GREENWICH
MERCHANT BANK

# 2022
# ANNUAL REPORT & ACCOUNTS

*Timeless Investment, Timeless Value*

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| Mr. Kayode Falowo | Chairman |
| Mr. Bayo Rotimi | Managing Director |
| Mr. Benson Ogundeji | Executive Director |
| Mr. Tony Uponi | Non-Executive Director |
| Mrs Vivienne Bamgboye | Non-Executive Director |
| Mr. Segun Oloketuyi | Non-Executive Director |
| Dr. Olutoyin Okeowo | Non-Executive Director |
| Dr. Umar Faruk | Non-Executive Director |
| Ms. Daisy Ekineh | Independent Non-Executive Director |
| Mr. Philip Ikeazor | Independent Non-Executive Director |
| Mr. Anselm Orazulike | Non-Executive Director |

**Company Secretary**

Mrs. Omobola Makinde
Plot 1698A, Oyin Jolayemi Street
Victoria Island
Lagos

**RC. No.**

RC189502

**TIN No.**

00090444-0001

**Registered Office**

Plot 1698A, Oyin Jolayemi Street
Victoria Island
Lagos

**Auditor**

PricewaterhouseCoopers Chartered Accountants
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

# Board of Directors

**Mr. Kayode Falowo**
Chairman

He is a seasoned Investment Banker. He holds a BSc. (Hons) in Agricultural Engineering from the University of Ife (now Obafemi Awolowo University, Ile Ife) Oyo State in 1982 and an MBA (Finance) from the University of Benin.

He was a Council member of the Nigerian Stock Exchange and once served as the Chairman of the Capital Market Committee on Products and Business Development. He currently sits on the Board of the National Association of Securities Dealers (NASD) Plc., where he is also the Chairman of the Rules Committee.

Kayode Falowo is an active member of numerous professional and industry associations. He is a distinguished Fellow of the Chartered Institute of Stockbrokers, a Fellow of the Association of Investment Advisers and Portfolio Managers, a Fellow of the Association of Pension Funds of Nigeria, and a Fellow of the Certified Pension Institute of Nigeria. He is also a member of the Nigerian Economic Summit Group, the Lagos Chamber of Commerce & Industry, the Institute of Directors (IoD) Nigeria, the Institute of Management Consultants, and the Nigerian Institute of Management. Council on Privatisation, member of the sub-committee on the Extractive Industry of the Bureau of Public Enterprises and a member of the National Bond Steering Committee.

He is the immediate past President and Chairman of Council of the Nigerian-British Chamber of Commerce (NBCC). He is also a Council Member of the Nigerian-Malaysian Business Council.

Mr. Falowo is the Chairman of Greenwich Registrars and Data Solutions Limited, Chairman of GTL Trustees Limited and Chairman of Meyer Plc. He sits on the Board of the Olusegun Agagu Foundation, and on the Board of Trustees at the University College Hospital Foundation Ibadan and the Ondo State Cancer Foundation.
Mr. Falowo is a Paul Harris Fellow and a major donor of the Rotary International Club. He is also a Member of the Metropolitan Club, Ikeja Golf Club, the Lagos Motorboat Club and the Ikoyi Club, Lagos.

**Mr. Bayo Rotimi**
Managing Director

Bayo has over 27 years' experience as an investment banking professional; having previously worked at Fountain Trust Merchant Bank, Lead Merchant Bank and FCMB Capital Markets Limited, where he rose to the position of Chief Executive Officer in 2008 before leaving to establish his own boutique Investment Banking Firm. He was previously the Chairman of the Investment Committee of ARM's Discovery Aggressive Growth, Ethical, Money Market, Fixed Income and Eurobond Funds with over N110 billion under management.

He holds a Bachelors Degree in Economics from the University of Lagos (1990) and a Masters Degree from the University of Sheffield, UK (1992). He has acquired significant experience over the years and has led the execution of numerous landmark transactions cutting across Corporate Finance, Capital Raising (debt, equities, and hybrids) and Financial Advisory services (Mergers & Acquisitions, Corporate Restructuring, Privatization Advisory and Project Finance).

Bayo is a Member of the Institute of Directors; Associate of the Certified Pension Institute; Member, Chartered Institute of Bankers and Member of the Advisory Board of the Enterprise Development Centre (EDC) of the Pan Atlantic University.

He taught Strategic Planning at the EDC and actively supports its Experts-in-Residence program that mentors emerging businesses. Bayo was an External member of Faculty at the Lagos Business School between 2009 and 2013. He also continues to serve on various market development-focused committees inaugurated by the Securities and Exchange Commission to facilitate the development of the Nigerian Financial markets.

Bayo Rotimi, as MD/CEO, provides leadership and direction to the Management Team and is responsible for driving the Company's overall strategic objectives and operational performance towards optimal value for stakeholders in line with global best practice.

**Mr. Benson Ogundeji**
Executive Director

Benson Ogundeji holds a first degree in Banking and Finance from Ogun State University, Ago-Iwoye. He is a Fellow of both the Chartered Institute of Bankers of Nigeria and Institute of Chartered Accountants of Nigeria. He has attended several training programmes both in Nigeria and overseas, including Competitive Strategy at INSEAD Singapore.

He is a consummate banker with 30 years' experience with various banks in Nigeria, including Nigerian American Merchant Bank Limited, MBC International Bank Limited, First Bank of Nigeria PLC, Guaranty Trust Bank PLC and Ecobank Nigeria Limited.

Prior to his joining Greenwich as an Executive Director, he was a General Manager at Ecobank and at various times, acted as the Business Head of Corporate Bank at Ecobank. He was also a Regional Account Manager with responsibility for account management across Africa with direct responsibility and oversight for several Relationship Managers within the Ecobank Group.

Benson has at various times been a member of both the Annual Dinner and Membership Committees of the Chartered Institute of Bankers of Nigeria.

Over the years, Benson has led various teams either as Team Leader or Group Head in Corporate Bank covering several market sectors, including food and beverages, flour, cement and building materials, aviation/transportation, construction, soft commodities, oil and gas, healthcare and personal care, plastics and packaging, fertilizer and agriculture, trading, and logistics.

Benson is currently a Non Executive Director with Greenwich Asset Management Limited.

Dr. Olutoyin Okeowo is the Managing Director/Chief Executive Officer of Metropolitan Motors Ltd. He has a wide range of experience having served on the board of several companies, including VT Leasing Limited, Meyer Plc., Greenwich Trustees Limited, Funds Electronic Transfer Systems Limited, Kabelmetal Nigeria Plc., Oasis Insurance Plc and TMJ Properties Limited. He started his career as a lecturer in the faculty of Business Administration, University of Lagos before he resigned to join the family business in 1986.
Dr. Okeowo is the Chairman of the Equipment Leasing Association of Nigeria (ELAN) and Chairman of the Board of Trustees of the University College Hospital (UCH) Ibadan Foundation. He is a member of the Governing Council of several institutions including the Nigerian Institute of Management (NIM), Ajayi Crowther University, Oyo State and Immanuel College of Theology, Ibadan. In recognition for his unwavering and outstanding dedication to the service, in 2019, he was conferred the honorary degree of Doctor of Science (D.Sc) Business Administration by Ajayi Crowther University.

He holds a master's degree in Management Science and Technology from the University of Wales, UK, Institute of Science and Technology. He is an alumnus of Lagos Business School and a Fellow of the Institute of Directors of Nigeria (IoD).

He is a member of Metropolitan Club, Victoria Island, Lagos.

**Dr. Olutoyin Okeowo**
Non-Executive Director

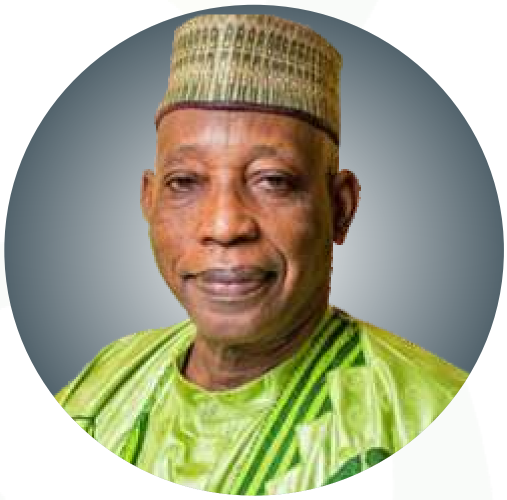
**Ms. Daisy Ekineh**
Independent Non-Executive Director

Ms. Daisy Ekineh holds a Bachelor of Arts in Economics and a Master of Arts in Development Studies, both from the Ohio University, Athens, Ohio, USA.

She has over thirty (30) years professional experience in the capital market with a strong focus in research, capital market development, corporate finance, mergers and acquisitions, financial reporting, corporate governance, and capital market regulation.

She has been a member of various committees, such as the Technical Committee of the Bond Market Steering Committee, Regulation and Capital Market Committees of the Financial Sector Strategy, Information Sharing Sub-Committee of the Financial Services Regulation Coordination Committee (FSRCC), amongst others.

She is currently the Chief Executive Officer at DSE Advisory Services Limited. Prior to that, she was Chief Operating Officer (COO) at Global Mandate Consulting Limited and the Commissioner-in-charge of Operations at the Securities and Exchange Commission, Nigeria. She was also the Acting Director-General of SEC from May 2009 to January 2010.



**Dr. Faruk Umar**
Non-Executive Director

A Harvard Business School Certified Corporate Director and a Fellow of the Institute of Directors (IoD), Dr Umar is an alumnus of Insead Institute, and Ahmadu Bello University, Zaria where he obtained his Bachelor and Masters degrees in Education and Educational Psychology in 1976 and 1979 respectively. He also obtained his Doctorate degree in Educational Psychology from University of Wisconsin, USA, in 1987.

Dr. Umar started his working carrier at the School of Preliminary Studies, Kano as a Lecturer in 1977. Between 1983 and 1984, he served as the Permanent Secretary, Special Duties, with Kano State Government and later worked as Manager, Research and Educational Services, at Kano State Foundation from 1988 to 1991. A Boardroom guru, Dr. Umar had served as a member on the Boards of Ashaka Cement Plc, Union Homes Savings and Loans Plc , CCNN Plc ,1004 Estates Limited and Nahco Plc among others. He is currently the Chairman , Board of Governors , Pearls Awards Nigeria .

Dr. Umar was a member of several Audit Committees and now serves on the Audit Committees of Seplat Plc , and Nascon Plc

Dr Umar has attended several Executive courses organized by Euro Money Solutions and a course on Accounting and Finance for Non – accounting Executives at Stanford University in the USA .Dr Umar was a member, Finance Committee, Vision 20:2020 and also a member of the Committee that reviewed the Investment and Securities Act, as well as the Committee that reviewed the Companies and Allied Matters Act (CAMA )and Trustees Investment Act (TIA).

Dr. Umar was the National President of Rumfa Old Boys Association from 2009-2011 and currently the President of the ABC/ABU Alumni Association He currently holds the title of Babalaje of Inisa Land. Dr Umar has also been appointed as a Non-Executive Director of the Nigerian Exchange Limited.

**Mr. Tony Uponi**
Non-Executive Director

Mr. Tony Uponi graduated with a Bachelor of Laws (LL.B Hons) degree from the University of Benin in 1986, and immediately proceeded to the Nigerian Law School where he graduated with a second class upper and was accordingly called to Bar in October 1987. He subsequently pursued a postgraduate programme leading to the award to him, of a Master of Laws (LL.M) degree (with specialisation in Company Law) from the University of Lagos in 1992.

Upon completion of his postgraduate programme, Mr. Tony Uponi established the Law Firm of Marriot Solicitors where he has been the Principal Partner since 1992.

He has over the past 32 years, been fully engaged in private legal practice. He was conferred the status of a Notary Public by the Supreme Court of Nigeria in Year 2009.
Mr. Tony Uponi is registered as a Capital Market Consultant by the Securities & Exchange Commission and is a member of the Capital Market Solicitors Association.

He has played an active role as a Solicitor and Legal Consultant on several landmark mergers, acquisitions, capital raising and other transactions in the financial services sector.

He presently sits as a Director in several reputable Companies including Meyer Plc, Citadel Nominees Limited,Greenwich Trustees Limited, and Davennis Limited.

He has attended several local and international seminars as well as training programs organised for Directors.

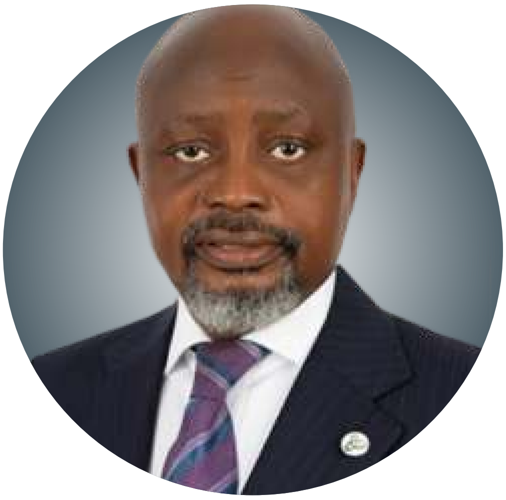
Vivienne Bamgboye holds a BA in English and Drama (Ahmadu Bello University) and an LLB (University of Ibadan). She was called to the Nigerian Bar in 1989. She is a certified PRINCE2 project manager and holds a PGD in Youth Social Work (Goldsmiths College, University of London). She also has a certificate in Executive Coaching from the University of Cape Town and The Coaching Academy, UK.

Vivienne is an organisational and human capacity development practitioner with 30 years' experience that spans corporate and public law, policy advisory and development consulting both in Nigeria and the UK. She has a track record of designing consulting solutions for organizational transformation or institutional change.

She started her professional career as a practice attorney at the Rhodes & Rhodes law firm before moving to public law advocacy in the UK. She has also served as team leader for capacity building in the Federal Ministry of Education and Team Lead for the advisory team at the Federal Ministry of Agriculture & Rural Development.

As Lead Consultant at the Oye Centre for Learning & Development, she has led project teams to oversee high impact people development and organisational restructuring projects for private sector clients & multinationals.

**Mrs. Vivienne Bamgboye**
Non-Executive Director



**Mr. Segun Oloketuyi**
Non-Executive Director

Mr. Segun Oloketuyi is a consummate banker with over three decades of banking and managerial experience. He was the Managing Director/Chief Executive Officer of Wema Bank Plc until his retirement in September 2018.

Segun is a Fellow of the Institute of Chartered Accounts of Nigeria (ICAN), a graduate of Chemistry and a post-graduate diploma holder in Chemical Engineering both from the University of Lagos. He started out in 1985 as an Audit Trainee with the then Akintola Williams and Co. (Chartered Accountants), now Deloitte & Touche. He is an MBA Alumnus of the Lagos Business School and the Advanced Management Programme of INSEAD, Fontainebleau, France.

A 2007 recipient of the Distinguished Alumni Merit Award of the University of Lagos and 2015 Deloitte Distinguished Alumni Award, he holds the Fellowships of the Institute of Directors and the Chartered Institute of Bankers of Nigeria.

He is a member of Ikoyi Club.

Philip Ikeazor has over 30 years' experience in the financial services industry. He has held various board positions notably as the CEO of Keystone Bank Limited, CEO of Ecobank Kenya Limited, Executive Director, Union Bank Nigeria, Director of Union Bank UK PLC, and Director of the Orient Bank Uganda. Philip also served as a member of the governing board of ICRISAT –International Crop Research Institute for the Semi-Arid Tropics, India (a member of the World Bank-led Consultative Group on International Agric. Research).

Philip has a BSc. Economics from the University of Buckingham UK. He is an Alumnus of Wharton-CEIBS-IESE Business School Global CEO Programme and attended executive programmes at Harvard Business School and Wharton School of Business.

He is a Fellow of the Institute of Chartered Accountants of Nigeria, Fellow Chartered Institute of Bankers of Nigeria, and a Fellow of the Chartered Institute of Taxation of Nigeria.

**Mr. Philip Ikeazor**
Independent Non-Executive

**Mr. Anselm Orazulike**
Non-Executive Director

Mr. Anselm Orazulike holds a BSc. Hons in Finance (Second Class Upper division) from the University of Nigeria, Nsukka, and Masters in Business Administration (MBA) also in Finance from the University of Lagos.

He has over 23 years' experience in banking covering Investment Banking, Development Banking, Corporate Banking, Commercial Banking, Retail Banking, Branch Banking, Public Sector, Treasury and Money Market and Risk Management.

After rising to the highest level of Executive Management in both FSB International Bank (now Fidelity Bank) and Equitorial Trust Bank (now Sterling Bank), he voluntarily left the banking industry in late 2009 to set up the Spectrum Group in early 2010 which is an emerging local conglomerate with diverse interests in investment services, consulting and project management, marine and shipping, oil and gas services and real estate.

He served as a member of the Technical Committee set up by the Federal Government of Nigeria that crafted the Vision 2010 agenda in the middle to late 1990s

He was a pioneer member of the Nigerian Economic Summit Group (NESG) representing FSB International Bank Plc (a think-tank group set up by the organized private sector to advise government on key national and economic issues).

Apart from core banking courses, seminars, and attachments he attended in such banks as Bank of America, USA, Midland Bank London, and Euromoney/DC Gardner London, Mr. Orazulike is a widely travelled person and has attended several executive and high-level management programs in Nigeria, Europe and USA. He is an alumnus of Institute for Business Education (INSEAD) Fontainebleau France, International Institute for Management Development (IMD) Lausanne, Switzerland and Harvard Business School, Boston Massachusetts, USA.

Mr. Orazulike is a Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN), Fellow of the Nigerian Institute of Management (FNIM), Fellow of the Institute of Management Consultants (FIMC), Certified Management Consultant (CMC), and Associate Fellow of the African Institute for Applied Economics (FAIAE now Heritage Institute).

Apart from being a Director of Greenwich Merchant Bank Limited, where he is the Chairman of the Board's Committee on Risk Management as well as a member of the Board's Audit Committee, he also serves on the Board of a few other companies.

He also gives back to society through his ANSELM ORAZULIKE FOUNDATION. Mr Orazulike is married with children and is a member of the Ikoyi Club 1938 and Lagos Motor-Boat Club, Ikoyi, Lagos.

Mrs. Omobola Makinde is the Company Secretary/Head, Legal of the Greenwich Merchant Bank Limited. She has over 18 years' experience in Corporate and Commercial Law.

Prior to her appointment, Omobola was the Managing Director, GTL Trustees Limited. She has served in diverse capacities as Group Company Secretary, Head of Compliance and Group Executive of Human Resources and Administration for the Greenwich Trust Group. She has also served as the Assistant Company Secretary and Senior Legal Officer at Cityscape PLC; and as Legal Consultant at CPCS Transcom.

Her specialization includes implementation and institutionalization of Compliance, Governance Frameworks and Human Resource Frameworks.

Omobola is an Associate Member of the Chartered Institute of Secretaries and Administrators of Nigeria; Member, Chartered Institute of Secretaries and Administrators, United Kingdom; and Member, Society for Corporate Governance. She holds an LLB (Hons) Degree from the University of Ilorin and a Bachelor of Law Degree from the Nigerian Law School.

**Mrs. Omobola Makinde**
Company Secretary

# Executive Management Team

**Bayo Rotimi**
MD/CEO

**Mr. Benson Ogundeji**
Executive Director

**Mrs. Omobola Makinde**
Company Secretary

**Mr. Tubosun Falowo**
Chief Operating Officer

**Mrs. Anne Mutuah**
Head, HCM & Admin.

**Mr. Adewale Adeniyi**
Chief Finance Officer

**Mr. Ayobami Babalola**
Chief Risk Officer

**Mr. Kenneth Ero**
Head, Investment Banking

**Ms. Eniola Osula**
MD Greenwich Securities Limited

**Mrs. Kehinde Olomojobi**
Treasurer

**Mr. Femi Aderibigbe**
Chief Information Officer

**Mr. Obus Orovwuje**
Divisional Head, Corporate Banking

**Mr. Rasaq Alawode**
Chief Internal Auditor

**Mr. Tayo Lawal**
Chief Compliance Officer

# CHAIRMAN'S *Statement*

Distinguished Shareholders, Board of Directors, Ladies and Gentlemen, it is with great pleasure that I welcome you to our 28th Annual General Meeting as a Company and 3rd Annual General Meeting as a Bank and present to you the Annual Report and Financial Statements for the year ended December 31, 2022.

Last year came with unexpected global challenges and sub-optimal domestic macroeconomic performance. Regardless, Greenwich Merchant Bank withstood the resultant systemic pressures and returned a modest dividend to shareholders. As you will notice in the financial statements, the profitability performance declined from the preceding year as a result of the stated challenges.

**MACROECONOMIC REVIEW**

Last year, shockwaves arising from geopolitical conflicts, aggressive monetary policy measures to restore price stability, commodities and food supply bottlenecks and cost of living pressures led to a volatile global environment. In addition, cost of borrowing, especially for sovereigns in the emerging markets like Ghana, Angola and Nigeria increased due to substantial depreciation of their currencies and increased global interest rates.

Remarkably one of the major events last year was the annexation of four (4) provinces in Eastern and Southern Ukraine by Russia in February 2022. With Russia being a major supplier of materials like platinum and palladium deployed in semiconductor production, and with both nations being major exporters of agricultural products like corn, sunflower, wheat and barley, the world suffered inflationary pressure throughout last year.

Consequently, economic activities experienced a broad-based and sharper-than-expected slowdown coupled with a less supportive fiscal policy and significant deterioration of government budget balances. Furthermore, we experienced dramatic increase in global inflation above 8.80%, more than seen in several decades. Aptly, the International Monetary Fund (IMF), in its World Economic Outlook report for 2022, projected a global growth of 3.2% - the weakest since 2001 barring the global financial crisis of 2008 as well as the acute phase of the COVID-19 pandemic.

On the domestic scene, Nigeria witnessed slower economic activities which led to a lower economic growth performance as Gross Domestic Product (GDP) growth ended 2022 at 3.52% compared to the 3.98% recorded in 2021. On a Quarter on Quarter (QoQ) basis, the economy grew by 3.11%, 3.54%, 2.25% and 3.52% in Q1, Q2, Q3 and Q4 respectively.

Furthermore, the growth breakdown revealed that the non-oil sector improved by 4.84% driven by Information and Communications sector (+9.76%), Agricultural sector (+1.88%), Trade sector (+5.13%), Finance & Insurance sector (+16.36%), and Manufacturing sector (+2.45%).

The Manufacturing Purchasing Managers' Index (PMI) closed the year above the 50-index point benchmark, recording 54.6 points in December 2022 from 52.0 points in December 2021. This indicated a gradual recovery of output growth, driven largely by the increase in new orders associated with rising aggregate demand and an upward swing in business activities.

