CORPORATION**  
**OTHER NATIONAL DISCLOSURES**  
**STATEMENT OF VALUE ADDED**

	<b>31-Dec-21</b>	<b>%</b>	<b>31-Dec-20</b>	<b>%</b>
	<b>N'000</b>		<b>N'000</b>	
Income	192,516,995		176,782,378	
Less:				
Brought in materials and services (local)	(12,894,115)		(10,287,596)	
<b>Value added</b>	<b>179,622,880</b>	<b>100%</b>	<b>166,494,782</b>	<b>100%</b>
<b>Applied as follows:</b>				
<b>To pay employees:</b>				
Staff costs	45,557,812	25.36%	47,636,390	28.61%
<b>To pay providers of capital:</b>				
Transfer to FGN consolidated revenue fund	55,614,030	30.96%	46,205,749	27.75%
<b>To pay Government:</b>				
Taxation	-	0.00%	-	0.00%
<b>Maintenance of assets and retention for future operations:</b>				
For replacement of property and equipment, RoU assets and intangible assets	947,528	0.53%	1,098,048	0.66%
Retained surplus for the year	77,503,510	43.15%	71,554,595	42.98%
	<b>179,622,880</b>	<b>100%</b>	<b>166,494,782</b>	<b>100%</b>

**NIGERIAN DEPOSIT INSURANCE CORPORATION**  
**OTHER NATIONAL DISCLOSURES**  
**FIVE- YEAR FINANCIAL SUMMARY**

	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
<b>Assets</b>					
Cash and balances with the Central Bank of Nigeria	7,473,152	94,353,598	30,761,300	15,206,833	10,948,423
Financial investments: available-for-sale	-	-	-	-	316,533,737
Financial investments held-to-maturity	-	-	-	-	625,895,369
Loans and receivables	-	-	-	-	207,730,841
Debt instruments at amortised cost	1,357,187,347	1,101,656,066	1,037,951,708	847,551,675	-
Debt instruments at fair value through other comprehensive income	508,134,637	523,172,204	431,141,907	435,647,637	-
Other assets	6,835,418	3,805,448	7,156,589	5,084,597	4,126,978
Property, equipment and right-of-use assets	46,985,880	37,658,720	33,862,842	27,521,129	24,427,961
Intangible assets	3,144,025	2,360,186	3,609,260	2,563,494	1,864,127
	<b>1,929,760,459</b>	<b>1,763,006,222</b>	<b>1,544,483,606</b>	<b>1,333,575,365</b>	<b>1,191,527,436</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Compensation due to insured depositors	12,426,515	12,484,536	12,129,010	10,355,364	9,645,255
Due to banks	1,039,837	1,008,772	956,611	827,384	705,195
FGN consolidated revenue fund payable	9,507,537	4,105,681	12,499,941	31,741,544	35,758,345
Deposit insurance funds	1,262,846,499	1,117,214,200	1,005,866,854	900,744,792	-
Account payables and other liabilities	21,239,160	14,058,762	14,139,514	8,549,008	8,723,033
Retirement benefit obligations	30,927,063	38,042,964	34,132,291	9,984,607	11,520,929
	<b>1,337,986,611</b>	<b>1,186,914,915</b>	<b>1,079,724,221</b>	<b>962,202,699</b>	<b>66,352,757</b>
<b>Equity</b>					
Issued share capital	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Retained earnings	117,609,285	95,499,867	89,165,175	80,641,538	66,533,517
Fair value reserve	2,691,722	72,644,729	27,650,657	(17,038,253)	1,132,889
Other reserves	100,000	100,000	100,000	100,000	100,000
Deposit insurance Reserve	469,072,841	405,546,711	345,543,553	305,369,381	1,055,108,273
	<b>591,773,848</b>	<b>576,091,307</b>	<b>464,759,385</b>	<b>371,372,666</b>	<b>1,125,174,679</b>
<b>Total liabilities and equity/insurance funds</b>	<b>1,929,760,459</b>	<b>1,763,006,222</b>	<b>1,544,483,606</b>	<b>1,333,575,365</b>	<b>1,191,527,436</b>
<b>Summarised statement of comprehensive income</b>					
Total operating income	192,516,995	176,782,378	187,845,245	165,185,404	146,487,139
Total operating expenses	(59,399,455)	(59,022,034)	(69,780,858)	(41,505,921)	(38,681,657)
<b>Net operating surplus</b>	<b>133,117,540</b>	<b>117,760,344</b>	<b>118,064,387</b>	<b>123,679,483</b>	<b>107,805,482</b>
Net operating surplus	133,117,540	117,760,344	118,064,387	123,679,483	107,805,482
Other comprehensive income/(loss) for the year	(61,747,097)	39,777,327	37,634,504	(16,567,051)	15,857,626
<b>Total comprehensive income for the year</b>	<b>71,370,443</b>	<b>157,537,671</b>	<b>155,698,891</b>	<b>107,112,432</b>	<b>123,663,108</b>