Also, in the bid to rein-in the surging inflation witnessed throughout last year, the Central Bank of Nigeria (CBN) adopted strict monetary tightening measures. Hence, the Monetary Policy Committee (MPC) increased its benchmark interest rate cumulatively by 500bps to 16.5% at the end of 2022. It however, left Cash Reserve Ratio (CRR) as well as Liquidity Ratio unchanged at 27.50% and 30.00% respectively. The consecutive increase in the Monetary Policy Rate (MPR) all through last year was a global phenomenon as Central Monetary authorities used interest rate hikes as a tool to curb accelerated inflation.

Nigeria experienced high levels of inflation with its headline inflation rate spiralling to 21.34% by December 2022, having trended upwards for twelve (12) consecutive months during the year. According to the National Bureau of Statistics (NBS), the average inflation rate in 2022 stood at 18.77% compared to 16.98% recorded in 2021. The increased headline inflation rate could be attributed to the higher food prices.

Our foreign reserve declined by 8.50% to close December 2022 at $37.08billion from $40.51billion at the beginning of 2022. The reduction in accretion below the $40billion benchmark can be attributable to the 15.1% reduction in crude oil production from 1.39mbpd in January 2022 to 1.18mbpd in December 2022. According to Nigeria National Petroleum Corporation (NNPC), assets' insecurity (i.e., pipeline theft and vandalism) was one of the prime reasons for the sub-optimal oil production with almost 20% of crude oil produced in 2022 being stolen.

Moreso, data from the Organization of the Petroleum Exporting Countries (OPEC) indicated that Nigeria's crude oil output was at its lowest since 1990 as production declined to 1.0mbpd in September 2022. As a result, Angola and Libya displaced Nigeria as Africa's highest crude oil producer.

## FINANCIAL MARKETS

The Nigerian equities market ended last year on a bullish note as the NGX All Share Index appreciated by 19.98% despite the rising inflation and interest rate hike. The impressive performance was attributed to about 50% capital gains recorded in some highly capitalised stocks, which controlled circa 70% of the total market capitalization last year. In effect, strong local investors' appetite overshadowed the weak sentiments from the foreign investors which was captured in the aggregate transaction volumes. According to available data on the NGX website, local investors accounted for about 86.2% while international investors accounted for 13.8% of the total transactions consummated in the equities market last year.

In effect, domestic investors' sentiment was boosted by positive earnings, improved system liquidity, the crash in the crypto market and instant payment of dividends to shareholders through electronic means. Prompt payment of dividends provided opportunities for immediate reinvestment of these dividends, especially by institutional investors.

Furthermore, the other development responsible for the NGX market capitalization growth was the landmark listing of BUA Foods Plc and Geregu Power Plc. Both listings added N720billion to market capitalization, further boosting liquidity and providing opportunities for wealth creation in the Nigerian Capital Market.

In the same vein, trading activities on Government securities provided investors additional respite as average yield rose significantly in the bond market given increases in the benchmark interest rate and increased government borrowing. Hence, average yield on 3-year, 5-year, 10-year and 20-year maturities increased by 5.05%, 3.22%, 2.12% and 1.74% respectively.

Also, as the end of December 2022, Primary Market Auction stop rates on government treasury bills were 2.75%, 7.15% and 8.49% for the 91-day, 182-day and 364-day bills as compared to the January 2022 figures of 2.50%, 3.44% and 5.50% respectively. So, the average stop rate increased by 231bps from 3.81% recorded during the first auction of 2022 to 6.12% at the last auction in 2022.

## PERFORMANCE REVIEW

In 2022, Greenwich Bank Group recorded a 66.5% Year-on-Year (YoY) growth in gross earnings from N6.43 billion in 2021 to N10.71 billion. The growth in Gross earnings was as a result of the following: Interest Income on loans increased to N1.9bn in 2022 from N0.12bn in 2021 due to growth in loan book from N7.3bn in FY2021 to N33.2bn in FY2022. Also, Interest income on Investment Securities grew to N1.57bn in 2022 from N0.05bn in 2021 due to the increase in our investment in government securities. Similarly, Trading Income increased to N1.1bn in 2022 from N0.8bn in 2021 due to the increase in treasury trading activities in the first quarter of Fy2022.

In effect, the Group recorded an operating income of N5.11 billion, representing an increase of 3% from the N4.95 billion reported in full year 2021.

However, Profit Before Tax (PBT) weakened by 32.4% from N2.43 billion in 2021 to N1.64 billion in 2022 as a result of the 37.7% increase in Operating Expenses.

In the same vein, Profit After Tax (PAT) declined by 26.2% to close the year 2022 at N1.59 billion from N2.15bn in 2021.
Last year, the Group's balance sheet size increased by 6.0%, growing from N103.10 billion in 2021 to N109.24 billion primarily because of the substantial 38% growth in total deposits. Also, notwithstanding the weak recovery in economic activities, the Group aggressively grew its loans book by circa 351.7% from N7.38 billion in 2021 to N33.10 billion in 2022.

The Shareholder's Fund declined marginally by 0.7% from N26.56 billion recorded in December 2021 to N26.37 billion. After due consideration of the financial performance, the Board hereby proposes a dividend of N0.07 kobo per share for the year 2022, subject to shareholders' approval at this meeting.

For the regulatory ratios, the year-end capital adequacy ratio of 48.4% and liquidity coverage ratio of 439.56% are both well above the required thresholds of 10.0% and 100.0% respectively.

## GOVERNANCE

As a Bank committed to strong corporate governance standards, we ensure all our Board appointments are in line with international best practices and global regulatory standards. During the year, DCSL Corporate Services Limited was engaged to conduct the annual Board evaluation/appraisal on the Bank and its wholly owned subsidiaries. The report showed that the Group substantially complied with the provisions of the CBN Code of Corporate Governance, the Nigerian Code of Corporate Governance 2018 (NCCG), Securities and Exchange Commission (SEC) Guidelines on Corporate Governance for Public Companies ("SCCG") and Companies and Allied Matters Act 2020 (CAMA), as well as global best practices on Corporate Governance.

The governance of the Bank's subsidiaries is a key part of the Bank's risk management and compliance framework. The governance framework is implemented through the creation of robust systems and processes. These mechanisms ensure that subsidiary entities reflect similar values, ethics, processes, and controls as the parent company, while remaining independent in the conduct of their business. There were no changes to the composition of the Board of the Bank during the year under review, but Greenwich Securities Limited's Board was enhanced with the appointment of Mr. Bayo Rotimi as

Director of the company.

In compliance with the provisions of Section 31.14 of the SCCG, Principle 18.6 of the NCCG and the requirements of the Institute of Internal Auditors (IIA)'s International Standards for the Professional Practice of Internal Auditing, the Board appointed an external consultant in the firm of Messrs. Deloitte and Touche Nigeria who conducted a quality assessment of the Company's Internal Audit Activity. The Bank Group was adjudged to have generally conformed with the IIA Standards and the various Corporate Governance Codes. The assessment placed the Bank Group on the "Advanced" level in terms of the Deloitte "5 P" (Purpose, Position, People, Process and Performance) internal audit assessment model.

## INVESTMENT IN DIGITAL TECHNOLOGY

- We have commenced the development of the Greenwich Bank Group Digital Omnichannel, a platform to offer all customers a seamless and integrated digital experience across relevant touchpoints.

- We are building an enterprise data warehouse that will provide a rich data set that enables business insights and advanced analytics across the Greenwich Group.

- We have successfully automated over 50% of our in-house processes to improve operational efficiency, reduce turnaround time and improve customer experience.

- We successfully automated and integrated onto the Dangote Sales Collection Payment Integration System (ISOP) Platform for improved treasury and cash management systems.

- We are about to roll out Mytradebook mobile app (android & IOS) to optimize our retail securities trading effort.
- Additionally, the Corporate Internet Banking platform was improved to further enhance customer experience.
- We deployed a robust help desk to manage Operational & IT issues.

- We deployed an Electronic Document Management System (EDMS) to reduce storage space, enhance security & confidentiality, improve regulatory compliance, ease access to records and increase productivity.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Greenwich Foundation was set up in 2021 in collaboration with other associates companies within the Greenwich Group. The Foundation is established solely for the purpose of promoting public good with its aims and objectives centered on Education, Health, and Girl child. During the year, the Foundation sought and obtained the approval of the Lagos State Ministry of Education to partner with Ransome Kuti Memorial Grammar School, Jibowu- Yaba Lagos to implement several projects.

The first area of focus for the Foundation is to provide the minimum health and sanitation standards expected to ensure the children are kept in a safe, healthy, and effective learning environment. Some of the projects to be implemented this year include the construction of new health and sanitation facilities for the Staff and Students of both the junior and senior secondary schools, and the renovation of the dilapidated fence of the school.

The Foundation intends to focus on infrastructure development and seeks to partner with other institutions in this light to fulfil its objectives of giving back to society via its CSR projects.

## OUTLOOK FOR 2023

Global growth is projected to decelerate sharply in 2023, to its third weakest pace in nearly three decades, overshadowed only by the global recessions caused by the pandemic and the last global financial crisis. The World Bank (WB) expects global economic output to decelerate sharply from the 3.20% projected in 2022 to 1.70% in 2023. This will lead to synchronous policy tightening aimed at containing very high inflation and worsening financial conditions.

Furthermore, the World Bank projected that the United States, the Euro-area, and China will undergo another period of pronounced weakness, while the resulting spillovers will exacerbate other headwinds faced by emerging markets and developing economies. Hence, the combination of slow growth, tightening financial conditions and heavy indebtedness are likely to weaken investment and trigger corporate defaults.

On the domestic environment, the expected slow economic growth, high inflation, currency weakness, persistent insecurity and tightening credit conditions will constrain the business environment in 2023. Nonetheless, the Nigerian fiscal authority is expected to continue with its expansionary spending pattern given that N21.83trillion has been approved for 2023 budget, an increase of 28% from the N17.12trillion appropriated last year.

Remarkably, the World Bank projected a growth rate of 2.90% for Nigeria in 2023 while the Federal Government estimated a more optimistic growth rate of 3.75%. The anticipated GDP growth will be supported by improved crude oil output of about 1.6mbpd, high crude oil price of about $88pb, and various market-oriented initiatives of the new administration. However, the projected economic output may be constrained by low investment and productivity, huge infrastructural deficits, and insecurity if these challenges are not addressed.

The work we did to strengthen our governance structures, and improve our business and operating models last year, positions the Bank to benefit from these expansionary trends and to achieve significant market share. In conclusion, I am genuinely optimistic about the future. I am confident that the Directors, Management, and staff have the capacity to sustainably position the business as the first choice for the discerning investor and customer.

## APPRECIATION

I would like to sincerely appreciate our customers for their unflinching loyalty, our Management and Staff for their dedication and our regulators for their support and understanding. I also wish to thank our esteemed Directors for their vision and exemplary leadership in ensuring that the Bank does not falter in the pursuit of its mission and objectives.

Finally, I wish to commend our distinguished Shareholders for your commitment over the years, and for the support and patronage extended by many of you to the Bank.
Thank you and God Bless.

**KAYODE FALOWO**
**Chairman**
**FRC/2014/CISN/00000007051**

**Dear Shareholders,**

I am pleased to present to you our Annual Report and Accounts for the year ended 31st December 2022. As we reflect on the past year, 2022 was indeed historic marked by dwindling global conditions and the country's significant economic challenges. However, our commitment to supporting the growth of the Nigerian economy remained steadfast.

As part of our continued mandate to create optimal value for stakeholders, I am delighted to share that our Credit Rating was upgraded from "BBB-" to "BBB" with a stable outlook by Global Credit Rating (GCR). We also were accorded a "BBB" with a stable outlook by Agusto & Co. The ratings reflect our strong and adequate capitalization, robust liquidity profile, satisfactory asset quality rating, sound risk position, experienced Management team and strong shareholder support.

During the period under review, we facilitated several notable transactions in both public and private sectors, including the support of the Federal Government's N100 Billion Sukuk V Issuance that successfully closed with a subscription level of over N165 Billion. Additionally, we took our alternative financing pedigree beyond the Federal Government; we advised TAJ Bank, the third non-interest Islamic bank to be licensed in Nigeria - we advised the bank on a N100 billion Tier 1 Mudarabah Sukuk Issuance programme, the first of its kind in Nigeria.

In recognition of our significant contributions in the Nigerian Capital Markets in 2022, Greenwich Merchant Bank won three awards at the recently concluded IFN Awards in the United Arab Emirates. We were recognized as the 'Best Investment Bank in Nigeria', 'Sukuk Deal of the Year' and 'Africa Deal of the Year' for advising Family Homes Fund Limited (FHFL) in its issuance of the first ever Corporate Sukuk registered by the Securities & Exchange Commission.

## REVIEW OF BUSINESS ENVIRONMENT

Year 2022 was remarkable in several aspects with the significant global and domestic economic developments that impacted business in several ways, especially the Russian invasion of Ukraine, aggressive policy measures to restore price stability, climate change, the lingering consequences of the COVID-19 pandemic, and increased cost of living which resulted in a volatile and challenging global environment.

Also, due to the substantial currency depreciation and increased global interest rate, the cost of borrowing for sovereigns in the emerging markets like Ghana, Angola, Kenya, and Nigeria have increased. Similarly, the combination of spiralling inflation and steep foreign exchange weakness triggered significant monetary tightening by central banks in SSA markets. Appropriately, there was a dramatic increase in global inflation above 8.80%, the highest in several decades.

The Russian-Ukraine geopolitical tension involving the annexation of four (4) provinces in eastern and southern Ukraine by Russia in February 2022 was one of the major events of the year leading to several financial and economic sanctions, on the latter, from the international community. Notably, a major impact of the war was the resultant supply chain bottlenecks and increased inflationary threats.

As at March 2022, Brent crude oil price peaked at a 13-year high of $139.12/pb due to the supply imbalance given that the two (2) nations at war supplied about 85mbpd of crude oil.

In its World Economic Outlook report for 2023, the International Monetary Fund (IMF), projected a global growth of 2.9% - the weakest since 2001 barring the global financial crisis of 2008 as well as the acute phase of the COVID-19 pandemic. It was below the 3.4% recorded in 2022.

The Sub-Saharan Africa (SSA) economies also had to contend with challenging macroeconomic factors like rapid inflationary threats, reduced disposable income, weak household purchasing power, which adversely impacted the overall performance of the region. Hence, the region witnessed the most aggressive tightening cycles in 2022 with a rise in benchmark interest rate for Ghana by 1,250bps to 27.00%; Malawi by 600bps to 18%; Nigeria by 500bps to 16.5%; Mozambique by 400bps to 17.25%; and Uganda by 350bps to 10%.

In addition, the depreciated currencies created major fiscal challenges as the burden of foreign debt service increased substantially. Notably, the currencies with huge depreciation in the year under review are the Ghanaian Cedi, the Ugandan Shilling, and the Sierra Leonean Leone.

In 2022, global oil demand growth was about 2.5mbpd with the main drivers of the Non-OPEC growth being US, Canada, Guyana, Russia, China and Brazil. Nonetheless, the shale oil producers continued to focus on shareholder returns, with higher production costs amid supply chain shortages and inflation limiting overall production growth.

On the domestic scene, Nigeria witnessed slower economic activities which led to a lower economic growth performance as Gross Domestic Product (GDP) growth ended 2022 at 3.52% compared to the 3.98% recorded in 2021. The slowdown was as a result of the base effects of the 2020 recession, challenging economic conditions that hampered productive activities and weak performance in the oil sector.

Nonetheless, the growth breakdown revealed that the non-oil sector (comprising Telecommunication, Trade, and Agriculture) grew by 4.84% driven by Information and Communications sector (+9.76%), Agricultural sector (+1.88%), Trade sector (+5.13%), Finance & Insurance sector (+16.36%), and Manufacturing sector (+2.45%). This rate was higher by 0.4% when compared to the 4.44% growth rate of 2021. But, in real terms, the non-oil sector contributed about 94.3% to the overall GDP in 2022, higher than the 92.7% contributed in 2021.

The average inflation rate increased by 1.9% to 18.85% in 2022 from 16.95% reported in 2021. The rise was attributed to the disruptions in food supply, increased import costs due to a weaker Naira, geo-political conflicts in eastern Europe, and an increase in production costs due to increased energy prices. Remarkably, it remained significantly above the CBN's benchmark threshold of 6% to 9%.

## THE BANKING INDUSTRY

The Nigerian Banking industry in 2022 was shaped by the regulatory environment which reflected the hawkish monetary policy stance of the Central Bank of Nigeria (CBN) as the benchmark interest rates increased cumulatively by 500bps to 16.5%. Also, the CBN raised the Cash Reserve Ratio (CRR) from 27.5% to 32.5% but retained the asymmetric corridor at +100bp and -700bp around the MPR. The liquidity ratio was also retained at 30%.

## CAPITAL MARKET PERFORMANCE

In 2022, the equities market maintained its positive trajectory. Specifically, the All-Share Index (ASI) rose by 19.9% in 2022 to 51,251.06 while the market capitalization stood at N27.915 trillion.
However, this was higher than the gains recorded in 2021 when the ASI rose by 6.07% to close at 42,716.44.

On the sector indices, Oil and Gas (+34.05%), Industrial (+19.67%) and Banking (+2.81%) while the Insurance (-11.99%) and Consumer Goods (-0.06%) closed the year bearish.

Similarly, the Government securities space provided investors with a sort of respite as average yields rose significantly in the bond market given the low average system liquidity, increases in the MPR, and excessive government borrowing to plug the huge 2022 budget deficits. Hence, average yield on 3-year, 5-year, 10-year and 20-year maturities increased by 5.05%, 3.22%, 2.12% and 1.74% respectively.

Also, as the end of December 2022, Primary Market Auction stop rates on government treasury bills were 2.75%, 7.15% and 8.49% for the 91-day, 182-day and 364-day bills as compared to the January 2022 figures of 2.50%, 3.44% and 5.50% respectively. So, the average stop rate increased by 231bps from 3.81% recorded during the first auction of 2022 to 6.12% at the last auction in 2022.

## 2022 FINANCIAL REVIEW AND PERFORMANCE

In 2022, Greenwich Bank Group recorded a 66.5% Year-on-Year (YoY) growth in gross earnings from N6.43 billion in 2021 to N10.71 billion. The growth in Gross earning was as a result of the following: interest income on loans increased to N1.9 billion in 2022 from N0.12 billion in 2021 due to growth in loan book from N7.3 billion in FY2021 to N33.2 billion in Fy2022.

Also, interest income on Investment Securities grew to N1.57 billion in 2022 from N0.05 billion in 2021 due to the increase in our investment in government securities. Similarly, trading income increased to N1.1 billion in 2022 from N0.8 billion in 2021 due to the increase in treasury trading activities in the first quarter of Fy2022.

In effect, the Group recorded an operating income of N5.11 billion, representing an increase of 3% from the N4.95 billion reported in full year 2021. However, Profit Before Tax (PBT) weakened by 32.4% from N2.43 billion in 2021 to N1.64 billion in 2022 as a result of the 37.7% increase in Operating Expenses. The substantial 78.4% increase in Other Operating Expenses was responsible for the recorded rise in Operating Expenses in 2022. In the same vein, Profit After Tax (PAT) declined by 26.2% to close the year 2022 at N1.59 billion from N2.15 billion in 2021.

Last year, the Group's balance sheet size increased by 6.0%, growing from N103.10 billion in 2021 to N109.24 billion primarily because of the substantial 38% growth in total deposits. Also, notwithstanding the weak recovery in economic activities, the Group aggressively grew its loans book by circa 351.7% from N7.38 billion in 2021 to N33.10 billion in 2022.

The Shareholder's Fund declined marginally by 0.7% from N26.56 billion recorded in December 2021 to N26.37 billion. After due consideration of the financial performance, the Board hereby proposes a dividend of N0.07 kobo per share for the year 2022, subject to shareholders approval at this meeting.
For the regulatory ratios, the year-end capital adequacy ratio of 48.4% and liquidity coverage ratio of 439.56% are both well above the required thresholds of 10.0% and 100.0% respectively.

## CONCLUSION

Looking ahead, we are committed to delivering sustainable growth and results that further strengthen our stakeholders' confidence and clearly position Greenwich Merchant Bank as the preferred choice for discerning investors. We have identified several areas of opportunity, and we plan to leverage our expertise and resources to maximize our potential. Our goal is to provide our clients with exceptional service, and we will continue to invest in our people, systems, and processes to achieve this.

Finally, I wish to extend my deepest gratitude to the Board members for their tremendous support as well as to the Management and Staff of Greenwich Merchant Bank and its subsidiaries.

I sincerely appreciate all our clients, shareholders, partners, and associates for their continued trust in our capacity to deliver value on a sustainable basis.

**Bayo Rotimi**
**Managing Director/Chief Executive Officer**

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 28th Annual General Meeting of **GREENWICH MERCHANT BANK LIMITED** will hold virtually at Plot 1698A, Oyin Jolayemi Street, Victoria Island, Lagos on Wednesday, May 31, 2023, at 11:00 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2022, together with the report of the Directors and Auditors thereon.
2. To declare a dividend.
3. To re-elect retiring Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To disclose the remuneration of Managers of the Bank.

## SPECIAL BUSINESS

To consider, and if thought fit, pass the following as an Ordinary Resolution of the Bank:

6. "That Director's remuneration for the financial year ending December 31, 2023, and for succeeding years until reviewed by the Company in its Annual General Meeting, be and is hereby fixed at ₦15,000,000 (Fifteen Million Naira only) for the Chairman and ₦12,000,000 (Twelve Million Naira only) for other Non-Executive Directors) for each financial year."

To consider, and if thought fit, pass the following as Special Resolutions of the Bank:

7(a) "That the proposed Restructuring of the Company to a Holding Company be and is hereby approved subject to obtaining the approval of the relevant regulatory authorities;

7(b) That the Directors of the Company be and are hereby authorized to take all steps including the appointment of professional parties and advisers, execution of all agreements, deeds or documents issued in connection with the Restructuring and do all acts to give effect to the Restructuring as necessary or incidental to or required for effecting the resolution set out above; and

7(c) That any acts undertaken by the Board prior to the date of these resolutions in connection with the Restructuring be and are hereby approved and ratified."

Dated this 9th day of May 2023
**BY ORDER OF THE BOARD**

**OMOBOLA MAKINDE**
Company Secretary
FRC/2015/NBA/00000011773

Greenwich Merchant Bank Limited
Plot 1698A, Oyin Jolayemi Street
Victoria Island, Lagos.

# Notices

## 1. Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is attached. All instruments of proxy should be stamped and deposited at the registered office address of the Company not later than 48 hours before the time fixed for the meeting.

## 2. Closure of Register of Members

The Register of Members will be closed from Wednesday May 24th to Friday May 26th, 2023 (both dates inclusive) for the purpose of preparing and updating the Register of Members.

## 3. Dividend

The Board of Directors have recommended a dividend of ₦0:07kobo per share, which shall be subject to withholding tax at the appropriate rate, to Shareholders of the Company whose names appear on the Company's Register of Members as at the close of business on Thursday May 26th, 2023. The Dividend shall be payable on Wednesday May 31st, 2023.

## 4. Virtual Link

The Annual General Meeting of the Company shall be held virtually in line with Section 240(2) of the Companies and Allied Matters Act 2020. A link would be shared to members of the Company to join the meeting electronically.

## 5. Profiles of Directors for Re-election

The profiles of the Directors, Mr. Segun Oloketuyi, Mr. Anselm Orazulike and Ms. Daisy Ekineh who will be retiring by rotation and would be presenting themselves for re-election are amongst the profiles of Directors that are provided in the Annual Report.

# Corporate Governance Report

Greenwich Merchant Bank Limited ("GMB" or "the Bank") maintains its commitment to the highest standards of Corporate Governance practices and ethical conduct in every area of its business operations.

The Board recognizes that effective corporate governance is a key imperative to achieving sustainable growth of the business and ensures a careful implementation of corporate governance standards across the Bank. Accordingly, the Bank's governance framework is designed to ensure on-going compliance with the requirements of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance 2014 for Banks and Discount Houses, the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission (SEC) Code of Corporate Governance and the SEC's Corporate Governance Guidelines (SCGG) 2020 structured along the Principles of the Nigerian Code of Corporate Governance 2018.

The Bank has adopted the inalienable principle of taking a long-term approach to strategic decision making and has developed adequate control measures and risk management systems to safeguard all its processes. These principles recognize the interests of all stakeholders as they ensure sustainability and transparency.

**Board Composition**

The Board's composition is aligned with global best practice on the ratio of Non-Executive Directors to Executive Directors. In the Financial Year 2022, the Board had more Non-Executive Directors than Executive Directors. As of December 31, 2022, the Board consisted of eleven (11) members which includes a Non-Executive Chairman, eight (8) other Non-Executive Directors (which includes two (2) Independent Non-Executive Directors), and two (2) Executive Directors (which includes the MD/CEO).

The Board is composed of experienced and knowledgeable professionals who have made their mark in key sectors of the economy. The Non-Executive Directors have the requisite skills and integrity to bring independent judgement to bear on Board meetings and deliberations. The position of the Chairman of the Board is separate from the position of the Managing Director/Chief Executive Officer and therefore both positions are not occupied by the same person.

The Board is made up of the following members:

| | NAME | DESIGNATION |
|---|---|---|
| 1 | Mr. Kayode Falowo | Chairman |
| 2 | Mr. Bayo Rotimi | Managing Director |
| 3 | Mr. Benson Ogundeji | Executive Director |
| 4 | Mr. Tony Uponi | Non-Executive Director |
| 5 | Mrs Vivienne Bamgboye | Non-Executive Director |
| 6 | Mr. Segun Oloketuyi | Non-Executive Director |
| 7 | Dr. Olutoyin Okeowo | Non-Executive Director |
| 8 | Dr. Umar Faruk | Non-Executive Director |
| 9 | Ms. Daisy Ekineh | Independent Non-Executive Director |
| 10 | Mr. Philip Ikeazor | Independent Non-Executive Director |
| 11 | Mr. Anslem Orazulike | Non-Executive Director |

**Diversity**

The Board promotes diversity in its membership for better decision-making, independent judgment, and effective governance. There is an appropriate balance of skills and diversity (age, culture, and gender) without compromising competence, independence, and integrity. There are currently two (2) female Directors on the Board with the plan to appoint additional female members in due course. This demonstrates commitment by the Board towards gender diversity.

**Responsibility**

The Board is accountable to shareholders and is responsible for the management of the Bank's relationships with various stakeholders. It provides effective oversight over the operations of the Bank and is ultimately responsible for the performance of the Bank. The duties of the Board are spelt out in the Board Charter. They include but are not limited to:

- Approve the Bank's strategy objectives and monitor the implementation of same.
- Define a framework for the delegation of authority, clearly specifying matters delegated to management and those reserved for the Board.
- Oversee the establishment, implementation, and monitoring of an Enterprise-Wide Risk Management Framework to identify, assess and manage risks facing the Bank.
- Ensure the integrity of financial reporting and that ethical standards are always maintained.
- Definition of the Bank's risk appetite
- Ensure the efficiency of the Internal Audit functions and that there are other means of obtaining sufficient assurance of regular review or appraisal of the system of Internal Controls in the Bank.
- Ensure the development of a robust compliance framework that will protect the Bank from incurring any significant financial loss or suffer any loss of reputation due to failure to comply with rules & regulations of any regulatory authority.
- Approve the appointment, remuneration, promotion, and termination of the Senior Management Staff in the Bank on the recommendation of the Governance and Nomination Committee.
- Ensure the existence of a good succession planning system.
- Monitor the effectiveness of the Bank's Corporate Governance practices and make changes as necessary or appropriate for the Bank; including adopting policies to guide corporate conduct and compliance with statutory laws and ethics.

**Training and Induction**

The Bank is committed to developing the skills and capacity of all its Directors to enable them perform their responsibilities as Board members. Newly appointed Board members are also exposed to the Bank's structured induction and development programmes. All Directors of the Bank participate in periodic, requisite continuing education programmes as stipulated by the Central Bank of Nigeria to update their knowledge and skills and keep them informed of new developments in the Bank's business. The Directors in turn apply the acquired skill in the discharge of their responsibilities.

In accordance with extant Codes of Corporate Governance and the Bank's governance charters, the trainings for Board members are included in the annual training plan for the Bank further to training nominations by the Board Governance & Nominations Committee. The annual training plan are thereafter approved along with the annual budget.

The Board members attended the following training programs during the period under review:

| S/N | Training Program | Faculty | Date |
|---|---|---|---|
| 1 | Annual AML/CFT Training | Securities and Exchange Commission | 9th – 10th August 2022 |
| 2 | Board's Role in Strategy Workshop | Institute of Directors | 14th July 2022 |
| 3 | Annual Corporate Governance Training: Board's Role in Driving Strong Corporate Governance Culture, Ethical Leadership and Compliance Workshop | Institute of Directors | 28th July, 2022 |
| 4 | Directors and the Future of Business: Cybersecurity and AI Workshop | Institute of Directors | 14th September 2022 |
| 5 | Masterclass for Independent Directors | Institute of Directors | 5th and 6th October 2022 |
| 6 | Digital Enablers for effective Board Performance and Oversight: Unlocking Opportunities, Managing Risks and Mitigating Measures | FITC | 23rd and 24th November 2022 |
| 7 | Finance for Non-finance Directors | IMD Business School | 27th - 29th June, 2022 |
| 8 | Digital Transformation (How to innovate and lead your business) | IESE Business School | June 7th till July 11th 2022 |
| 9 | Team Dynamics for Boards | IMD Business School | 25th and 26th of November 2022 |
| 10 | Cyber Security Training | Deloitte | 25th October 2022 |

**BOARD EVALUATION**

The Board engaged the services of an Independent Consultant DCSL Corporate Services Limited to carry out its annual Board Evaluation exercise for the Financial Year 2022. The evaluation exercise covered the following amongst others:

- The assessment of the effectiveness of the Board of Directors.
- An assessment of the effectiveness of each of the Board Committees.
- A 360° peer reviews of individual Directors' performance and contributions.
- A 360° peer review of the Chairman's leadership and contribution.
- An assessment of the Board's compliance with Corporate Governance best practices; and
- An assessment of the Company Secretary's performance of her role in promoting good Corporate Governance.

The Consultant confirmed that the Board was an effective Board. It noted that the Board and individual Directors displayed laudable commitment to enhancing the Bank's growth, developing, and monitoring corporate strategy to achieve sustainable growth. The summary result of the independent evaluation is included in this Annual Report.

**RETIREMENT AND RE-ELECTION**

In accordance with the Bank's Articles of Association, one-third of all Non-Executive Directors (rounded down) are offered for re-election every year (depending on their tenure on the Board) together with Directors appointed by the Board since the last Annual General Meeting. The Directors to retire every year shall be those who have been longest in office since their last appointment. In line with the above requirement, Mr. Segun Oloketuyi, Mr. Anselm Orazulike and Ms. Daisy Ekineh shall retire by rotation and being eligible for re-election will submit themselves for re-election. The Board is convinced that the Directors standing for re-election will continue to add value to the Bank.

The details of the Directors standing for re-election are contained in this Annual Report.

## BOARD MEETINGS

Attendance at Board Meetings during the Year under review are set out below:

| S/N | Name | 2021 AGM | Board Meetings | Strategy Session | Total Attendance |
|---|---|---|---|---|---|
| 1. | Mr. Kayode Falowo<br>**Chairman** | 1 | 5 | 2 | 8 |
| 2. | Mr. Bayo Rotimi<br>**Managing Director** | 1 | 5 | 2 | 8 |
| 3. | Mr. Benson Ogundeji<br>**Executive Director** | 1 | 5 | 2 | 8 |
| 4. | Mr. Tony Uponi<br>**Non-Executive Director** | 1 | 5 | 2 | 8 |
| 5. | Dr. Olutoyin Okeowo<br>**Non-Executive Director** | 1 | 5 | 2 | 8 |
| 6. | Mr. Segun Oloketuyi<br>**Non-Executive Director** | 1 | 5 | 2 | 8 |
| 7. | Mr. Philip Ikeazor<br>**Independent Non-Executive Director** | 1 | 5 | 2 | 8 |
| 8. | Ms. Daisy Ekineh<br>**Independent Non-Executive Director** | 1 | 5 | 2 | 8 |
| 9. | Mrs. Vivienne Bamgboye<br>**Non-Executive Director** | 1 | 5 | 2 | 8 |
| 10. | Dr. Faruk Umar<br>**Non-Executive Director** | 1 | 5 | 2 | 8 |
| 11. | Mr. Anselm Orazulike<br>**Non-Executive Director** | 1 | 5 | 2 | 8 |

## BOARD COMMITTEES

The Board carries out its oversight function through its Committees, each of which has a charter that clearly defines its purpose, composition, and structure, as well as frequency of meetings, duties, tenure, and reporting lines to the Board. In adherence to the CBN Code and best practice, the Chairman of the Board does not sit on any of the Committees. There are currently five (5) Standing Committees and one (1) Ad-hoc Committee of the Board. The 5 Standing Committees are:

- Board Governance & Nominations Committee
- Board Audit Committee
- Board Strategy & Finance Committee
- Board Risk Management Committee
- Board Credit Committee

Whilst the Ad-Hoc Committee is:

- Board Branding & Communications Committee

**THE BOARD GOVERNANCE & NOMINATIONS COMMITTEE:**
The Committee members are:

| S/N | Name | Designation |
|---|---|---|
| 1 | Mr. Philip Ikeazor | Chairman (Independent Non-Executive Director) |
| 2 | Mr. Tony Uponi | Member |
| 3 | Mrs. Vivienne Bamgboye | Member |
| 4 | Dr. Faruk Umar | Member |

The duties of the Board Committee are as summarised below:

- Develop criteria for selection of members to the Board in accordance with applicable laws and regulatory requirements relating to Corporate Governance.
- Periodically review the effectiveness of the criteria for the selection and removal of members to the Board and make recommendations thereto for the consideration of the Board.
- Develop a Succession Plan for the Board and regularly review the plan.
- Undertake the annual assessment of the independent status of each INED, identify, assess, and enhance Director's competencies and make recommendation to the Board as appropriate.
- Periodically review the charter, composition and performance of each Committee of the Board and make recommendations to the Board for the creation of additional committees or the elimination of Committees of the Board.
- Monitor the Bank's adherence with applicable legal and regulatory requirements relating to Corporate Governance; and make recommendations to the Board as appropriate.
- Develop and recommend to the Board Corporate Governance Guidelines which shall at a minimum address the following;
  - i. Directors' qualification standards
  - ii. Directors' responsibilities
  - iii. Directors' compensation
  - iv. Directors' orientation and continuing education
  - v. Annual performance evaluation
- Develop a formal, clear, and transparent framework for the Bank's remuneration policies and procedures.
- Provide inputs to the Annual Report of the Bank in respect of compensation for Directors.

The Company Secretary, Head of Legal Services and Head of Human Capital Management and Administration present reports at every sitting of the Committee.

| BOARD GOVERNANCE & NOMINATIONS COMMITTEE MEETINGS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| S/N | DIRECTORS | Designation | 02/03/22 | 06/04/22 | 06/07/22 | 07/10/22 | 02/12/22 | Total Attendance |
| 1. | Mr. Philip Ikeazor | Committee Chairman | P | P | P | P | P | 5 |
| 2. | Mrs. Vivienne Bamgboye | Member | P | P | P | P | P | 5 |
| 3. | Mr. Tony Uponi | Member | P | P | P | P | P | 5 |
| 4. | Dr. Umar Faruk | Member | P | P | P | P | P | 5 |

**Keys:**

| | |
|---|---|
| P | Present |
| X | Absent |
| N/A | Not Applicable |

**THE BOARD AUDIT COMMITTEE**
The Committee members are:

| S/N | Name | Designation |
|---|---|---|
| 1 | Ms. Daisy Ekineh | Chairman (Independent Non-Executive Director) |
| 2 | Mr. Anselm Orazulike | Member |
| 3 | Mrs. Vivienne Bamgboye | Member |
| 4 | Mr. Segun Oloketuyi | Member |

The duties of the Board Committee are summarised as below:

- Ensuring the establishment of effective systems and processes for the preparation of the Bank's financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems.
- Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection, and reporting mechanisms are in place.
- Reviewing and monitoring the performance of external auditors and recommending to the Board on the appointment and discharge of external auditors.
- Ensure that an Internal Audit function is in place, which is empowered to provide assurance to the Board on the effectiveness of the system of Internal Controls within the Bank.

The Internal Audit Department, which is independent of Management, reports directly to the Audit Committee.

| BOARD AUDIT COMMITTEE MEETINGS | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| S/N | DIRECTORS | Designation | 28/02/22 | 07/03/22 | 07/04/22 | 16/05/22 | 14/07/22 | 17/10/22 | 07/12/22 | Total Attended |
| 1. | Ms. Daisy Ekineh | Committee Chairman | P | P | P | P | P | P | P | 7 |
| 2. | Mr. Segun Oloketuyi | Member | P | P | P | P | P | P | P | 7 |
| 3. | Mrs. Vivienne Bamgboye | Member | P | P | P | P | P | P | P | 7 |
| 4. | Mr. Anselm Orazulike | Member | P | P | P | P | P | P | P | 7 |

**THE BOARD RISK MANAGEMENT COMMITTEE**
The Committee members are:

| S/N | Name | Designation |
|---|---|---|
| 1 | Mr. Anselm Orazulike | Chairman |
| 2 | Dr. Olutoyin Okeowo | Member |
| 3 | Dr. Faruk Umar | Member |
| 4 | Mr. Bayo Rotimi | Member |
| 5 | Mr. Benson Ogundeji | Member |

The duties of the Board Committee are as summarised below:

- Review and recommend to the Board for approval the Risk Philosophy, Risk Appetite and Tolerance Limits for the Bank.
- Annually review and assess the adequacy of the Bank's risk management programs and recommend to the Board for its approval any changes to such programs.
- Meet periodically with Management to discuss and provide oversight with respect to the processes, including guidelines and policies, established by the Bank to identify, assess, monitor, manage, mitigate, and report the Bank's significant risk exposures (whether financial, operational, or otherwise).
- Monitor the Bank's plans and progress in meeting regulatory Risk-based Supervision requirements and conform to the CBN's Basel II/III requirements.
- Monitor the Banks capital adequacy levels and capital management process, ensuring compliance with global best-practice standards such as the Central Bank of Nigeria's Basel II/III.
- Receive reports from Management, review and provide feedback to Management on the categories of significant risk the Bank faces.
- Ensuring a robust Contingency Planning and Continuity of business imperatives with in-built capabilities for disruption minimization in the event that mission critical threats crystallize.
- Recommend the Information Techn ology IT governance framework for the Bank and delegate to the Management the responsibility for the implementation of the IT governance framework.
- Ensure that IT risk management includes disaster recovery planning, IT legal risks, compliance with laws, rules, codes, and standards.
- Ensure the Bank has a comprehensive Compliance Framework for regulations and guidelines of money laundering and financial crimes.

The Risk Management Department, which is independent of the operating departments, the Information Security Department, Compliance department, the Information Technology department presents regular reports to the Risk Management Committee.

| BOARD RISK MANAGEMENT COMMITTEE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| S/N | DIRECTORS | Designation | 24/01/22 | 05/04/22 | 21/07/22 | 24/08/22 | 13/10/22 | 08/12/22 | Total Attended |
| 1. | Mr. Anselm Orazulike | Committee Chairman | P | P | P | P | P | P | 6 |
| 2. | Mr. Bayo Rotimi | Member | P | P | X | P | X | P | 4 |
| 3. | Mr. Benson Ogundeji | Member | P | P | P | P | P | P | 6 |
| 4. | Dr. Olutoyin Okeowo | Member | P | P | P | P | P | X | 5 |
| 5. | Dr. Umar Faruk | Member | P | P | P | P | P | P | 6 |

The Committee members are:

| S/N | Name | Designation |
|---|---|---|
| 1 | Mr. Segun Oloketuyi | Chairman |
| 2 | Mr. Tony Uponi | Member |
| 3 | Ms. Daisy Ekineh | Member |
| 4 | Mr. Bayo Rotimi | Member |
| 5 | Mr. Benson Ogundeji | Member |

The duties of the Board Committee are as summarised below:

- Review and oversee establishment of policies and guidelines, to be adopted by the Board, articulating the Bank's tolerances with respect to credit risk, and shall oversee management's administration of, and compliance with, these policies and guidelines.
- Periodically review strategies, policies, and procedures for managing credit risk, including credit quality administration, underwriting standards, and the establishment and testing of allowances for credit losses.
- Review and recommend for Board approval on an annual basis the credit philosophy, risk appetite, risk tolerance and other material credit risk policies for the Bank.
- Monitor the aggregate credit risk profile of the Bank including changes in portfolio risk characteristics, capital usage, portfolio management limits, and portfolio performance across sectors.
- Recommend on an annual basis, for the Board's approval, a sector review schedule through which the Management Credit Committee can use to monitor the credit risk profile of business sectors including changes in credit risk concentrations, capital usage, portfolio management limits and portfolio performance characteristics.
- Review and assess the adequacy of the allowance for credit losses. In making its assessment, the Committee may review such measures of the adequacy of the reserve as it deems appropriate and shall periodically review the methodology used in computing the adequacy of the reserves.
- Review and approve credit products above the level of Executive Management.

**BOARD CREDIT COMMITTEE**

| S/N | DIRECTORS | Designation | 24/02/22 | 11/04/22 | 15/06/22 | 26/06/22 | 07/07/22 | 20/09/22 | 12/10/22 | 24/10/22 | 06/12/ 2022 | Total Attended |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Mr.Segun Oloketuyi | Committee Chairman | P | P | P | P | P | P | P | P | P | 9 |
| 2. | Mr.Bayo Rotimi | Member | P | P | X | P | P | P | P | P | P | 8 |
| 3. | Mr. Benson Ogundeji | Member | P | P | P | P | P | P | P | P | P | 9 |
| 4. | Mr.Tony Uponi | Member | P | P | P | P | P | P | P | P | P | 9 |
| 5. | Ms. Daisy Ekineh | Member | P | P | P | P | P | P | P | P | P | 9 |

**THE BOARD STRATEGY & FINANCE COMMITTEE**

The Committee members are:

| S/N | Name | Designation |
|---|---|---|
| 1 | Dr. Olutoyin Okeowo | Chairman |
| 2 | Mr. Philip Ikeazor | Member |
| 3 | Mr. Segun Oloketuyi | Member |
| 4 | Mr. Bayo Rotimi | Member |
| 5 | Mr. Benson Ogundeji | Member |

The duties of the Board Committee are as summarised below:

- Ensure that the Banks' strategic plan and budget are adequately monitored and to consider any proposals for significant subsequent amendments to the budget during the year.
- To review and recommend to the Board the Bank's budget on an annual cycle in the c ontext of the Bank's overall strategy.
- Review and report to the Board on the Bank's financial projections, capital and operating budgets, progress of key initiatives, including actual financial results against targets and projections.
- Review major expense lines, as warranted, approve expenditure within the Committee's approved limits, review and recommend for Board approval, any expenditures beyond the Committee's approved limits.
- Review and recommend to the Board the Bank's annual plan for the allocation of capital and material changes during the year.
- Formulate guidelines from time to time on cost control and reduction, consistent with maximum efficiency, and make appropriate recommendations to the Board thereto.
- Conduct quarterly business reviews with Management and the Board and review any new business initiative by the Bank and make recommendations to the Board for approval.

**BOARD STRATEGY & FINANCE COMMITTEE MEETINGS**

| S/N | DIRECTORS | Designation | 27/01/22 | 12/04/22 | 13/07/22 | 24/08/22 | 21/10/22 | 22/11/22 | 29/12/22 | Total Attended |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Dr. Olutoyin Okeowo | Committee Chairman | P | P | P | P | P | P | P | 7 |
| 2 | Mr. Bayo Rotimi | Member | X | P | P | P | P | P | P | 6 |
| 3 | Mr. Benson Ogundeji | Member | X | P | P | P | P | P | P | 6 |
| 4 | Mr. Philip Ikeazor | Member | P | P | P | P | P | P | P | 7 |
| 5 | Mr. Segun Oloketuyi | Member | P | P | P | X | P | P | P | 7 |

**THE BOARD BRANDING & COMMUNICATION COMMITTEE**

The Committee members are:

| S/N | Name | Designation |
|---|---|---|
| 1 | Mr. Tony Uponi | Chairman |
| 2 | Mrs. Vivienne Ochee Bamgboye | Member |
| 3 | Mr. Bayo Rotimi | Member |

The duties of the Board Committee are as summarised below:

- As an Ad hoc Committee, it oversees the overall branding framework of the Bank and making recommendations to the Board for approval accordingly.
- Assist the Board in setting the Bank's strategic brand focus, oversee the Management's branding development activities and make recommendations to the Board on the Bank's

branding and communications matters.

- Develops and implements a branding and communications strategy for the Bank.
- Superintends over all matters that have a bearing on the branding and image of the Bank.
- Conducts periodic review of the Bank's communications, whether in written, electronic, or oral form, towards ensuring consistency with the Bank's vision, mission, and core values.
- Oversee and provide oversight on the development of the internal and external communications plan that articulates key deliverables that align to the Bank' goals and budget.

| BOARD BRANDING & COMMUNICATION COMMITTEE MEETINGS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| S/N | DIRECTORS | Designation | 03/03/22 | 12/04/22 | 15/07/22 | 14/10/22 | 25/11/22 | Total Attended |
| 1. | Mr. Tony Uponi | Committee Chairman | P | P | P | P | P | 5 |
| 2. | Mr. Bayo Rotimi | Member | P | P | P | P | P | 5 |
| 3. | Mrs. Vivienne Bamgboye | Member | P | P | P | P | P | 5 |

**PROFFESSIONAL INDEPENDENT ADVICE**

All Directors are aware that they may take independent professional advice at the expense of the Bank, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are complied with and assists with professional development as required.

The Executive Management is accountable to the Board and is charged with the day-to-day running of the Bank, developing, and implementing board approved strategies and policies. It is headed by the Managing Director, who is also the Chief Executive Officer (CEO). He is supported by the Executive Director and heads of departments. In addition, the Bank makes use of standing committees in the performance of certain key functions whose processes cut across different departments. The standing committees are:

- Executive Management Committee
- Asset and Liability Committee
- Risk Management Committee
- Management Credit Committee
- IT Steering Committee
- Information Security Steering Committee
- Procurement Committee
- Cost Optimization Committee
- Editorial Committee

**CONTROL ENVIRONMENT**

The Board has continued to place emphasis on risk management as an essential tool for achieving the Bank's objectives. Towards this end, it has ensured that the Bank has in place robust risk management policies and mechanisms to ensure identification of risk and effective control. The Board approves the annual budget for the Bank and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

**SHAREHOLDER RIGHTS**

The Board of **GMB** has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are always protected. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

# Report Of The Board Audit Committee

To members of Greenwich Merchant Bank Limited

In accordance with the provision of Section 404[7] of the Companies and Allied Matters Act of the Federation of Nigeria 2020, we the members of the Board Audit Committee hereby report as follows:

I. We confirm that we have seen the Audit Plan & Scope, and the Management Letter on the Audit of Greenwich Merchant Bank Limited's Financial Statements for the year ended December 31, 2022, and the responses to the said letter.

ii. In our opinion, the Plan & Scope of the Audit for the year ended December 31, 2022 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.

iii. We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.

iv. As required by the provisions of the Central Bank of Nigeria Circular BSD/1/2004 dated February 18, 2004 on Disclosure of Insider-Related Credits in Financial Statements", we reviewed the insider-related credits of the Bank and found them to be as analysed in the Financial Statements for the year ended December 31 2022.

**Ms. Daisy Ekineh**
**FRC/2019/IODN/00000019013**
**18th April 2023**
**Chairman, Board Audit Committee**

**Members of the Audit committee are:**

a. Ms. Daisy Ekineh: Chairman/Independent Non-Executive Director
b. Mr. Anselm Orazulike: Non-Executive Director
c. Mr. Segun Oloketuyi: Non-Executive Director
d. Mrs. Vivienne Ochee Bamgboye: Non-Exécutive Director

# The Directors' Report

The Directors present their report on the affairs of Greenwich Merchant Bank Limited ("the Bank"), together with the audited financial statements of the Bank Group for the year ended 31 December 2022.

**Legal Form And Principal Activities**

Greenwich Merchant Bank was formerly known as Greenwich Trust Limited (GTL), a foremost financial solutions provider duly registered with the Securities & Exchange Commission (SEC) as an issuing House. The firm was incorporated on 25th February 1992 and commenced operations in June 1994. it evolved into an award-winning market leader in the financial sub-sector of the Nigerian economy and converted into a Merchant Bank following receipt of a merchant banking licence from the Central Bank of NigerJa (CBN) in September 2020.

The Bank Group is comprised of Greenwich Merchant Bank Limited ("the Bank") and its two wholly owned subsidiaries namely Greenwich Securities Limited and Greenwich Asset Management Limited.

The operations of the Bank Group covers Corporate Banking, Private Banking, Investment Banking, Asset & Wealth Management, Treasury & Global Markets and Securities Trading.

**Operating Results**

The following is a summary of the Bank's operating results:

| | Group 2022 N'000 | Group 2021 N'000 | Bank 2022 N'000 | Bank 2021 N'000 |
|---|---|---|---|---|
| **Gross earnings** | **10,849,168** | **6,487,514** | **8,742,761** | **5,852,872** |
| Profit before taxation | 1,643,375 | 2,432,372 | 1,334,486 | 2,062,210 |
| Income tax (expense)/credit | (54,675) | (279,745) | 18,115 | (256,902) |
| Profit after taxation | 1,588,700 | 2,152,627 | 1,352,601 | 1,805,308 |

**Directors shareholding**

The interests of the Directors in the issued share capital of the Bank are recorded in the register of Director's Shareholding as at 31 December, 2022 as follows:

| | 31-Dec-22 DIRECT | 31-Dec-22 INDIRECT | 31-Dec-21 DIRECT | 31-Dec-21 INDIRECT |
|---|---|---|---|---|
| Mr. Kayode Falowo | NIL | 2,714,256,291 | NIL | 2,714,256,291 |
| Mr. Bayo Rotimi | NIL | NIL | NIL | NIL |
| Mr. Benson Ogundeji | NIL | NIL | NIL | NIL |
| Mr. Tony Uponi | 1,033,770,144 | NIL | 1,033,770,144 | NIL |
| Mrs Vivienne Ochee Bamgboye | NIL | NIL | NIL | NIL |
| Mr. Segun Oloketuyi | 20,573,624 | NIL | 12,150,668 | NIL |
| Dr. Olutoyin Okeowo | NIL | 75,396,933 | NIL | 141,949,889 |
| Dr. Umar Faruk | 161,567,436 | NIL | 161,567,436 | 3,607,176 |
| Ms. Daisy Ekineh | NIL | NIL | NIL | NIL |
| Mr. Philip Ikeazor | NIL | NIL | NIL | NIL |
| Mr. Anslem Orazulike | 1,000,000 | NIL | 1,000,000 | NIL |

**Directors Interests In Contracts**

The Directors do not have any interest required to be disclosed under Section 275 of the Companies and Allied Matters Act of Nigeria. In accordance with Section 277 of Companies and Allied Matters Act of Nigeria, none of the Directors have notified the Bank of any declarable interests in contracts with the Bank.

**Property, Plant and Equipment**
Information relating to changes in property, plant and equipment is disclosed in Notes 28 to the financial statements.

**Analysis of Shareholding**
The share capital of the Bank as at the year end was held as follows:

| Shareholders, Issued and fully paid | Number of holdings Units('000) | Percentage of holders % | Number of holdings Units('000) | Percentage of holders % |
|---|---|---|---|---|
| | **31-Dec-22** | **31-Dec-22** | **31-Dec-21** | **31-Dec-21** |
| Hoakland Ventures Nigeria Limited | 2,714,256 | 50.1% | 2,714,256 | 51.3% |
| Tony Uponi | 1,033,770 | 19.1% | 1,033,770 | 19.5% |
| Greenwich Registrars & Data Solutions Limited | 772,397 | 14.3% | 772,397 | 14.6% |
| Others with shareholdings less than 5% | 894,713 | 16.5% | 773,714 | 14.6% |
| | 5,415,137 | 100% | 5,294,137 | 100% |

In the 2022 financial year, there were no cases of fraud and forgeries detected or reported through any channel including the whistle blowing line. However, there was an attempted fraud which was prevented by the bank's strong internal control system. Accordingly, nil monthly return on fraud and forgeries was rendered to the Central Bank of Nigeria (CBN) during the year ended 31st December 2022 (December 2021: Nil).

**Events after the Reporting Period**

**Finance Act 2021**

The Finance Bill was signed into law on 31st December 2021, with effective date of 1st January 2022. The signing into law of the Finance Bill qualifies as an adjusting event as the bill had been in existence as at the end of the financial year. In view of this development, the Bank has reviewed the provisions of the Act and have made appropriate adjustments to the financial estimates disclosed in the financial statement, in line with the relevant provisions of the Finance Act.

**Group's Strategy Against the Impact of Covid-19**

The Group has considered the impact of Covid-19 on its business operations and has put in place appropriate safeguards to minimize negative impact of of Covid-19 pandemic on its business.

The Group continues to make adjustments to the way and manner in which it renders banking and other financial services to its customers in order to cope with the challenges posed by the Covid-19 pandemic. Critical areas of the bank's business and operation which are closely monitored vis-a-vis the threat of posed Covid-19 are:

a. Protection of the bank's cashflow,

b. Protection of the bank's human resources and,

c. Enhancement of the digital & electronic platforms of the bank to facilitate fast and seamless services to its customers.

**Protection of the Group's Cashflow**

In order to protect the cashflow of the Group and prevent a drop in the Group's earnings, profit and asset quality, the Group has adopted the following strategies:

- Engaging the bank's customers in key sectors of the economy to better understand their current challenges and provide effective and bespoke actions to alleviate their hardships while preserving shareholder's funds.

- Continuous adoption of a complete and integrated approach to risk management that is driven from the Board level to the operational activities of the bank.

- Continuous review of the bank's loan book in order to closely monitor all assets and liabilities classes and ensure that the bank has sufficient liquidity to meet its financial obligations.

**Protection of the Group's Human Resources**

The Group has put in place measures to protect its employees, customers and other stakeholders of the bank. Some of the measures are:

- Setting a clear direction and communicated this effectively to all staff and other stakeholders in accordance with our Business Continuity Plan (BCP). The Group continues to encourage remote working and electronic self-services for our traditional banking services.

- Constant review and strengthening of the Group's Business Continuity Plan (BCP) to reflect the current and potential impacts of Covid-19 pandemic.

**Disclosure of customer complaints in financial statements for the year ended 31 December 2022**

| DESCRIPTION | NUMBER | | AMOUNT CLAIMED N'000 | | AMOUNT REFUNDED N'000 | |
|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Pending Complaints brought forward | 0 | 0 | 0 | 0 | 0 | 0 |
| Received Complaints | 0 | 1 | 0 | 100,000 | 0 | 100,000 |
| Resolved Complaints | 0 | 1 | 0 | 100,000 | 0 | 100,000 |
| Unresolved complaints carried forward | 0 | 0 | 0 | 0 | 0 | 0 |

**Employment and Employees**

*Employment of physically challenged persons*
The Group has no physically challenged person in its employment (2021: Nil). However, applications for employment by physically Challenged persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Bank continues and that appropriate training is arranged. It is the policy of the Bank that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

**Health, safety and welfare at work**

The Group places a high premium on the health, safety and welfare of its employees in the place of work. To this end, the Group has various forms of insurance policies, including workmen's compensation and group life insurance, to adequately secure and protect its employees.

**Employee consultation and training**

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. Employees are consulted regularly

on a wide range of matters affecting their current and future interests. The Group regularly organizes on-the-job training for its staff using in-house training facilities complemented, when and where necessary, with other external facilities, training, seminars and workshops.

BY ORDER OF THE BOARD

**Omobola Josephine Makinde**
**Company Secretary**
**FRC/2015/NBA/00000011773**
**10 March, 2023**

# Statement of Directors' Responsibilities in Relation to the Financial Statements

The Companies and Allied Matters Act requires that the Directors prepare the financial statements that present fairly the financial position of the Group as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria and the Federal Reporting Council of Nigeria Act, 2011.

The responsibilities include ensuring that the Group:

i) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act;

ii) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with:

- International Financial Reporting Standards;
- Prudential guidelines for Licenced Banks;
- Relevant circulars issued by Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act;
- The requirements of the Companies and Allied Matters Act; and
- The requirements of the Financial Reporting Council of Nigeria Act.

The Directors are of the opinion that the financial statements give a true and fair position of the financial affairs of the Group and of its profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

In line with the requirements of the International Accounting Standards (IAS 1.25), we have conducted the going concern assessment of the company as of 31st December 2022.
The positive equity position of ₦26,371,232 for the group and ₦25,102,341 for the bank as of December 31, 2022, which was 76% above the regulatory minimum capital is a strong indication of a company that will continue as a going concern into the foreseeable future.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

| | |
|---|---|
| Olukayode Akintunde Falowo | Bayo Rotimi |
| (Chairman) | (Managing Director) |
| FRC/2014/CISN/00000007051 | FRC/2021/003/00000023171 |
| 10 March, 2023 | 10 March, 2023 |

# Statement of Corporate Responsibility for the Audited Financial Statements

In accordance with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Group for the year ended December 31, 2022 and based on our knowledge confirm as follows:

(i) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.

(ii) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended December 31, 2022.

(iii) The group has put in place effective internal controls to ensure material information relating to the control environment are made known by the relevant staff, particularly during the period in which the audited financial statement report is being prepared.

(iv) The effectiveness of the group's internal controls have been evaluated within 90 days prior to 31st December 2022.

(v) The group's internal controls are effective as at 31 December 2022.

We have disclosed as follows to the group's auditors and audit committee the following information:

- There were no significant deficiencies in the design or operation of the group's internal controls which could adversely affect the group's ability to record, process, summarise and report financial data. Furthermore, there were no identified material weaknesses in the group's internal control systems.

- There were no fraud events involving management or other employees which could have any significant role in the group's internal control.

- There were no significant changes in internal controls or in other factors that could significantly affect the adequacy and effectiveness of the controls subsequent to the date of the evaluation.

**SIGNED BY:**

Mr. Adewale Adeniyi
Chief Financial Officer
FRC/2012/ICAN/00000000275
10 March, 2023

Bayo Rotimi
( Managing Director )
FRC/2021/003/00000023171
10 March, 2023

**DCSL Corporate Services Limited**
235 Ikorodu Road
Ilupeju
P. O. Box 965, Marina
Lagos, Nigeria
Tel: +234 8090381864
info@ dcsl.com.ng
www.dcsl.com.ng

RC NO. 352393

**Abuja Office:**
1st Floor, The Statement Hotel
Plot 1002, 1st Avenue, Off
Shehu Shagari Way,
Central Business District
By Abia House and
Federal High Court Abuja

4th April 2023

**REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS OF GREENWICH MERCHANT BANK LTD FOR THE YEAR ENDED DECEMBER 31, 2022.**

DCSL Corporate Services Limited (DCSL) was engaged by Greenwich Merchant Bank Ltd ("GMB") to carry out performance evaluation of the Board of Directors for the year-ended December 31, 2022 in line with the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG), Central Bank of Nigeria Code of Corporate Governance for Banks and Discount Houses in Nigeria as well as global best practices on Corporate Governance.

The appraisal entailed a review of the Company's corporate and statutory documents, minutes of Board and Committee meetings, policies and other ancillary documents made available to us and the administration of questionnaires to Directors.

To ascertain the extent of compliance with relevant corporate governance principles and appraise the performance of the Board, we benchmarked the Company's corporate governance structures, policies and processes against the above-mentioned Codes and regulations as well as global best practices and considered the following seven key corporate governance themes:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Upon the conclusion of the Board performance evaluation, we confirm that the Board and the Company substantially complied with the provisions of the applicable Codes and regulations.

Details of our key findings and recommendations are contained in our detailed Reports.

Yours faithfully,
**For: DCSL Corporate Services Ltd**

Bisi Adeyemi
**Managing Director**
**FRC/2013/NBA/00000002716**

Directors: • Abel Ajayi (Chairman) • Obi Ogbechi • Adeniyi Obe • Dr. Anino Emuwa •Adebisi Adeyemi (Managing Director)

DCSL Corporate Services Limited

At Greenwich Merchant Bank Limited, we continue to take necessary steps towards the actualisation of our Environmental, Social and Governance (ESG) goals. As a forward-looking Institution, we remain intentional about embedding sustainability in all business operations, policies, and practices, by:

- Driving sustainability initiatives from the Board level.
- Prioritizing discussions about climate change on executive agendas.
- Promoting a gender-inclusive workplace through our Human Capital Management Framework and practices.
- Where applicable, give due consideration to the United Nations Sustainable Development Group (UNSDG) 13 while making decisions on office operations, real estate, and investments.
- Maintain ongoing report of our annual emissions externally for transparency and accountability.

We continue, through enlightenment sessions and other relevant fora, to empower and inspire employees and other individuals across functions to act on climate change and consider the implications of the decisions they make about purchases, consumption, and waste disposal. This is being achieved by:

- Proactively engaging our teams. We empower our people to make positive choices at home and at work and subsequently amplify these through their personal networks.
- Collaborations with key ecosystems including clients, alliance partners, Non-Governmental Organizations, Industry Groups, and Suppliers among others to address climate change and make positive choices that support our vision to achieve net zero greenhouse gas emissions.
- Increasing demand for responsible products and services.
- With continuous and intentional engagement, clear out possible roadblocks to change.
- Create innovative systemic and operational climate solutions across the organization.

**The Achievement For 2022**

**a. Reduction in Greenhouse Emission**

The Bank has implemented Sustainable Banking Principles and is currently building structures that will support the achievement of sustainable banking goals. The Bank was able to implement the following climate actions:

- **Energy Efficiency and Reduction in Carbon Emissions:**

✓ The Bank ensured that all bulbs within its facility are energy-saving.
✓ Paper reduction: The Bank was able to cut down the usage of paper and printing during the year. This was mainly successful through an awareness campaign, remote working, and the launch of the electronic solution for board e-papers.

**b. Our Employees**

The Bank recognizes employees as its most prized asset. Employees are key to the achievement of the Bank's strategic initiatives as well as the implementation of the Bank's sustainability efforts. During the year, the staff of the Bank was engaged in the following ways:

- **Training**: On-the-job and off-site classroom-type training were leveraged to deepen competence and equip the teams to deliver operational and business objectives including courses on ESG for some categories of staff.

- **Gender-Inclusive Workforce:** The Bank is an equal opportunity employer and continues to make efforts to create equal opportunities for women in the workplace. The Bank currently has a workforce made up of 41% female gender and continues to expand female representation across cadres.
- **Health and Safety:** The Bank knows the impact of healthy employees on its overall performance and has existing systems that support health and safety in the workplace. The Bank, through its Human Resource Policy, supports a safe and healthy workplace. Staff benefits from health services through registered Health Management Organizations (HMOs). Established procedures also support timely mitigation of risk of occupational and workplace hazards.
- **Environmental and Social Governance:** The Bank has incorporated into its decision-making process, an approach that systematically identifies, assesses, and manages E&S risks and potential impacts associated with clients' business activities. These activities were done by implementing the screening for potential E&S risks across applicable client engagements and financial products/service types including lending activities to identify potential E&S risks.

**Our Corporate Social Investment (CSI)**

The Bank recognizes the importance of economic empowerment for community development. In line with the Bank's commitment to collaborate with clients, alliance partners, NGOs, industry groups, suppliers, and others towards driving sustainability initiatives, the Bank attended the United Nations Global Compact (UNGC) open house event to engage with businesses from multiple sectors as they shared their milestones and headwinds in their sustainability journey.
Exploratory conversations have also begun with the United Nations Global Compact (UNGC) to review possibilities for collaboration. UNGC is the world's largest sustainability initiative with over 13,000 participating organizations across 162 countries within the network. UNGC exists primarily to support businesses to operationalize corporate sustainability, embed responsible business practices, and ultimately enable the achievement of the 2030 Sustainable Development Goals. The organisation is properly positioned to catalyze our sustainable development journey by exposure to peers across sectors, access to training, and support to develop frameworks for reporting our outcomes.

**Greenwich Foundation**

Greenwich Foundation was set up in 2021 in collaboration with other associates companies within the Greenwich Group. The Foundation is established solely for the purpose of promoting public good with its aims and objectives centered on Education, Health, and the Girl child. During the year, the Foundation sought and obtained the approval of the Lagos State Ministry of Education to partner with Ransome Kuti Memorial Grammar School, Jibowu- Yaba Lagos to implement several projects for both the junior and senior secondary school. The first area of focus for the Foundation is to provide the minimum health and sanitation standards expected to ensure the children are kept in a safe, healthy, and effective learning environment. The Foundation has commenced the process of reconstruction of the toilets for the Staff and Students of both the junior and senior secondary schools and the construction of the dilapidated fence of the school.

pwc

# *Independent auditor's report*

To the Members of Greenwich Merchant Bank Limited

## *Report on the audit of the consolidated and separate financial statements*

### *Our opinion*

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Greenwich Merchant Bank Limited ("the bank") and its subsidiaries (together "the group") as at 31 December 2022, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

**What we have audited**

Greenwich Merchant Bank Limited's consolidated and separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2022;
- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria*

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**Key audit matter**

**Impairment allowances on loans and advances to customers (refer to notes 3.27, 6.1a, 11, 25 and 32)**

The gross balance of loans and advances to customers as at 31 December 2022 was N33.2 billion for the group and bank respectively. The associated impairment allowance on loans and advances to customers was N131.8 million for the group and bank respectively.

The expected credit losses (ECL) on loans and advances to customers is considered to be a key audit matter because the measurement of impairment allowance is subjective and involves the exercise of significant judgements and the use of complex models and assumptions.

The key areas of significant judgement in the calculation of ECL include:

- definition of default and determination of the criteria for assessing significant increase in credit risk (SICR);
- input assumptions and judgements applied in estimating probability of default (PD), Loss Given Default (LGD), and Exposure At Default (EAD) which are key parameters in the ECL model; and
- methodology applied in weighting forward-looking information using multiple macroeconomic scenarios.

This is considered a key audit matter in the consolidated and separate financial statements.

**How our audit addressed the key audit matter**

We understood management's process and evaluated and tested key controls around the determination of allowance for expected credit loss.

We evaluated management's default definition against the 90 days past due rebuttable presumption and performed a detailed review of selected customer files and account statements to assess the appropriateness of the days past due on sampled loan accounts.

We assessed the classification of loan accounts into the various stages by reviewing the identified indicators of SICR for selected exposures.

With the assistance of our modelling experts, we:

- evaluated the appropriateness of the IFRS 9 impairment methodology;
- evaluated the appropriateness and accuracy of the probability of default methodology and checked proxy probability of default applied against independent external sources.
- assessed the approach for estimating LGD including recovery rates used for unsecured exposures;
  assessed assumptions around the present value of collateral and tested the collateral values by comparing the values to underlying records.
- checked the accuracy of EAD computation by performing an independent calculation for a selected sample of exposures using the customer contractual cash flows;
- assessed the reasonableness of management's assumptions around weightings used for multiple economic scenarios by comparing historical and forecasted macroeconomic data to publicly available sources and recomputing the probability weights; and
- checked the accuracy of ECL computation by performing an independent computation on the entire loan exposures.

We assessed the reasonableness and adequacy of the disclosures in the financial statements in accordance with IFRS 9.

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## *Other information*

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are Corporate Information, The Directors' Report, Statement of Directors' Responsibilities in Relation to the Financial Statements, Statement of Corporate Responsibility for the Audited Financial Statements for the year ended 31 December 2022, Value Added Statement and Five-Year Financial Summary but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 and those charged with governance for the consolidated and separate financial statements*

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## *Auditor's responsibilities for the audit of the consolidated and separate financial statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## *Report on other legal and regulatory requirements*

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the bank's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 39 to the consolidated and separate financial statements; and

v) as disclosed in Note 44 to the consolidated and separate financial statements, the bank did not pay penalties in respect of contraventions of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2022.

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INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0791837

Obioma Ubah

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

28 April 2023

Engagement Partner: Obioma N. Ubah
FRC/2013/ICAN/00000002002

| *In thousands of Nigerian Naira* | Note | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|---|
| Interest income at amortised cost | 9 | 6,194,613 | 3,282,503 | 4,563,240 | 3,115,544 |
| Interest income on financial assets at FVTPL | 9 | 501,471 | 329,257 | 501,471 | 329,257 |
| Interest income on financial assets at FVTOCI | 9 | 1,566,788 | 52,047 | 1,450,417 | 6,163 |
| Interest expense | 10 | (5,477,352) | (1,153,974) | (4,178,463) | (1,160,903) |
| **Net interest income** | | **2,785,520** | **2,509,833** | **2,336,665** | **2,290,061** |
| Impairment charges | 11 | (124,986) | (329,186) | (81,571) | (278,717) |
| **Net interest income after impairment charge for credit losses** | | **2,660,534** | **2,180,647** | **2,255,094** | **2,011,344** |
| Fee and commission income | 12 | 994,195 | 1,393,875 | 805,200 | 1,155,546 |
| Net gains on foreign exchange | 12a | - | 3,750 | - | - |
| Net gains on financial assets at FVTPL | 12b | 1,124,445 | 799,525 | 1,118,589 | 799,525 |
| Other operating income | 13 | 332,504 | 573,082 | 169,373 | 394,260 |
| **Operating income** | | **5,111,678** | **4,950,879** | **4,348,256** | **4,360,675** |
| Personnel expenses | 15 | (1,342,407) | (1,235,253) | (1,131,482) | (1,118,591) |
| Depreciation of property and equipment | 28 | (130,968) | (129,933) | (129,229) | (128,653) |
| Amortisation of intangible assets | 29 | (117,123) | (100,895) | (114,098) | (97,171) |
| Other operating expenses | 14 | (1,877,805) | (1,052,426) | (1,638,961) | (954,050) |
| **Operating expenses** | | **(3,468,303)** | **(2,518,507)** | **(3,013,770)** | **(2,298,465)** |
| **Profit before tax** | | 1,643,375 | 2,432,372 | 1,334,486 | 2,062,210 |
| Income tax expense | 16 | (54,675) | (279,745) | 18,115 | (256,902) |
| **Profit for the period** | | **1,588,700** | **2,152,627** | **1,352,601** | **1,805,308** |
| **Other comprehensive income:** | | | | | |
| **Items that may not be reclassified subsequently to profit or loss:** | | | | | |
| Net fair value gain/(loss) on financial assets at FVOCI | | (870,649) | (1,307,692) | (691,870) | (1,611,644) |
| **Other comprehensive loss for the year, net of taxes** | | **(870,649)** | **(1,307,692)** | **(691,870)** | **(1,611,644)** |
| **Total comprehensive income for the year** | | **718,052** | **844,935** | **660,731** | **193,664** |
| **Profit for the period attributable to:** | | | | | |
| Equity holders of the Company | | **1,588,700** | **2,152,627** | **1,352,601** | **1,805,308** |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the Company | | **718,052** | **844,935** | **660,731** | **193,664** |
| Basic/diluted earnings per share (kobo) | 16 | 30 | 41 | 25 | 34 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

# Consolidated and Seperate Statements of Financial Position
as at 31 December 2022

| *In thousands of Nigerian Naira* | Note | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and short term balances with Central Bank of Nigeria | 18 | 12,725 | 779,073 | 12,725 | 779,073 |
| Due from other banks | 19 | 26,455,574 | 55,396,848 | 11,849,785 | 45,059,475 |
| Financial assets at fair value through profit or loss | 21 | 160,228 | 5,784 | 160,228 | 5,784 |
| **Investment securities:** | | | | | |
| Fair value through OCI | 22 | 12,703,436 | 7,538,044 | 10,471,898 | 5,011,751 |
| Debt securities at amortised cost | 23 | 2,964,585 | 5,804,907 | 1,227,085 | 510,750 |
| Pledged assets | 24 | 15,623,524 | 8,447,871 | 15,623,524 | 8,447,871 |
| Loans and advances to customers | 25 | 33,104,534 | 7,328,969 | 33,104,534 | 7,328,969 |
| Other assets | 26 | 17,451,148 | 16,891,007 | 17,253,771 | 16,705,038 |
| Investment in subsidiaries | 27 | - | | 1,500,000 | 1,500,000 |
| Property and equipment | 28 | 335,353 | 412,850 | 332,868 | 408,629 |
| Intangible assets | 29 | 376,689 | 441,863 | 375,328 | 437,479 |
| Deferred tax asset | 30 | 55,528 | 57,488 | | - |
| **Total assets** | | **109,243,324** | **103,104,704** | **91,911,746** | **86,194,819** |
| **LIABILITIES** | | | | | |
| Due to banks | 31 | 10,291,844 | 4,287,659 | 10,291,844 | 4,287,659 |
| Due to customers | 31b | 65,947,966 | 47,624,900 | 52,176,738 | 38,752,624 |
| Current tax liability | 16 | 420,159 | 497,949 | 61,144 | 123,296 |
| Other liabilities | 32 | 6,160,751 | 23,979,458 | 4,229,101 | 17,528,072 |
| Borrowings | 33 | - | 5,527 | | 5,527 |
| Deferred tax liability | 30 | 51,372 | 145,657 | 50,577 | 145,657 |
| **Total liabilities** | | **82,872,092** | **76,541,150** | **66,809,404** | **60,842,835** |
| **EQUITY** | | | | | |
| Share capital | 34 | 5,415,137 | 5,294,137 | 5,415,137 | 5,294,137 |
| Share premium | 35 | 12,667,034 | 12,140,034 | 12,667,034 | 12,140,034 |
| Retained earnings | 35 | 10,847,558 | 11,016,205 | 6,597,302 | 7,002,048 |
| Statutory reserve | 35 | 1,309,617 | 903,837 | 1,309,617 | 903,837 |
| Regulatory risk reserve | 35 | 578,865 | 137,671 | 578,865 | 137,671 |
| Fair value reserve | 37 | (3,798,979) | (2,928,330) | (817,613) | (125,743) |
| Treasury Shares | 34 | (648,000) | | (648,000) | - |
| **Total equity** | | **26,371,232** | **26,563,554** | **25,102,342** | **25,351,984** |
| **Total equity and liabilities** | | **109,243,324** | **103,104,704** | **91,911,746** | **86,194,819** |

The accompanying notes are an integral part of these conslidated and separate financial statements.
The financial statements were approved and authorised for issue by the the Board of Directors on 10 March, 2023 and signed on its behalf by:

| | | |
|---|---|---|
| ........................................ | ........................................ | ........................................ |
| Mr. Olukayode Akintunde Falowo | Mr. Bayo Rotimi | Mr. Adewale Adeniyi |
| (Chairman) | (Managing Director) | ( Chief Financial Officer ) |
| FRC/2014/CISN/00000007051 | FRC/2021/003/00000023171 | FRC/2012/ICAN/00000000275 |

| Group<br>*In thousands of Nigerian Naira* | Share capital | Share premium | Fair value reserve | Treasury Shares | Retained earnings | Statutory reserve | Regulatory risk reserve | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2022 | 5,294,137 | 12,140,034 | (2,928,330) | - | 11,016,205 | 903,837 | 137,671 | 26,563,554 |
| Issue of new shares | 60,000 | 588,000 | - | (648,000) | - | - | - | - |
| Reclassification | 61,000 | (61,000) | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 1,588,700 | - | - | 1,588,700 |
| | | | | | | | | - |
| **Other comprehensive income** | | | | | | | | - |
| Net Fair value loss on financial asset at FVOCI | - | - | (870,649) | - | - | - | - | (870,649) |
| Dividend payment | - | - | - | - | (910,373) | | - | (910,373) |
| Transfer to statutory reserve | - | - | - | - | (405,780) | 405,780 | - | - |
| Transfer to regulatory reserve | - | - | - | - | (441,194) | - | 441,194 | 0 |
| **As at 31 December 2022** | **5,415,137** | **12,667,034** | **(3,798,979)** | **(648,000)** | **10,847,558** | **1,309,618** | **578,865** | **26,371,233** |
| Balance at 1 January 2021 | 5,294,137 | 12,140,034 | (1,635,096) | - | 9,557,299 | 362,245 | - | 25,718,619 |
| Profit for the year | - | - | - | - | 2,152,627 | - | - | 2,152,627 |
| **Other comprehensive income** | | | | | | | | |
| Fair value movement on financial asset at FVOCI | - | - | (1,298,076) | - | (9,616) | - | - | (1,307,692) |
| Transfer from fair value reserve | - | - | 4,842 | - | (4,842) | - | | - |
| Transfer to statutory reserve | - | - | - | - | (541,592) | 541,592 | - | - |
| Transfer to regulatory reserve | - | - | - | - | (137,671) | - | 137,671 | - |
| **At 31 December 2021** | **5,294,137** | **12,140,034** | **(2,928,330)** | **-** | **11,016,205** | **903,837** | **137,671** | **26,563,553** |

# Separate Statement of Changes in Equity for the period ended 31 December 2022

| **Bank**<br>*In thousands of Nigerian Naira* | Share capital | Share premium | Fair value reserve | Treasury Shares | Retained earnings | Statutory reserve | Regulatory reserve | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2022 | 5,294,137 | 12,140,034 | (125,743) | - | 7,002,048 | 903,837 | 137,671 | 25,351,984 |
| Issue of new shares | 60,000 | 588,000 | - | (648,000) | - | - | - | - |
| Reclassification | 61,000 | (61,000) | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 1,352,601 | - | - | 1,352,601 |
| | | | | | | | | - |
| **Other comprehensive income** | | | | | | | | - |
| Fair value movement on financial asset at FVOCI | - | - | (691,870) | - | - | - | - | (691,870) |
| | | | | | | | | - |
| Dividend payment | - | - | - | - | (910,373) | - | - | (910,373) |
| Transfer to statutory reserve | - | - | - | - | (405,780) | 405,780 | - | - |
| Transfer to regulatory risk reserve | - | - | - | - | (441,194) | - | 441,194 | 0 |
| **As at 31 December 2022** | **5,415,137** | **12,667,034** | **(817,613)** | **(648,000)** | **6,597,302** | **1,309,617** | **578,865** | **25,102,342** |
| | | | | | | | | |
| Balance at 1 January 2021 | 5,294,137 | 12,140,034 | 1,476,285 | - | 5,885,619 | 362,245 | - | 25,158,320 |
| Issue of new shares | | | | | | | | - |
| Profit for the year | - | - | - | - | 1,805,308 | - | - | 1,805,308 |
| | | | (1,602,028) | | (9,616) | | | (1,611,644) |
| | | | | | | | | - |
| **Other comprehensive income** | | | | | | | | |
| Fair value movement on financial asset at FVOCI | - | - | (1,602,028) | - | (9,616) | - | - | (1,611,644) |
| Total comprehensive income onfinancial assets | | | | | | | | |
| Transfers to statutory reserve | - | - | - | - | (541,592) | 541,592 | - | - |
| Transfers to regulatory reserve | - | - | - | - | (137,671) | - | 137,671 | - |
| | | | | | - | | | |
| **At 31 December 2021** | **5,294,137** | **12,140,034** | **(125,743)** | | **7,002,048** | **903,837** | **137,671** | **25,351,984** |

# Consolidated and Separate Statements of cash flows for the period ended 31 December 2022

| *In thousands of Nigerian Naira* | Note | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before tax for the period | | 1,643,375 | 2,432,372 | 1,334,486 | 2,062,210 |
| **Items not affecting cash:** | | | | | |
| Depreciation of property and equipment | 28 | 130,967 | 129,933 | 129,230 | 128,653 |
| Amortisation of intangible assets | 29 | 117,123 | 100,895 | 114,098 | 97,171 |
| Impairment of loans and advances | 11 | 122,670 | 9,090 | 122,670 | 9,090 |
| Impairment /(write back)of other assets | 26 | 20,495 | 211,878 | (6,002) | 174,759 |
| Impairment of investment securities | 11 | 7,967 | 28,453 | (1,692) | 15,103 |
| Impairment on(writeback) off-balance sheet | 11 | (38,926) | 64,757 | (38,926) | 64,757 |
| Impairment of other financial assets | 11 | - | 8,417 | - | 8,417 |
| Net interest income | 10b | (2,785,520) | (2,509,833) | (2,336,665) | (2,290,061) |
| Gain on disposal of assets | 13 | (305) | (6,214) | (305) | (6,214) |
| Unrealised loss from FVTPL | 12b | 35,049 | 26,315 | 35,049 | 26,315 |
| Dividend income | 13 | (252,988) | (493,125) | (100,238) | (358,442) |
| Withholding tax credit notes utilised | | (176,263) | (59,510) | (90,590) | (57,756) |
| Corporate tax over provision in prior years | | | | | |
| | | **(1,176,355)** | **(56,571)** | **(838,884)** | **(125,998)** |
| **Changes in non-cash working capital balances** | | | | | |
| Changes in loans and advances | 25 | (25,898,235) | (7,338,059) | (25,898,235) | (7,338,059) |
| Changes in financial assets FVTPL | 21 | (189,493) | 937,286 | (189,493) | 937,286 |
| Changes in financial assets FVTOCI | 22 | (6,036,041) | (2,289,417) | (6,152,017) | (1,635,934) |
| Changes in due to banks | 31a | 6,004,185 | 4,287,659 | 6,004,185 | 4,287,659 |
| Changes in pledged assets | 24 | (7,175,652) | (8,447,871) | (7,175,652) | (8,447,871) |
| Changes in other assets and prepayments | 26 | (580,636) | (15,218,828) | (542,731) | (15,169,405) |
| Changes in due to customers | 31b | 18,323,066 | 47,115,096 | 13,424,114 | 38,242,820 |
| Changes in other liabilities | 32 | (17,779,782) | 16,060,928 | (13,260,045) | 17,194,295 |
| | | **(34,508,943)** | **35,050,223** | **(34,628,758)** | **27,944,793** |
| Interest received | 9 | 8,262,872 | 3,663,807 | 6,515,128 | 3,450,964 |
| Interest paid | 10 | (5,477,352) | (1,153,974) | (4,178,463) | (1,160,903) |
| Income tax paid | 16 | (48,529) | (18,695) | (48,529) | (18,695) |
| **Net cash (out)/in flows from operating activities** | | **(31,771,952)** | **37,541,361** | **(32,340,622)** | **30,216,159** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property and equipment | - | (53,563) | (34,146) | (53,563) | (34,146) |
| Proceed from disposal of property, plant & equipment | | 399 | 11,003 | 399 | 11,003 |
| Purchase of intangible | 29 | (51,949) | (120,620) | (51,949) | (120,620) |
| Dividend received | 13 | 252,988 | 493,125 | 100,238 | 358,442 |
| Purchase of debt instruments at amortised cost | | 2,832,355 | (1,552,175) | (714,643) | (510,750) |
| **Net cash (out)/inflows from investing activities** | | **2,980,230** | **(1,202,814)** | **(719,518)** | **(296,072)** |
| **Cash flows from financing activities** | | | | | |
| Dividend paid | 36 | (910,373) | - | (910,374) | - |
| Borrowing | 33 | (5,527) | (185,941) | (5,527) | (185,941) |
| **Net cash (out)/inflows from financing activities** | | (915,900) | (185,941) | (915,901) | **(185,941)** |
| **Net (decrease)/increase in cash and cash equivalents** | | (29,707,622) | 36,152,604 | (33,976,041) | 29,734,146 |
| **Cash and cash equivalents at 1 January** | | 56,175,920 | 20,023,313 | 45,838,548 | 16,104,401 |
| **Cash and cash equivalents at 31 December** | 20 | **26,468,299** | **56,175,920** | **11,862,511** | **45,838,548** |

The accompanying notes are an integral part of these consolidated and separate financial statements.

## 1 General Information

### Reporting Entity

These financial statements are the consolidated financial statements of the Parent, Greenwich Merchant Bank Limited "the Bank", and its subsidiaries hereafter referred to as ("the Group"). Greenwich Merchant Bank Limited (formerly called Greenwich Trust Limited) was initially incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 25 February, 1992. The Central Bank of Nigeria (CBN) license for merchant banking was obtained in September 2020 while merchant banking operations commenced on 02 October, 2020.

The principal activity of the group is provision of treasury management services, corporate banking and advisory services in areas such as capital raising, financial advisory services, structured finance and asset management. The Bank subsidiaries carry on businesses as stockbrokers and asset managers.

Greenwich Merchant Bank is a limited liability company incorporated and domiciled in Nigeria.

The address of its registered office is as follows:
Plot 1698A Oyin Jolayemi St,
Victoria Island, Lagos.

The financial statements for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 10 March, 2023.

## 2 Summary of Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

### 2.1 Basis of Preparation

The financial statements are prepared in accordance with International Financial Reporting Standard (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

The consolidated statement of financial position are presented in order of liquidity.

The Directors believe that the underlying assumptions are appropriate and that the group's consolidated financial statements therefore present the financial position and results fairly.

### 3.1 Basis of Measurement

These financial statements have been prepared based on historical cost basis, except for the following:

- Derivative financial instruments which are measured at fair value.
- Financial assets measured at fair value through profit or loss.
- Loans and receivables which are measured at amortised cost.
- Financial liabilities which are measured at amortised cost.
- Financial instruments measured at fair value through other comprehensive income.

### 3.2 Functional and Presentation Currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Nigerian Naira(N) which is the bank's functional currency and the group's presentation currency.

**3.3 Use of Estimates and Judgements**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements, about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. There were no material changes in management's estimates during the period.

**3.4 Basis of Consolidation**

**(a) Subsidiaries**

Subsidiaries are entities controlled by the group. Control exists when the group has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over the entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date in which control is transferred to the group. They are deconsolidated from the date control ceases.

The accounting policies of subsidiaries have been changed, where necessary, to align with the policies adopted by the group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests.

In the separate financial statements, investments in subsidiaries are carried at cost less impairment.

**(b) Business Combinations**

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of the subsidiaries consolidated financial statements from the effective acquisition acquired or disposed of during the year are included in the date and or up to the effective date on which control ceases, as appropriate. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Business combinations are accounted for using the acquisition method.

The group measures goodwill at the acquisition date as the total of:

- The fair value of the consideration transferred; plus
- The amount of any non-controlling interest in the acquire; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire;
- Less the net amount of the identifiable assets acquired and liabilities assumed (generally fair value).

When this total is negative, a bargain purchase gain is recognised in the income statement.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of any previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

**(c) Disposal of Subsidiaries**

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**(d) Transactions Eliminated on Consolidation**

Intra-group balances and any unrealised gains or losses or incomes and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3.5 Foreign Currency

**Foreign Currency Transactions**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the net fair value gains on financial assets at FVTPL of the income statement.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in the Income statement are presented net in the Income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

**Revenue Recognition**

**3.6 Interest Income and Interest Expense**
Interest income and expense for all interest-bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability.
The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

**3.7 Fees and Commissions Income and Expenses**
Fees and commission are generally recognised on an accrual basis, when the service has been provided. Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including financial advisory fees, structured finance fees, arrangement fees, account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received. A contract with a customer that results in a recognised financial instrument in the Group's financial statement may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. if this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as services are received. Dividend income is recognised when the right to receive income is established. Usually, this is the ex.dividend date for quoted equity securities. Dividends are presented in net trading gains, or other income based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI. Income on cash handling relates to services provided to customers in processing cash withdrawal and deposits above the regulated limit,provided by the Central Bank of Nigeria. Income is recognised as the service is provided. Fees and commission income are recognised at point in time and over time. Fees recognised over time relate to credit related fees (concerning participation fee and invoice discounting), corporate finance fees, account maintenance fees, account servicing fee. Fees recognised at a point in time relate credit related fees other that those recognised over time, account servicing fee, arrangement fees.

**3.8 Net Trading and foreign Exchange Income**
Net trading income and foreign exchange income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

**3 .9 Dividend income**
Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates, and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

**3.10 Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates, and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**3.11 Cash and bank balances**

Cash and bank balances include notes and coins on hand, current balances with other banks, balances held with central banks and placements with banks which are used by the Group in the management of its short-term commitments.

Cash and bank balances are carried at amortised cost in the statement of financial position.
Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

**3 .12 Trading assets**

Trading assets are those assets that the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short term profit or position taking.

Trading assets are measured at fair value with changes in fair value recognised as part of net trading and foreign exchange income in profit or loss.

**3.13 Derivative financial instruments**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separately accounted for at fair value with changes in fair value recognised in the income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

### 3.14 Property and Equipment

**(a) Recognition and measurement**
Items of property and equipment are recognised when available for use and are carried at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

**(b) Subsequent Costs**
Subsequent costs are included in the asset's carrying amount or is recognised if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

**(c') Depreciation**
Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held-for-sale in accordance with IFRS 5 Non-current assets-held-for-sale and discontinued operations.

The estimated useful lives for the current and comparative period are as follows:

| | 2022 | 2021 |
|---|---|---|
| Freehold Land | Not depreciated | Not depreciated |
| Freehold buildings | 50 years | 50 years |
| Motor vehicles | 5 years | 5 years |
| Office improvement | 5 years | 5 years |
| Furniture and Fittings | 5 years | 5 years |
| Office equipment | 5 years | 5 years |
| Work in progress | Not depreciated | Not depreciated |
| Computer equipment | 5 years | 5 years |

Work in progress represents costs incurred on assets that are not available for use. Work in progress is carried at cost less any required impairment. Depreciation starts when assets are available for use. An impairment loss is recognised, if the asset's recoverable amount is less than cost. The asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Once the items are available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

**(d) De-recognition**

An item of property and equipment is derecognised on 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 profit or loss in the year the asset is derecognised.

**3.15 Intangible assets**

**(a) Goodwill**

Goodwill represents the excess of consideration over the group's interest in net fair value of net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

**Subsequent measurement**

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cashflows from a cash generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

**(b) Software**

Software acquired by the group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

Work in progress for intangible assets are not amortized, until they are available for use. Once items are available for use, the related amounts are transferred to the appropriate category of intangible assets.

**3.16 Impairment of non-financial assets**
The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an assetis required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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 group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

**3.17 Repossessed collateral**
Repossessed collateral represents financial and non-financial assets acquired by the group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the group's intention in respect of recovery of these assets; and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition(refer to the accounting policy for consolidation).

**3.18 Deposits and debt securities issued**
The group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the group chooses to carry the liabilities at fair value through profit or loss.

**3.19 Provisions**
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

**3.20 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the expected credit loss provision and the unamortised premium. Financial guarantees are included within other liabilities.

**3.21 Employee benefits**

**Post-employment benefits**

**Defined contribution plans**

The group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the group makes fixed contributions on contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

The bank pays contributions to publicly or privately administered pension plans on a manadatory basis. The bank and subsidiaries has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments available.

The contribution by employees and the employing entities are 8% and 10% respectively of the employee's basic salary, housing and transport allowances. The contributions made by the group last year were not below the minimum provisions of the Pension Reform Act, 2014.

**Termination benefits**

The group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

**Short term employee benefits**

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

### 3.22 Share capital and reserves

#### (a) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

#### (b) Dividend on ordinary shares

Dividends on the group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the group's shareholders.

#### (c) Treasury shares

Where the group or any member of the group purchases the group's shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### 3.23 Earnings per share

The group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.24 Fiduciary activities

The group commonly acts as trustees in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and incomes arising thereon are excluded from these financial statements, as they are not assets of the group.

### 3.25 Stock of consumables

Stock of consumables comprise materials to be consumed in the process of rendering of services as well as banking accessories held for subsequent issuance to customers. They are measured at the lower of cost and net realisable value. Cost comprises costs of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realisable value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recognised as an expense in the period in which the related revenue is recognised.

### 3.36 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Executive Officer of the Group, being the chief operating decision maker, to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect costs are allocated based on the benefits derived from such cost.

**3.37 Financial Instruments**

The bank's accounting policies complies with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

**3.27.1 Classification and measurement**

**Financial assets**

It is the Bank's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit of loss.

Classification and subsequent measurement is dependent on the Bank's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Bank may classify its financial instruments at amortised cost, fair value through profit ot loss and at fair value through other Comprehensive income.

The Bank classifies its financial assets into the following categories in line with the provisions of IFRS 9:

- those to be measured at fair value through profit or loss (FVTPL)
- those to be measured at amortised cost; and
- those to be measured at fair value through other comprehensive income (FVOCI)

The classification depends on the Bank's business model (i.e business model test) for managing financial assets and the contractual terms of the financial assets cash flows(i.e. solely payments of principal and interest - SPPI test.)

The Bank also classify its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost. Management determines the classification of the financial instruments at initial recognition.

**Classification of Financial Assets**

**(a) Financial assets measured at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

I. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'investment income'.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

**(b) Financial assets measured at FVTPL**

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit and loss and its not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as 'Investment income'.

In addition, the Bank may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that could otherwise arise. This is done on initial recognition of the instrument.

**(c) Financial assets measured at FVOCI**

The Bank subsequently measures all equity investment at fair value. For equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basics at the initial recognition of the instrument. Where the Bank's management has elected to present fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit and loss as dividend income when the Bank's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognized in Net fair value gain/(loss) in the profit or loss.

**3.27.2 Business Model Assessment**

The Bank assesses the objective of a business model in which as asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The Stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

**Business Model Assessment (Continued)**

- How managers of the business are compensated e.g whether compensation is based on the fair value of the assets managed or the
- contractual cash flows collected; and

The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

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 realized in a way that is different from the Bank's original expectations, the Bank 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.

**Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding**

As a second step of its classification process, the Bank assesses the contractual terms of financial 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 amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g liquidity risk and administrative costs), as well as profit margin.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

**Business Model Assessment (Continued)**

I Contingent events that would change the amount and timing of cash flows;
ii Leverage features;
iii Prepayment and extension terms;

iv Terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements)

v Features that modify consideration of the time value of money e.g periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payment of principal and interest.

**3.27.3 Classification of Financial Liabilities**

Financial liabilities shall be classified into one of the following measurement categories;

(a) Fair Value through Profit or Loss (FVTPL)

(b) Amortised cost

**(a) Financial Liabilities at fair value through profit or loss**

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

- Financial liabilities held for trading and financial liabilities designed at a fair value through profit and loss on inception.

- Financial liabilities at fair value through profit and loss shall be financial liabilities held for trading. A financial liabilities shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which they shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the consolidated Statement of Income, except for changes in fair hearing arising from changes in the Bank's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition / extinguishment of the liabilities.

**(b) Financial Liabilities at amortised cost**

Financial liabilities that are not classified at fair value through profit or loss fall into this category and shall be measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost shall be debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

**Classification of Financial Liabilities (Continued**)

**Reclassifications**
The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassifications takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Bank's operations. When reclassification occurs, the bank reclassifies all affected financial assets in accordance with new business model. Reclassification date is the first day of the first reporting period following the change in business model.

Gains, losses or interest previously recognised are not restated when reclassification occurs. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations (e.g.via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the entity with different business models.

Financial liabilities are not reclassified after initial classification.

Financial assets under the amortised cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individual and in aggregate (even if frequent).

However, if more than an infrequent number of sales are made out of a portfolio and those sale are more than insignificant in value (either individually or in aggregate), the Bank will assess whether and how much sales are consistent with an objective of collecting contractual cash flows.

The Bank has defined the following factors which will be considered in concluding on the significant and frequency of sale:

Classification of Financial Liabilities (Continued)

Definition of Insignificance: The Bank considers the sale of assets within the BM1 as insignificant if the total sales constitute a value that is less than or equal to 15% of the current amortised cost portfolio per annum or a 5% per quarter subject to a maximum of 15 % per annum threshold.
Definition of Infrequent: The Bank has decided that any sale not more than once a quarter would be considered as an infrequent sale.

Definition of Closeness to maturity: The Bank defines close to maturity as instruments with three months to maturity.

### 3.27.4 Modifications of financial assets and financial liabilities

**1. Financial Assets**
If the terms of a financial assets are modified, the Bank evaluates whether the cash flows of

the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit and loss as 'gain and losses arising from the derecognition of financial assets measured at amortised cost.

If the cash flows of the modified asset carried at amortised cost are not substantially different, the modification does not result in derecognition of the financial assets. In this case, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchase originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the period.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria:

**Qualitative criteria**

Scenarios where modifications could lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, are:

- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of Financial asset's tenor
- Extension of financial asset's tenor
- Reduction in repayment of principals and interest
- Capitalisation of overdue repayments into a new principal amount.
- On occurrence of any of the above factors, the Bank will perform a test to determine whether or not the modification is substantial.

**Quantitative criteria**

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset. That means, substantial modification if:

The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

A modification would not lead to derecognition of existing financial asset if:

The discounted present value of the cash flows under the new terms, including any fees received net of any paid and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL measured as follows:

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial assets are included in calculating the cash shortfalls from the existing assets.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Modification gain or loss shall be included as part of impairment loss on financial assets for each financial period.

Financial liabilities

The Bank derecognizes a financial liability when its terms are modofied and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs of fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

### 3.28 Impairment of financial assets

#### (a) Overview of the Expected Credit Losses (ECL) Principles

The Bank recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and cash equivalents
- Debt instrument at amortised cost
- Other receivables

The instruments mentioned above are all referred to as 'financial instrument' or 'assets'. Equity instruments are not subject to impairment under IFRS 9

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), 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 (12m ECL) as outlined.

The 12m ECL is the portion of LT ECLs 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 LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Bank has established a policy to perform a 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.

Based on the above process, the Bank groups its financial instruments into stage 1, stage 2, State 3 and POCI, as described below:

Stage 1: When financial assets are first recognised, the Bank recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Bank records an allowance for the LTECLs.

POCI: Purchase or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

**Impairment of financial assets (Continued)**

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime - stage 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial asset for a probationary period of 90 days to confirm if the risk of default has decrease sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1). In addition to the 90 days probationary period above, the Bank will also observe a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12 months ECL (Stage 1).

For financial assets for which the Bank 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.**

**(b) The calculation of ECLs**

Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are the present value of the expected cash shortfalls.

The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort.
- IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss may vary based on the type of the financial asset and the information available.

The Bank calculates the ECLs based on three probability- weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between 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 calculation 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 facility has not previously derecognised and still in the portfolio.

- 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, expected drawdowns on committed facilities, and accrued interest from missed payments.

- 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 differences between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. it is usually expressed as a percentage of the EAD.

- When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

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

The mechanics of the ECL method are summarised below:

- Stage 1: The 12m ECL is calculated as the portion of LT ECLs 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 Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for LT ECLs. 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 an approximation to the original EIR.

- Stage 3: For assets considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI: POCI asset are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

**(c) Debt instruments measured at fair through OCI**

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of there 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.

**(d) Purchased or originated credit impaired financial assets (POCI)**

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more event have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Bank only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

**(e) Presentation of allowance for ECL in the statement of Financial position**

Loan allowance for ECL are presented in the statement of financial position as follows:

Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

Debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is its fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity ( through OCI ).

**(f) Write - off**

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than outstanding debt;
- Amount obtained from realization of credit collateral security leaves a business of the debt; or
- It is reasonably determined that no further recovery on the facility is possible. All credit facility write-offs require endorsement by the Board Risk Management Committee, as defined by the Bank. Credit writ-off approval is documented in writing and properly initiated by the Board Risk Management Committee.

A write-off constitute a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

**(g) Forward looking information**

In its ECL model, the Bank relies on a broad range of forward looking information as economic inputs, such as, GDP growth, Unemployment rates, Inflation rates and crude oil prices.

**3.28.1 Derecognition of financial asset**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the final asset. Any interest in such derecognized asset financial asset that is created or retained by the Bank is recognised as a separate asset or liability. Impaired debts are de-recognised when they are assessed as uncollectible.

**3.28.2 Derecognition of Financial Liabilities**

The Bank de-reognises financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired. When 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 and the difference in the respective carrying amounts is recognized in profit or loss.

**3.28.3 Write off-policy**

The Bank writes off a financial asset (and any related allowances for impairment losses) when the Bank's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issue's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. 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 impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

**3.28.4 These are the various categories as classified according to IFRS 9: Financial instruments**

| Category (as defined by IFRS 9) | | Classes as determined by the Group | Subclasses |
|---|---|---|---|
| Financial asset | Financial assets held for trading | Debt securities | Treasury Bills |
| | | | Promissory Notes |
| | | | Federal Government of Nigeria Bonds |
| | | Derivative financial instruments | Foreign exchange forward contracts |
| | | | Convertible loans |
| | | Equity securities | Quoted Equity Securities |
| | | Mutual funds | Listed Mutual funds |
| | Financial assets at fair value through other comprehensive income (FVOCI) | Debt Securities | Promissory Notes |
| | | | Treasury Bills |
| | | | State & Federal Government of Nigeria Bonds |
| | | | Corporate Bonds |
| | | | Unquoted equities |
| | Amortised Cost | Investment securities | Treasury Bills |
| | | Cash and Group balances | Cash |
| | | | Bank Balances with CBN |
| | | | Bank Balances in Nigeria |
| | | | Bank Balances outside Nigeria |
| | | Loand and advances to Groups | Placements with Groups and discount houses |
| | | | Placement with other financial institutions |
| | | Loans and advances to customers | Term loans, overdrafts |
| | | | Commercial bills |
| | | | Staff loans |

| | | | |
|---|---|---|---|
| Financial liabilities | Financial liabilities at fair value through profit or loss | Derivative financial instrument liabilities | Foreign exchange forward contracts |
| | Financial liabilities at amortised cost | Due to Banks | Tenored inter-bank deposits |
| | | Due to Customers | Demand deposits |
| | | | Term deposits |
| | | Other liabilities | Accounts payable |
| | | | Sundry accounts |
| | | Borrowings | Bank loan |
| | | | Other financing loan |

## 4.0 Deferred Tax

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

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

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

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

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

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

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

  Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

**05.0 Expense Recognition**

**Finance cost**

Interest paid is recognized in the income statemnet as it accrues and is calculated by using the effective interest rate method.

**5.1 Impairment of Intangible Assets**

Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

**5.2 Investment Properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the group, are classified as investment properties. Investment properties comprise mainly of a residential project constructed with the aim of leasing out to tenants.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuators contracted to perform valuations on behalf of the Bank. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

**6 Changes to accounting policies**

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 6(b) to all periods presented in these consolidated and separate financial statements. The Group has adopted the following amendments

(a) including any consequential amendments to other standards with initial date of application of January 1, 2021. "Seeamendments to IFRS 9, IAS 39 and IFRS 7 disclosures below".

**Significant accounting policies:**

Except as noted in Note 6(a), the Group has consistently applied the accounting policies

(b) consolidated and separate financial statements, unless otherwise stated.

**New and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting periodto all periods presented in these Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2022. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

**Reference to the Conceptual Framework -Amendments to IFRS 3**

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 levels. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The amendment has no impact on the Group financial statements of the year.

**Property, Plant and Equipment-Amendments to IAS 16**

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The amendment has no impact on the Group financial statements of the year.

**Onerous Contracts – Cost of Fulfilling a Contract-Amendments to IAS 37**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendment has no impact on the Group financial statements of the year.

**Standards and interpretations effective after the reporting period**

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2023. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

**Definition of Accounting Estimates– Amendments to IAS 8**

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Error clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment has no impact on the Group financial statements of the year.

**Classification of Liabilities as Current or Non-current –Amendments to IAS 1**
The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting

** Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

The amendment has no impact on the Group financial statements of the year.

**Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2**
The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendment has no impact on the Group financial statements of the year.

**Amendments to IFRS 9, IAS 39, Financial Instrument and IFRS 7 Financial instruments: Disclosures- Interest Rate Benchmark Reform**

In September 2019, the IASB issued amendments to IFRS 7, IFRS 9 and IAS 39, which represents the completion of the first-phase to address the effects of Interest rate benchmark reform on financial reporting.

The amendments that are mandatory include several reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmarkbased cash flows of the hedged item or the hedging instrument.

Phase '2' of the amendments requires that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), the changes to the basis for determining contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate.

The London Inter-Bank Offered Rate (LIBOR) has essentially been one of the main interest rate benchmarks used in financial markets, determining interest rates for financial contracts around the world. However, after December 31, 2021, it is no longer the available reference rate reference rate. This is in line with announcements from the Financial Conduct Authority (FCA), publication of 24 of the 35 LIBOR settings. Financial markets are gradually making their way out of this worldwide commonly used interest rate benchmark.

The rate is mostly used to hedge general level of interest rates charged to borrowers on products including commercial loans, adjustable-rate mortgages, credit cards, and many others. Currently, there is no harmonization on the acceptable benchmark that will succeed LIBOR in the long run. There are many other potential replacements, but those widely used by the market are the secured overnight financing rate (SOFR), U.S. Prime Rate, Bloomberg Short-Term Bank Yield Index, ICE Bank Yield Index, and AMERIBOR.

Greenwich Merchant Bank currently has no direct assets or liabilities under LIBOR. The bank derives loans from offshore banks with LIBOR as the benchmark rate and gives out to its customers at the same benchmark rate. Although included in its offer letter to customers is a clause informing them that the loan rate is subject to market conditions whereby it changes according to the benchmark rate applied by the offshore bank. Greenwich Merchant Bank is considering possible LIBOR alternatives that are acceptable as the new benchmark which will be consistent with accepted market practices and substantially equivalent to the LIBOR index rate.

The bank does not envisage in the future that, there will be a change in their risk management policies, hedging policies have already been put in place to hedge against risks.

As at December 31st Greenwich Merchant bank has in its books the following balances that are benchmarked against LIBOR:

| | ₦'000 |
|---|---|
| **Assets** | |
| Loan and advances | 8,814,244 |
| **Liabilities** | |
| Due to banks | 8,764,839 |

**Amendment to IFRS 16**

In May 2020, the IASB issued amendment to IFRS 16 on Leases to address the accounting and reporting issues arising from Covid 19-Related Rent Concessions such as rent holidays, temporary rent reductions and rent waivers granted to Lessees. The amendment applies to annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The amendment provide relief to lessee in accounting for rent concessions arising as direct consequence of the Covid-19 pandemic. A lessee that applies the optional practical expedient may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. The Practical expedient will only be applied if the following conditions are met:

- The revised consideration is substantially the same or less than the original consideration.
- The reduction in lease payments relates to payments originally due on or before 30 June 2021.
- There are no substantive changes to other terms and conditions of the lease.

No practical expedient is provided for Lessors. Lessors are required to apply the existing requirements of IFRS 16.

This amendment has no impact on the Group.

**Deferred Tax related to Assets and Liablities arising from a Single Transaction-Amendments to IAS 12**

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lesees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets(to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities, and
- Decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The effective date is 1 January 2023

This amendment has no impact on the Group.

**Amendment to IAS 16 – Property, Plant and Equipment**

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss. The amendment is not expected to have any impact on the Group.

**Amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets**

The IASB published amendment to IAS 37– Provisions, Contingent liabilities and Contingent assets in May 2020. The amendment which is effective for annual reporting periods beginning on or after 1 January 2022 specifies the costs an entity needs to include when assessing whether a contract is onerous.

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities. The amendment does not have any material impact on the Group.

**c) Standards and interpretations issued/amended but not yet effective**

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2023:

| Standard | Content | Effective Date |
|---|---|---|
| IFRS 16 | Amendment to IFRS 16 - Lease liability in a Sale and Leaseback | 1 Jan 2024 |
| IAS 1 | Amendment to IAS 1 Presentation of Financial Statements | 1 Jan 2023 |
| IAS 1 & IFRS 2 | Amendments to IAS 1 and IFRS Practice Statement 2- (ii) Disclosure of Accounting Policies | 1 Jan 2023 |
| IAS 8 | Amendments to IAS 8 Definition of Accounting Estimates | 1 Jan 2023 |
| IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction -Amendments to IAS 12 | 1 Jan 2023 |
| IFRS 17 | Insurance Contracts-Ammendment to IAS 17 | 1 Jan 2023 |

The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates.

Commentaries on these new standards/amendments are provided below.

**Amendment to IAS 1 – Presentation of Financial Statements**

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment clarifies:

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

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by "settlement" of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

The effective date is 1 January 2023.

The amendment does not have any material impact on the Group.

**Amendments to IAS 1 and IFRS Practice Statement 2- (ii) Disclosure of Accounting Policies**

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effective date is 1 January 2023.

This amendment is not expected to have a significant impact on the accounting policies disclosed in the financial statement.

**Definition of Accounting Estimates – Amendments to IAS 8**

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period

The effective date is 1 January 2023.

This amendment is not expected to have a significant impact on the accounting policies disclosed in the financial statement.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

Amendments to IAS 12 The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.
- The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

The effective date is 1 January 2023.

The amendment does not have any material impact on the Group.

**Insurance Contracts-Amendments to IAS 17**
The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Group in anyway as the Bank and its subsidiary companies do not engage in insurance business.

The effective date is 1 January 2023.

This amendment is not expected to have a significant impact on the accounting policies disclosed in the financial statement.

### 6.1 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management

### (a) key sources of estimation uncertainty

**Measurement of the expected credit losses**

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, especially in the application of forward-looking information, the estimation of the amount and timing of future cashflows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors which can result in different levels of allowances.

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is as discussed in the accounting policy 3.28

**Assessing fair values**

The assessment of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.27. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

### (b) Critical accounting judgements in applying the group's accounting policies

The critical accounting judgements made in applying the group's accounting policies include:

**Financial asset and liability classification**

The group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

(1) In classifying financial assets as measured at amortized cost, the group has determined that it meets the description of financial assets set out in accounting policy 3.27.

(2) In designating financial assets as measured at FVOCI, the group has determined that it has met the criteria for this designation set out in accounting policy 3.27.

(3) In classifying financial assets as measured at FVTPL, the group has determined that it meets the description of financial assets set out in accounting policy 3.27.

(4) In accounting for financial liabilities as FVTPL, the group has determined that it meets the description of financial liabilities set out in accounting policy 3.27.

(5) In carrying financial liabilities at amortized cost, the group has determined that it meets the description of financial liabilities set out in accounting policy 3.27.

**Depreciation and carrying value of property and equipment**

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

**Valuation of equity financial instruments**

The group's accounting policy on fair value measurements is discussed under note 3.27.
The group measures fair values using the following hierarchy of methods.

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

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, overthe-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
Specific valuation techniques used to value financial instruments include:

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

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
Valuation techniques include net present value and discounted cashflow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The Group's valuation methodology for unquoted securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

For more complex instruments, if any, the group uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counter party default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties, to the extent that the group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counter party where appropriate.

If the group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then it applies judgment in determining appropriate portfolio-level adjustments such as bid-ask spreads and relevant risk premiums.

The group has an established control framework with respect to the measurement of fair values. This framework includes the Investment Banking unit taking over the valuation of financial assets under level 2 and 3. Their valuations are independent of the carrying amounts under the purview of Chief Financial Officer who has overall responsibility for valuations. There is also the Risk Measurement unit responsible for independently verifying the results of valuations from other Units.

When third party information, such as broker quotes or pricing services, is used to measure fair value, the risk measurement unit assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS.

This includes:

- Verifying that the broker or pricing service is approved by the group for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements are recurring.

## Use of estimates and judgements (continued)

### Financial instruments measured at fair value:

**Group:**

**2022**

| ***In thousands of Nigerian Naira*** **Assets** | ***Note*** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| **Financial assets at FVTPL** | 21 | | | | |
| Government bonds | | - | - | - | - |
| Treasury bills | | 160,228 | - | - | 160,228 |
| | | | | | |
| **Investment securities at FVOCI** | 22 | | | | |
| Bonds | | - | 9,301,956 | - | 9,301,956 |
| Treasury bills | | - | 465,380 | - | 465,380 |
| Equity investments | | 1,969,533 | 966,568 | - | 2,936,101 |
| | | | | | |
| **Investment securities at amortized cost** | 23 | | | | |
| Bonds | | 2,972,552 | | | 2,972,552 |
| **Total assets** | | **5,102,313** | **10,733,904** | **-** | **15,836,217** |
| **Liabilities** | | | | | |

**Bank:**

**2022**

| ***In thousands of Nigerian Naira*** **Assets** | ***Note*** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| **Financial assets at FVTPL** | 21 | | | | |
| Government bonds | | - | - | - | - |
| Treasury Bills | | 160,228 | - | - | 160,228 |
| | | | | | - |
| **Investment securities at FVOCI** | 22 | | | | - |
| Bonds | | - | 9,041,964 | - | 9,041,964 |
| Treasury bills | | - | 465,380 | - | 465,380 |
| Equity investments | | - | 964,553 | - | 964,553 |
| | | | | | - |
| **Investment securities at amortized cost** | 23 | | | | - |
| Bonds | | 1,227,623 | | | 1,227,623 |
| | | **1,387,851** | **10,471,898** | **-** | **11,859,748** |

**Financial instruments measured at fair value**
**Group:**
**2021**

| ***In thousands of Nigerian Naira*** <br> **Assets** | *Note* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets at FVTPL** | 21 | | | | |
| Government Bond | | - | - | - | - |
| Treasury bills | | 5,784 | - | - | 5,784 |
| | | | | | - |
| **Investment securities at FVOCI** | 22 | | | | - |
| Commercial Paper | | - | - | - | - |
| Bonds | | - | 2,934,623 | - | 2,934,623 |
| Treasury bills | | - | 1,108,541 | - | 1,108,541 |
| Equity investments | | 2,524,278 | 970,601 | - | 3,494,880 |
| | | | | | |
| **Investment securities at amortized cost** | 23 | | | | |
| Treasury bills | | 3,528,497 | | | 3,528,497 |
| Eurobonds | | 892,551 | | | 892,551 |
| **Total assets** | | **6,951,111** | **5,013,765** | **-** | **11,964,876** |

**Bank:**
**2021**

| ***In thousands of Nigerian Naira*** <br> **Assets** | *Note* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets at FVTPL** | 21 | | | | |
| Government bonds | | - | - | - | - |
| Treasury bills | | 5,784 | - | - | 5,784 |
| **Investment securities at FVOCI** | 22 | | | | |
| Commercial paper | | - | - | - | - |
| Bonds | | - | 2,934,623 | - | 2,934,623 |
| Treasury bills | | - | 1,108,541 | - | 1,108,541 |
| Equity investments | | - | 968,587 | - | 968,587 |
| | | | | | - |
| **Investment securities at amortized cost** | 23 | | | | - |
| Eurobonds | | 512,980 | | | 512,980 |
| | | **518,764** | **5,011,751** | **-** | **5,530,515** |

All valuation processes and techniques are subject to review and approval by the Board Finance and General Purpose Committee. There was no change in the group's valuation technique during the period.

**(c)Valuation technique and input used in Level 2 Fair Value Measurement**
Where there is limited trading activity in financial instruments, the group uses valuation models, consensus pricing information from third party pricing services and quotes to determine an appropriate valuation.

## 7.0 Enterprise Risk Management Review

The Group's Enterprise Risk Management process is focused on long-term sustainability and value creation. Greenwich Merchant Bank adopts a risk-intelligent approach to the identification, measurement, mitigation and monitoring of risks across the Bank. Our risk-intelligent and integrated approach seeks to minimize the downside risk and maximize the upside risk inherent in our businesses. The Bank ensures that the business maintains the right balance in terms of the risk-return trade-off whilst limiting the negative variations that could impact the Bank's capital, earnings, risk assets and appetite levels in a constantly changing and dynamic operating environment.

The key elements of Greenwich Merchant Bank Limited 's Enterprise Risk Management are as follows:

**The Bank's Risk Philosophy, Culture and Objectives**
The Board of Greenwich Merchant Bank Limited sets the tone for risk management and ensures that the Bank's risk frameworks, culture and policies reflect our risk management philosophy. The Bank's risk philosophy is to be a risk-intelligent financial institution that avoids aggressive risk-taking. This philosophy guides strategy formulation and business decisions across the Bank.

**Risk Management Governance Framework**
The Board is ultimately responsible for risk management in the Bank. The Bank adopts the three-lines-of-defense model with regards to risk management which guarantees risk ownership and accountability across the Bank. The first line of defense is the business units and process owners who are responsible for identification, measurement, and mitigation of risks inherent in their business units and processes. The first line of defense ensures that adequate controls are put in place to mitigate risks and that the Bank does not undertake transactions where the risks cannot be mitigated to an acceptable level within its risk appetite. The second line of defense (Risk, Compliance, and Internal Control) reviews and challenges as well as provides oversight and advisory functions; and the third line (Internal Audit) provides assurance that control processes are fit for purpose.

Specific Board committees that are responsible for risk management include the Board Credit Committee, Board Risk Management Committee, and the Board Audit Committee. These committees are supported by the following Management committees: Risk Management Committee, Asset and Liability Committee and Management Credit Committee. Each of the Board and Management committees is governed by mandates that set out the expected committee's terms of reference.

**Risk Management Policies and Procedures**
Greenwich Merchant Bank manages risks in accordance with a set of governance standards, frameworks and policies approved by the Board which align with the global and industry best practices. The Bank has developed a set of policies for the management of risks including credit, market, operational, technology, liquidity, and compliance risks. The policies define the acceptable conditions for the assumption of risks and ensure alignment and consistency in the way these risks are identified, measured, managed, controlled and reported, across the Bank.

**7.1 Risk Appetite**
Greenwich Merchant Bank Limited's risk appetite guides the Bank in the pursuit of its strategic objectives. There is consistency between the Bank's risk appetite and strategic objectives and the Bank has set its risk appetite at a level that ensures capital protection. The Bank's risk appetite reflects the capacity to sustain losses and continues to meet its obligations as they fall due, under both normal and a range of stress conditions.

- The Risk Appetite Policy approved by the Board of Directors:
- Defines the amount of risk that Greenwich Merchant Bank is willing to accept in pursuit of its objectives.
- Sets risk limits to guide Management in the day-to-day operations of the Bank.
- Provides a basis for measuring the risk-adjusted return and for linking performance to the amount of risk taken in achieving it.

Ensures strong risk management culture across the Bank.

Defines the risk-taking capacity of the Bank and ensures that the Bank does not take on risk beyond its risk-taking capacity.

The Bank expresses its risk appetite using qualitative and quantitative terms. Qualitative risk appetite statements serve as a guide for embedding the Risk Appetite Policy across the Bank and to support strategic and operational decision-making.

The following are covered by qualitative statements:

**Credit Risk:** The Bank adopts a conservative approach to credit risk taking. Our credit risk mitigation and control techniques involve preventive and remedial controls. This ensures that identified risks are prevented to the greatest extent possible, and where such risks crystallize, remedial actions are available to reduce the eventual loss to the Bank.

**Operational Risk:** The Bank's appetite for operational risk is low. Greenwich Merchant Bank will not carry-on business where the operational risk cannot be managed to an acceptable low level.
**Capital Position:** The Bank aims to have a strong capital adequacy position measured by regulatory capital adequacy ratios. Capital levels are managed to support business growth, maintain depositor and creditor confidence, create value for shareholders and ensure regulatory compliance.

**Liquidity and funding management:** The Bank's approach to liquidity risk management is governed by prudence, in accordance with the applicable laws and regulations and considers, the competitive environment in which the Bank operates. Greenwich Merchant Bank Limited manages liquidity risk on a self-sufficient basis.

**Earnings volatility:** The Bank aims to have sustainable and well diversified earning streams to minimize earnings volatility through business cycles.

Greenwich Merchant Bank uses quantitative risk appetite to measure capital adequacy under normal market conditions and stressed market conditions.

We have set quantitative measures for the following:

- Total regulatory capital
- Common equity capital (CET1)
- Tier 1 Capital
- Leverage Ratio (LER)
- Non-Performing Loans Ratio
- Liquidity ratio
- Liquidity gap

Each quantitative risk appetite statement has two defined threshold levels:

**The risk appetite trigger** serves as an early warning trigger. The risk appetite trigger is set at a level that considers the scope and nature of available management actions and ensures that corrective management actions can take effect and prevent a risk tolerance limit breach.

The **risk tolerance limit** is the maximum amount of risk the Bank is prepared to tolerate above its risk appetite.

Risk appetite is expressed in specific limits and triggers to provide assurance that day-to-day decisions do not result in outcomes that threaten compliance or result in a breach of regulations.

### 7.2 Stress testing

The Bank employs stress testing which involves a set of plausible but severe stress conditions to test its liquidity, market, and credit risk exposures. Stress testing serves as a diagnostic and forwardlooking tool to improve the Bank's understanding of its risk profile under event-based scenarios.

Mitigating actions are immediately activated to minimize and manage the impact of the risks that emerge from the stress testing. Residual risk is then evaluated against the risk appetite.

Highlights of the Bank's methodology for managing major risks to which the Bank is exposed are explained below:

### 7.3 Credit Risk

Credit risk generally consumes a significant portion of total regulatory capital and as such represents the largest source of risk that Greenwich Merchant Bank is exposed to. Credit risk therefore receives a high degree of Board and Management focus and sufficient resources is deployed to ensure that the risk is adequately mitigated. Credit risk arises from different transactions such as direct lending activities, commitments to extend credit (undrawn loans), guarantees, letters of credit, securities purchased as investments in the Banking Book, interbank placements, brokerage activities, and transactions resulting in settlement risk for the Bank. The Bank's Credit Policy governs all transactions in the Banking Book and all transactions with exposure to credit risk.

Specifically, the Policy:

- Provides standardized credit risk management approach and comprehensive guidelines for the identification, assessment, measurement, monitoring and reporting of credit risks in the Bank.
- Defines clear roles and responsibilities of different parties involved in the credit risk management process.
- Establishes the principles under which the Bank is prepared to assume credit risk, and the overall framework for the consistent and unified governance of credit risk.

Our credit risk appetite is in line with our risk philosophy, strategic objectives, available resources and guidelines issued by regulatory authorities. In setting this appetite/tolerance limits, the Bank takes into consideration, factors that are internal to the Bank as well as macroeconomic and other external factors.

The Bank's approach to credit risk management is three pronged:

I Credit portfolio planning: Credit portfolio plan sets out planned allocation of credits to industries, sectors, geographic regions, risk ratings and tenure. Portfolio planning is a regulatory requirement and a risk management tool to manage credit portfolio concentration risk and keep credit exposure within the risk appetite set by the Board. One of the methodologies employed by the Bank for managing credit concentration is the annual credit portfolio plan which stipulates limits by industry, sector, credit ratings, tenures, and types of facilities. **Credit concentration** risk is the risk of loss to Greenwich Merchant Bank arising from an excessive concentration of exposure to a single counterparty or counterparty segment, an industry, a market, a product, a financial instrument or type of security, a country or geography, or a maturity. This concentration typically exists when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. In the annual credit portfolio plan, the Bank articulates planned credit limits for the different sectors it intends to consider for credit and the different obligor credit ratings. Actual credit portfolio is considered against the plan and where there is a deviation, remedial actions are implemented immediately. Greenwich Merchant Bank tries to maintain a portfolio of credit risk that is adequately diversified and avoids excessive concentration risks.

ii. Credit analysis and structuring: Greenwich Merchant Bank considers varied forms of credit risk mitigation in the analysis and structuring of credit transactions. The credit risk mitigation actions may depend on the credit rating of the obligors and the nature of the transactions. All credit analysis performed in the Bank, at minimum, demonstrates an appropriate understanding of the borrower or counterparty, the purpose and structure of the credit, the transaction, the source of repayment, the integrity and reputation of the borrower, the key risks and mitigants, the model rating and analysis of risk and return in respect of the proposal at hand. Credit risk mitigation is defined as all methods of reducing credit expected loss whether by means of reduction of EAD (for example netting), risk transfer (for example guarantees) or risk transformation. Guarantees, collateral and the transaction structures are used by the Bank to mitigate credit risks both identified and inherent. iii. Credit rating of obligors/counterparties. Internal counterparty rating is used as an essential tool in the Greenwich Merchant Bank's credit risk management and decision-making process.

iii. Credit rating is used for the following purposes:

- Credit assessment and evaluation
- Credit monitoring
- Performing portfolio provisioning determination in line with IFRS 9
- Credit approval and delegated authority
- Input drivers for impairment calculations
- Economic and regulatory capital calculation
- Portfolio and management reporting
- RARORC (Risk-Adjusted Return on Regulatory Capital) calculation
- Pricing: Probability of Default (PD), Exposures At Default (EAD) and Loss Given Default

(LGD) may be used to assess and compare relative pricing of assets/facilities, in conjunction with strategic, relationship, market practice and competitive factors.

Our internal credit rating model combines quantitative and qualitative metrics to determine the appropriate rating grade for the obligor/counterparty. The Bank does not engage with counterparties or enter credit transactions where there is insufficient information to identify and evaluate risks. The Bank makes use of Risk Assets Acceptance Criteria that are comprehensive enough to ensure reliable credit rating of counterparties. Defined acceptable risk characteristics are summarized to form the Risk Assets Acceptance Criteria (RAAC).

The Bank uses the obligor/counterparty rating scale below:

| Description of Grade | Internal Credit Rating | |
|---|---|---|
| Extremely low risk | AAA | Investment Grade |
| Very low risk | AA | |
| Low risk | A | |
| Acceptable risk | BBB | |
| Moderately high risk | BB | Sub-investment Grade/Speculative Grade |
| High risk | B | |
| Very high risk | CCC | Cautionary Grade |
| Extremely high risk | CC | |
| High likelihood of default | C | |

100The Bank's credits to different obligors based on our internal credit rating as at 31 December 2021 are as follows:

**On-Balance Sheet**

**GROUP**
**Loans by rating**

| Credit rating | Gross loans | Impairment Allowance | Carrying amount |
|---|---|---|---|
| AAA | 9,489,177 | 53,326 | 9,435,850 |
| AA | 406,134 | 41,206 | 364,928 |
| A | 18,844,860 | 28,085 | 18,816,775 |
| BBB | 4,462,941 | 8,827 | 4,454,114 |
| BB | 33,183 | 316 | 32,867 |
| B | - | - | - |
| Gross loans | 33,236,294 | 131,760 | 33,104,534 |

BANK
Loans by rating

| Credit rating | Gross loans | Impairment Allowance | Carrying amount |
|---|---|---|---|
| AAA | 9,489,177 | 53,326 | 9,435,850 |
| AA | 406,134 | 41,206 | 364,928 |
| A | 18,844,860 | 28,085 | 18,816,775 |
| BBB | 4,462,941 | 8,827 | 4,454,114 |
| BB | 33,183 | 316 | 32,867 |
| B | - | - | - |
| Gross loans | 33,236,294 | 131,760 | 33,104,534 |

The Bank's credits to different obligors based on our internal credit rating as at 3
1 December 2021 are as follows:

**GROUP**
**Loans by rating**

| Credit rating | Gross loans | Impairment Allowance | Carrying amount |
|---|---|---|---|
| AAA | 1,964,953 | 1,039 | 1,963,914 |
| AA | 93,859 | 270 | 93,589 |
| A | 4,724,713 | 3,985 | 4,720,728 |
| BBB | 51,260 | 246 | 51,014 |
| BB | 493,951 | 133 | 493,818 |
| B | 9,324 | 3,417 | 5,907 |
| Gross loans | 7,338,059 | 9,090 | 7,328,969 |

BANK
Loans by rating

| Credit rating | Gross loans | Impairment Allowance | Carrying amount |
|---|---|---|---|
| AAA | 1,964,953 | 1,039 | 1,963,914 |
| AA | 93,859 | 270 | 93,589 |
| A | 4,724,713 | 3,985 | 4,720,728 |
| BBB | 51,260 | 246 | 51,014 |
| BB | 493,951 | 133 | 493,818 |
| B | 9,324 | 3,417 | 5,907 |
| Gross loans | 7,338,059 | 9,090 | 7,328,969 |

**Collateral**

Among the Bank's credit risk mitigation actions is the use of collateral to reduce the exposures at default (EAD). All credit exposures, particularly where the obligors are considered to have a higher probability of default, must be secured by tangible assets, cash, or other types of collateral acceptable to the Bank. The Bank engages the services of independent consultants/valuers for periodic valuation of tangible collateral pledged for loans and advances. Collateral analysis is also carried out as part of the credit appraisal process. Collateral analysis includes a good description of the collateral, its value, how the value was arrived at, and when the valuation was made.

The collateral usually includes the following categories:

I. Real estate, plant, and equipment. This usually takes the form of all asset or mortgage debenture or charge and is registered and enforceable under Nigerian law

ii. Shares of publicly quoted companies

iii. Cash

iv. Near cash and highly liquid financial instruments such as Eurobonds, Treasury Bills and Federal Government of Nigeria bonds

The collateral is valued and inspected prior to disbursement and on a regular basis thereafter until full repayment of the exposure. Periodic inspection of physical collateral is performed where appropriate and where reasonable means of doing so are available.

The following are loans and advances and collateral pledged by customers for outstanding facilities as at 31 December 2022:

**GROUP**
**31 December 2022**

| In thousands | Value of collateral | Total exposure |
|---|---|---|
| All asset debenture | - | - |
| Cash | 7,791,910 | 9,608,944 |
| Clean | - | 14,846,838 |
| Payment Guarantee | 1,061,000 | 1,002,055 |
| Property | 13,000 | 3,385 |
| Letter of Credit | 8,278,978 | 7,770,692 |
| Stock Hypothecation | - | 4,380 |
| Grand Total | 17,144,888 | 33,236,294 |
| | - | - |
| Impairment | - | (131,760) |
| | - | - |
| Net Carrying amount | 17,144,888 | 33,104,534 |

**BANK**
**31 December 2022**

| In thousands | Value of collateral | Total exposure |
|---|---|---|
| All asset debenture | - | - |
| Cash | 7,791,910 | 9,608,944 |
| Clean | - | 14,846,838 |
| Payment Guarantee | 1,061,000 | 1,002,055 |
| Property | 13,000 | 3,385 |
| Letter of Credit | 8,278,978 | 7,770,692 |
| Stock Hypothecation | - | 4,380 |
| Grand Total | **17,144,888** | **33,236,294** |
| | - | - |
| Impairment | - | (131,760) |
| | - | - |
| Net Carrying amount | **17,144,888** | **33,104,534** |

**GROUP**
**31 December 2021**

| In thousands | Value of collateral | Total exposure |
|---|---|---|
| All asset debenture | 32,471,551 | 493,951 |
| Cash | 1,864,074 | 1,863,551 |
| Clean | - | 4,869,930 |
| Eurobond Investment | 198,288 | 101,304 |
| Property | 47,500 | 9,324 |
| Grand Total | **34,581,414** | **7,338,059** |
| | - | - |
| Impairment | - | (9,090) |
| | - | - |
| Net Carrying amount | **34,581,414** | **7,328,969** |

**BANK**
**31 December 2021**

| In thousands | Value of collateral | Total exposure |
|---|---|---|
| All asset debenture | 32,471,551 | 493,951 |
| Cash | 1,864,074 | 1,863,551 |
| Clean | - | 4,869,930 |
| Eurobond Investment | 198,288 | 101,304 |
| Property | 47,500 | 9,324 |
| Grand Total | **34,581,414** | **7,338,059** |
| | - | - |
| Impairment | - | (9,090) |
| | - | - |
| Net Carrying amount | **34,581,414** | **7,328,969** |

**GROUP**
**31 December 2022**

| **Disclosure by collateral** | **Overdraft** | **Term Loans** | **Total** |
|---|---|---|---|
| All asset debenture | - | - | - |
| Cash | | 7,791,910 | 7,791,910 |
| Clean | | - | - |
| Payment Guarantee | | 1,061,000 | 1,061,000 |
| Property | - | 13,000 | 13,000 |
| Letter of Credit | - | 8,278,978 | 8,278,978 |
| Stock Hypothecation | - | - | - |
| **Grand Total: Fair value of collateral** | - | **17,144,888** | **17,144,888** |
| **Gross loans** | **8,342,730** | **24,893,564** | **33,236,294** |
| **Impairment** | **(11,615)** | **(120,145)** | **(131,760)** |
| **Net amount** | **8,331,115** | **24,773,419** | **33,104,534** |
| **Gross Total: Amount of under-collaterisation** | **8,342,730** | **7,748,676** | **16,091,406** |

**31 December 2022**

| Disclosure by collateral | Overdraft | Term Loans | Total |
|---|---|---|---|
| All asset debenture | - | - | - |
| Cash | - | 7,791,910 | |
| Clean | - | - | |
| Payment Guarantee | - | 1,061,000 | 1,061,000 |
| Property | - | 13,000 | 13,000 |
| Letter of Credit | - | 8,278,978 | 8,278,978 |
| Stock Hypothecation | - | - | - |
| Grand Total: Fair value of collateral | - | 17,144,888 | 17,144,888 |
| Gross loans | 8,342,730 | 24,893,564 | 33,236,294 |
| Impairment | (11,615) | (120,145) | (131,760) |
| Net amount | 8,331,115 | 24,773,419 | 33,104,534 |
| Gross Total: Amount of under-collaterisation | 8,342,730 | 7,748,676 | 16,091,406 |

**GROUP**
**31 December 2021**

| 12 months ECL loans and advances | Overdraft | Term Loans | Grand Total |
|---|---|---|---|
| All asset debenture | | 32,471,551 | 32,471,551 |
| Cash | | 1,864,074 | 1,864,074 |
| Clean | - | - | - |
| Eurobond Investment | | 198,288 | 198,288 |
| Property | | 47,500 | 47,500 |
| Grand Total: Fair value of collateral | - | 34,581,414 | 34,581,414 |
| Gross loans | 3,473,141 | 3,864,918 | 7,338,059 |
| Impairment | (281) | (8,809) | (9,090) |
| Net amount | 3,472,860 | 3,856,109 | 7,328,969 |
| Gross Total: Amount of under-collaterisation | 3,473,141 | - | 3,473,141 |

BANK
31 December 2021

| 12 months ECL loans and advances | Overdraft | Term Loans | Grand Total |
|---|---|---|---|
| All asset debenture | | 32,471,551 | 32,471,551 |
| Cash | | 1,864,074 | 1,864,074 |
| Clean | - | - | - |
| Eurobond Investment | | 198,288 | 198,288 |
| Property | | 47,500 | 47,500 |
| Grand Total: Fair value of collateral | - | 34,581,414 | 34,581,414 |
| Gross loans | 3,473,141 | 3,864,918 | 7,338,059 |
| Impairment | (281) | (8,809) | (9,090) |
| Net amount | 3,472,860 | 3,856,109 | 7,328,969 |
| Gross Total: Amount of under-collaterisation | 3,473,141 | - | 3,473,141 |

## Credit Risk Measurement

The starting point of all credit risk assessment and evaluation lies in the counterparty risk grading, which is quantified and calculated in compliance with the Bank's Credit Policy. Credit risk quantification for any exposure or portfolio is summarized by the calculation of the Expected Credit Loss (ECL), which is arrived at in the following way:

Based on the risk rating, the Bank determines the counterparty's Probability of Default (PD). A forward-looking quantification of the exposure at default (EAD) is determined and the credit risk mitigants such as security and asset recovery propensities are then quantified to moderate the Exposure At Default (EAD) to derive the Loss Given Default (LGD). Finally, the ECL is a function of the PD, the LGD and the EAD. The Bank is still in the process of gathering internal data for PD and LGD and such makes use of external PD and LGD data such as Standard and Poor PD data.

## Impairment model

All credit exposures including undrawn loan commitments, off-balance sheet engagements such as guarantees and letters of credit and debt instruments that are carried at amortised cost or fair value through other comprehensive income are assessed for expected credit
loss (ECL) on a forward-looking basis in line with IFRS 9. The Group adopts three-stage model for impairment based on the changes in the credit risk associated with the exposures and consistent with the provisions of IFRS 9.

## Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss allowance is recognized. Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration in which case, they are moved to stage 2 or they become credit-impaired and are moved to stage 3.

Instruments will transfer to stage 2 and a lifetime expected credit loss allowance is recognized when there has been a significant change in the credit risk compared with what was expected at origination. Instruments are classified as stage 3 when they become credit impaired. A lifetime expected credit loss allowance is recognized for instruments classified as stage 3.

**Incorporation of forward-looking information**

The determination of expected credit loss includes various assumptions and judgements in respect of forward-looking, company-specific, and macroeconomic information.

**Significant increase in credit risk ('SICR')**

Expected credit loss for financial assets will transfer from a 12-month basis to a lifetime basis when there is a significant increase in credit risk (SICR) relative to that which was expected at the time of origination, or when the asset becomes credit impaired. On transfer to a lifetime basis, the expected credit loss for those assets will reflect the impact of a default event expected to occur over the remaining lifetime of the instrument rather than just over the 12 months from the reporting date. SICR is assessed by comparing the risk of default of an exposure at the reporting date with the risk of default at origination (after considering the passage of time). Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria, the weight of which will depend on the type of product and counterparty. Factors considered in assessing significant increase in credit risk include the following:

- Potential or actual bankruptcy of the obligor
- Debt restructuring by the Bank due to significant financial difficulty affecting the borrower where the Bank has granted concessions that it would not ordinarily consider (forbearance)
- Fraud impacting the obligor's credit rating and ability to meet its debt obligations
- Significant credit rating downgrades
- Death of key personnel of the obligor with likelihood of impacting its ability to pay its debt obligations
- More than 30 days past due

**Assessment of credit-impaired financial assets**

Credit-impaired financial assets comprise those assets that have experienced an observed credit event and are in default. Default represents those assets that are at least 90 days past due in respect of principal and interest payments and/or where the assets are otherwise considered unlikely to pay. Evidence that a financial asset is credit-impaired includes the following observable data.

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- An asset that has been renegotiated due to a deterioration in the borrower's condition is usually

considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there are no other indicators of impairment.

**Transfers between stages**

Assets will transfer from stage 3 to stage 2 when they are no longer considered to be credit impaired. Assets will not be considered credit-impaired only if the customer makes payments such that they are paid to current in line with the original contractual terms. In addition, loans that were subject to forbearance measures must remain current for 12 months before they can be transferred to stage 2. Assets may transfer to stage 1 if they are no longer considered to have experienced a significant increase in credit risk. This will occur when the original PD based transfer criteria are no longer met and if none of the other transfer criteria apply. Where assets were transferred using other measures, the assets will only transfer back to stage 1 when the condition that caused the significant increase in credit risk no longer applies and as long as none of the other transfer criteria apply.

The ECL on loans and advances as of 31 December 2022 is as follows:
**Credit provisioning based on prudential guidelines**

| Loans and advances to customers at amortised cost | Note 25 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 9,090 | - | - |
| Net remeasurement of loss allowances | | 122,670 | - | - |
| Closing balance | | 131,760 | - | - |
| Gross amount | | 33,236,294 | - | - |

BANK
31 December 2022

| Loans and advances to customers at amortised cost | Note 25 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 9,090 | - | - |
| Net remeasurement of loss allowances | | 122,670 | - | - |
| Closing balance | | 131,760 | - | - |
| Gross amount | | 33,236,294 | - | - |

GROUP
31 December 2022

| Debt securities at amortised cost | Note 23 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 7,074 | - | - |
| Net remeasurement of loss allowances | | 893 | - | - |
| Closing balance | | 7,967 | - | - |
| Gross amount | | 2,972,552 | - | - |

BANK
31 December 2022

| Debt securities at amortised cost | Note 23 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 2,230 | - | - |
| Net remeasurement of loss allowances | | (1,692) | - | - |
| Closing balance | | 538 | - | - |
| Gross amount | | 1,227,623 | - | - |

GROUP
31 December 2022

| Due from other banks | Note 19 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 8,897 | - | - |
| Net remeasurement of loss allowances | | 16,301 | - | - |
| Closing balance | | 25,198 | - | - |
| Gross amount | | 21,102,853 | - | - |

BANK
31 December 2022

| Due from other banks | Note 19 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 6,591 | - | - |
| Net remeasurement of loss allowances | | 1,968 | - | - |
| Closing balance | | 8,559 | - | - |
| Gross amount | | 7,895,741 | - | - |

GROUP
31 December 2022

| Other assets | Note 26 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 163,801 | | |
| Net remeasurement of loss allowances | | 20,398 | | |
| Closing balance | | 184,199 | | |
| Gross amount | | 17,492,447 | | |

BANK
31 December 2022

| Other assets | Note 26 | 12-month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired |
|---|---|---|---|---|
| Balance at 1 January | | 96,025 | | |
| Net remeasurement of loss allowances | | (6,002) | | |
| Closing balance | | 90,023 | | |
| Gross amount | | 17,206,713 | | |

The Bank determines provisions for loans and advances under prudential guidelines using the time-based provisioning specified by the CBN. A minimum of 2% general provision on performing loans is made in accordance with the Prudential Guidelines.

In addition to the 2% general provisions, the Prudential Guidelines require the following provisions:

| Interest and/or principal outstanding for over: | Classification | Minimum provision |
|---|---|---|
| 1 day but less than 90 days | Watchlist | 5% |
| 90 days but less than 180 days | Substandard | 20% |
| 180 days but less than 360 days | Doubtful | 50% |
| Over 360 days | Lost | 100% |

The revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS. Banks are required to comply with the following:

(a) Expenses for loan losses recognized in the profit and loss account should be determined based on the relevant IFRS 9. However, the provisions for loan losses determined under the IFRS 9 should be compared with the loan loss provisions determined under the Prudential Guidelines. The differences between both provisions should be treated as follows:

(i) Where Prudential Provisions is greater than IFRS 9 provisions, the resulting difference should be transferred from the general reserve account to a non-distributable regulatory credit risk reserve.

(ii) Where Prudential Provisions is less than IFRS 9 provisions, the IFRS 9 determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter transferred to the general reserve account.

Please see below:

| In thousands of Nigerian Naira | **Bank 31-Dec-22** | **Bank 31-Dec-21** |
|---|---|---|
| Total impairment on IFRS | 131,760 | 9,090 |
| Total impairment based on Prudential Guidelines | 664,726 | 146,761 |
| Opening balance | 137,671 | Nil |
| Amount to be transferred | 441,194 | 137,671 |
| **Closing balance** | **578,865** | **137,671** |

As per the computation where IFRS impairment is lower than the computed provision based on prudential guidelines, the Bank's regulatory risk reserve as at 31 December 2022 was ₦ 532.97m.

### 7.4 Market Risk

Market risk is the risk of an adverse change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as equity, bond and commodity prices, foreign exchange rates, interest rates, credit spreads, recovery rates, correlations, and implied volatilities in the market variables.

**Market Risk Monitoring, and Mitigation**

The Bank's Market Risk Framework and Asset and Liability Management Policy govern the identification, management, control, measurement and reporting of market risk. Trading, security position and loss limits and triggers are set out in the Treasury Limits Framework approved by the Board. The Market and Liquidity Risk Management Unit is independent of the Treasury Division and monitors limits utilization daily. The Unit is also responsible for the identification, measurement, management, control and reporting of market risk as outlined in the policies. The Asset and Liability Committee (ALCO) receives reports regularly on market risk exposures and ensures that all market risk exposures are curtailed within the risk appetite set by the Board. The techniques used by the Bank to measure and control market risk include:

i. Daily trading position limits

ii. Stress testing and sensitivity analysis

iii. Stop loss limits and Management action triggers

iv. Limits on portfolio concentration

Where breaches in limits and triggers occur, actions are taken by the business units concerned and Market Risk Management Unit immediately to ensure that traders hedge exposures back in line with approved market risk appetite and such breaches are reported to Management, ALCO and the Board. Below is a summary of Greenwich Merchant Bank's fixed income portfolio where the Bank is exposed to market risk as at 31st December, 2022.

The Bank stress-tests its market exposures to determine the effects of potentially extreme market developments on the value of its portfolio. The scenarios are developed taking into consideration specific and generic risk factors, and the outcome of the stress tests provides an insight to the amount of economic capital the Bank would require covering the investment risk exposure under extreme market conditions. Sensitivity analysis is also done daily to determine the impact of 100 basis points and 200 basis points increase in yield on the Bank's portfolio. The sensitivity analysis as at 31 December 2022 is as follows:

**GROUP-2022**

| Asset | Carrying amount | Trading | Non-trading | 100bps | 200bps |
|---|---|---|---|---|---|
| Cash and balances with central bank | 12,725 | | 12,725 | | |
| Due from other banks | 26,455,574 | | 26,455,574 | | |
| Pledged assets | 15,623,524 | | 15,623,524 | 156,235 | 312,470 |
| Loans & Advances | 33,104,534 | | 33,104,534 | 331,045 | 662,091 |
| Investment securities | 15,668,021 | | 15,668,021 | 156,680 | 313,360 |
| Financial instrument at FVPL | 160,228 | 160,228 | | 1,602 | 3,205 |
| Other assets (note 26) | 17,308,248 | | 17,308,248 | | |
| **Liabilities** | | | | | |
| Due to banks | 10,291,844 | | 10,291,844 | | |
| Due to customers | 65,947,966 | | 65,947,966 | | |
| Other liabilities | 2,546,062 | | 2,546,062 | | |
| Borrowings | - | | - | | |
| **Sensitivity Result** | | | | **645,563** | **1,291,126** |

**BANK-2022**

| Asset | Carrying amount | Trading | Non-trading | 100bps | 200bps |
|---|---|---|---|---|---|
| Cash and balances with central bank | 12,725 | | 12,725 | | |
| Due from other banks | 11,849,785 | | 11,849,785 | | |
| Pledged assets | 15,623,524 | | 15,623,524 | 156,235 | 312,470 |
| Loans & Advances | 33,104,534 | | 33,104,534 | 331,045 | 662,091 |
| Investment securities | 11,698,982 | | 11,698,982 | 116,990 | 233,980 |
| Financial instrument at FVPL | 160,228 | 160,228 | - | 1,602 | 3,205 |
| Other assets (note 26) | 17,116,690 | | 17,116,690 | | |
| Liabilities | | | | | |
| Due to banks | 10,291,844 | | 10,291,844 | | |
| Due to customers | 52,176,738 | | 52,176,738 | | |
| Other liabilities | 717,396 | | 717,396 | | |
| Borrowings | - | | - | | |
| | | | | | |
| Sensitivity Result | | | | 605,873 | 1,211,745 |

**GROUP-2021**

| Asset | Carrying amount | Trading | Non-trading |
|---|---|---|---|
| Cash and balances with central bank | 779,073 | | 779,073 |
| Due from other banks | 55,396,848 | | 55,396,848 |
| Pledged assets | 8,447,871 | | 8,447,871 |
| Loans & Advances | 7,328,969 | | 7,328,969 |
| Investment securities | 13,342,951 | | 13,342,951 |
| Financial instrument at FVPL | 5,784 | 5,784 | |
| Other assets (note 26) | 16,855,523 | | 16,855,523 |
| Liabilities | | | |
| Due to banks | 4,287,659 | | 4,287,659 |
| Due to customers | 47,624,900 | | 47,624,900 |
| Other liabilities | 21,366,590 | | 21,366,590 |
| Borrowings | 5,527 | | 5,527 |

**BANK-2021**

| Asset | Carrying amount | Trading | Non-trading |
|---|---|---|---|
| Cash and balances with central bank | 779,073 | | 779,073 |
| Due from other banks | 45,066,066 | | 45,066,066 |
| Pledged assets | 8,447,871 | | 8,447,871 |
| Loans & Advances | 7,328,969 | | 7,328,969 |
| Investment securities | 5,522,501 | | 5,522,501 |
| Financial instrument at FVPL | 5,784 | 5,784 | |
| Other assets (note 26) | 16,508,378 | | 16,508,378 |
| Liabilities | | | |
| Due to banks | 4,287,659 | | 4,287,659 |
| Due to customers | 38,752,624 | | 38,752,624 |
| Other liabilities | 15,103,369 | | 15,103,369 |
| Borrowings | 5,527 | | 5,527 |

### Foreign Exchange Risk

The Group manages exposures to foreign exchange risk with limits on the net open and trading positions. These limits are monitored on a daily basis by the Market Risk Unit. The Board sets limits on the level of exposure by currency and in aggregate for overnight positions. The latter is also aligned to the foreign currency trading position limit as specified by the regulators, which is usually a proportion of the Bank's shareholder fund. The Group's net open position as at 31 December 2022;

**The Group's net open position as at 31 December 2022**

| Foreign Currency Assets | NGN N'000 | USD N'000 | EUR N'000 | GBP N'000 | Gross Amount | Carrying Amount N'000 |
|---|---|---|---|---|---|---|
| Cash and balances with Central Bank of Nigeria | 1,659 | 11,066 | - | - | 12,725 | 12,725 |
| Due from other banks | 21,966,286 | 4,292,266 | 218,045 | 4,175 | 26,480,772 | 26,455,574 |
| Financial assets at fair value through profit or loss | 160,228 | | | | 160,228 | 160,228 |
| Investment securities | 14,115,920 | 1,552,102 | | | 15,668,022 | 15,660,055 |
| Pledged assets | 15,623,524 | | | | 15,623,524 | 15,623,524 |
| Loans and advances to customers | 24,348,412 | 8,476,222 | 389,935 | 21,725 | 33,236,294 | 33,104,534 |
| Other assets | 17,332,034 | 160,412 | | | 17,492,446 | 17,308,247 |
| | | | | | - | |
| Total | **93,548,063** | **14,492,068** | **607,980** | **25,900** | **108,674,011** | **108,324,886** |
| **Foreign Currency Liabilities** | | | | | | |
| Due to banks | - | 9,896,237 | 375,767 | 19,840 | 10,291,844 | 10,291,844 |
| Due to customers | 64,858,570 | 1,088,902 | 77 | 417 | 65,947,966 | 65,947,966 |
| Borrowings | - | | | | - | - |
| Other foreign Liabilities | 3,053,155 | 2,889,503 | 218,093 | | 6,160,751 | 6,160,751 |
| Total | **67,911,725** | **13,874,642** | **593,937** | **20,257** | **82,400,561** | **82,400,561** |
| Net Exposure | | 617,426 | 14,043 | 5,642 | 637,112 | 1,274,224 |
| **SHAREHOLDERS' FUNDS UNIMPAIRED BY LOSSES** | | | | | | 26,371,232 |
| **GROSS AGGREGATE OPEN POSITION AS A PERCENTAGE OF SHF** | | | | | | 5% |

**The Bank's net open position as at 31 December 2022**

| Foreign Currency Assets | NGN NGN'000 | USD NGN'000 | EURO NGN'000 | GBP NGN'000 | Gross Amount | Carrying Amount NGN'000 |
|---|---|---|---|---|---|---|
| | | | | | | - |
| Cash and balances with Central Bank of Nigeria | 1,659.00 | 11,066.00 | | | 12,725 | 12,725 |
| Due from other banks | 7,478,191 | 4,157,932 | 218,045 | 4,175 | 11,858,343 | 11,849,785 |
| Financial assets at fair value through profit or loss | 160,228 | | | | 160,228 | 160,228 |
| Investment securities | 10,433,389 | 1,265,593 | | | 11,698,982 | 11,698,444 |
| Pledged assets | 15,623,524 | | | | 15,623,524 | 15,623,524 |
| Loans and advances to customers | 24,348,412 | 8,476,222 | 389,935 | 21,725 | 33,236,294 | 33,104,534 |
| Other assets | 17,046,301 | 160,412 | | | 17,206,713 | 17,116,690 |
| Total | **75,091,704** | **14,071,225** | **607,980** | **25,900** | **89,796,809** | **89,565,929** |
| **Foreign Currency Liabilities** | | | | | | |
| Due to banks | - | 9,896,237 | 375,767 | 19,840 | 10,291,844 | 10,291,844.00 |
| Due to customers | 51,087,343 | 1,088,902 | 77 | 417 | 52,176,739 | 52,176,738.54 |
| Borrowings | - | | | | - | 42,416.08 |
| Other foreign Liabilities | 1,121,505 | 2,889,503 | 218,093 | | 4,229,101 | 4,250,953.60 |
| Total | **52,208,848** | **13,874,642** | **593,937** | **20,257** | **66,697,684** | **66,761,952** |
| **Net Exposure** | | 196,583 | 14,043 | 5,642 | 216,269 | 432,538 |
| **SHAREHOLDERS' FUNDS UNIMPAIRED BY LOSSES** | | | | | | 25,102,342 |
| GROSS AGGREGATE OPEN POSITION AS A PERCENTAGE OF SHF | | | | | | 2% |

The Bank exposure to foreign exposure to foreign currency risk is largely concentrated in US Dollar. Movement in exchange rate betweenthe US Dollar, and the Nigerian Naira affects reported earnings through revaluation gain or loss and statement of financial position size through increase or decrease in the revalued amounts of assets and liabilities denominated in US Dollars. The table below shows the impact on the Group's profit or loss and statements of financial position size if the exchange rate between the US Dollars, and Nigerian Naira had increased or decreased by 6% with all other variable held constant (that is the % change of dollar rate as at 1 January, 2022 416.03 and 31st December,2022 461.1). We applied the 6% on the closing dollar rate of N461.1 to get a absolute change of N27.7

**The Group's net open position as at 31 December 2021**

| Foreign Currency Assets | NGN N'000 | USD N'000 | EUR N'000 | GBP N'000 | TOTAL N'000 |
|---|---|---|---|---|---|
| Cash and balances with Central Bank of Nigeria | 765,459 | 13,614 | | | 779,073 |
| Due from other banks | 53,054,535 | 2,346,863 | 4,346 | | 55,405,744 |
| Financial assets at fair value through profit or loss | 5,784 | | | | 5,784 |
| Investment securities | 12,542,842 | 892,551 | | | 13,435,393 |
| Pledged assets | 8,447,871 | | | | 8,447,871 |
| Loans and advances to customers | 5,850,364 | 1,381,466 | 59,798 | 46,432 | 7,338,059 |
| Other assets | 16,768,568 | 86,955 | | | 16,855,523 |
| Total | **97,435,423** | **4,721,449** | **64,144** | **46,432** | **4,832,025** |
| **Foreign Currency Liabilities** | | | | | |
| Due to banks | 2,810,337 | 1,371,693 | 59,541 | 46,088 | 4,287,659 |
| Due to customers | 47,620,357 | 4,544 | | | 47,624,900 |
| Borrowings | 5,527 | | | | 5,527 |
| Other foreign Liabilities | 19,048,457 | 2,313,787 | 4,346 | | 21,366,590 |
| Total | **69,484,678** | **3,690,023** | **63,887** | **46,088** | **3,799,998** |
| Net Exposure | 27,950,745 | 1,031,426 | 257 | 344 | 1,032,027 |
| **SHAREHOLDERS' FUNDS UNIMPAIRED BY LOSSES** | | | | | 26,569,722 |
| **GROSS AGGREGATE OPEN POSITION AS A PERCENTAGE OF SHF** | | | | | 4% |

**The Bank's net open position as at 31 December 2021**

| | NGN NGN'000 | USD NGN'000 | EURO NGN'000 | GBP NGN'000 | TOTAL NGN'000 |
|---|---|---|---|---|---|
| **Foreign Currency Assets** | | | | | - |
| Cash and balances with Central Bank of Nigeria | 765,409.00 | 13,664.00 | | | 779,073.00 |
| Due from other banks | 42,714,857 | 2,346,863 | 4,346 | | 45,066,066.00 |
| Financial assets at fair value through profit or loss | 5,784 | | | | 5,784.00 |
| Investment securities | 5,609,159 | | | | 5,609,159.00 |
| Pledged assets | 8,447,871 | | | | 8,447,871.42 |
| Loans and advances to customers | 5,850,364 | 1,381,466 | 59,798 | 46,432 | 7,338,058.99 |
| Other assets | 16,517,448 | 86,955 | | | 16,604,403.00 |
| Total | **79,910,892** | **3,828,948** | **64,144** | **46,432** | **3,939,523** |
| | | | | | **-** |
| **Foreign Currency Liabilities** | | | | | - |
| Due to banks | 2,810,337 | 1,371,693 | 59,541 | 46,088 | 4,287,659 |
| Due to customers | 38,748,080 | 4,544 | | | 38,752,624 |
| Borrowings | 5,527 | | | | 5,527 |
| Other foreign Liabilities | 12,785,237 | 2,313,787 | 4,346 | | 15,103,369 |
| Total | **54,349,181** | **3,690,023** | **63,887** | **46,088** | **3,799,998** |
| **Net Exposure** | | 138,925 | 257 | 344 | 139,525 |
| **SHAREHOLDERS' FUNDS UNIMPAIRED BY LOSSES** | | | | | 25,354,265 |
| GROSS AGGREGATE OPEN POSITION AS A PERCENTAGE OF SHF | | | | | 1% |

**Group**

| **In thousands of Naira** | **31-Dec-22** |
|---|---|
| US Dollar effect of 6% up movement on profit before tax and statement of financial position size | 18,204 |
| **In thousands of Naira** | **31-Dec-22** |
| US Dollar effect of 6% (down) movement on profit before tax and statement of financial position size | (18,204) |

Bank

| In thousands of Naira | 31-Dec-22 |
|---|---|
| US Dollar effect of 6% up movement on profit before tax and statement of financial position size | 23,554 |
| **In thousands of Naira** | **31-Dec-22** |
| US Dollar effect of 6% (down) movement on profit before tax and statement of financial position size | (23,554) |

## Interest Rate Risk

Interest rate risk in the banking book (IRRBB) is the risk of loss in the Bank's earnings or capital due to adverse changes in interest rates. IRRBB generally arises from repricing risk, basis risk, yield curve risk and options risk. IRRBB is further divided into the following sub-risk types:

Repricing risk is the risk of loss in earnings or capital as a result of changes in interest rates arising from differences in the timing of interest rate changes on the Bank's assets and liabilities. Repricing risk is related to the timing mismatch in the maturity and repricing of assets and liabilities and off-balance sheet short and long-term positions.

Yield curve risk is the risk of loss in earnings or capital resulting from unequal changes in spreads between two or more rates for different maturities on the same yield curve i.e. Short-term interest rates changing by more or less than the change in long term interest rates. It is the interest rate risk associated with changes in the slope and the shape of the yield curve.

Basis risk is the risk of loss in earnings or capital when interest rates paid on liabilities are determined on a basis that is different from the basis used to determine interest rates earned on assets. Basis risk arises from hedging exposure to one interest rate with exposure to a rate which reprices under slightly different conditions.

Options risk is the risk that the Bank's counterparties may exercise their rights resulting in rate changes or changes in the maturity of the assets or liabilities. Option risks arising from options, including embedded options, e.g. Customers exercising their rights to redeem fixed rate products when market rates change.

## Techniques for Managing IRRBB

The Bank manages exposures to IRRBB using the following techniques:

I. Interest rate hedging through derivatives and non-interest rate sensitive hedging
ii. Interest rate forecasting
iii. Limits on rate sensitive assets and liability gap

The Bank's approach to managing IRRBB is governed by the Asset and Liability Management Policy and is in accordance with the applicable laws and regulations, best international practice and the competitive situation within which the Bank operates. The Bank aggregates exposures to interest rate risk within its Treasury functions for centralised management and monitoring. The interest rate gaps between fixed rate and variable rates as at 31 December 2021 are as follows:

**Group-2022**

| **INTEREST RATE GAP**<br>**Asset** | **Carrying amount NGN'000** | **Variable rate NGN'000** | **Fixed rate NGN'000** |
|---|---|---|---|
| Cash and balances with central bank | 12,725 | - | 12,725 |
| Due from other banks | 26,455,574 | - | 26,455,574 |
| Pledged assets | 15,623,524 | - | 15,623,524 |
| Loans & Advances | 33,104,534 | 8,814,244 | 24,290,289 |
| Investment securities | 15,668,021 | - | 15,668,021 |
| Financial instrument at FVTPL | 160,228 | - | 202,411 |
| Other assets | 17,451,148 | - | 17,451,148 |
| | **108,475,754** | **8,814,244** | **99,703,692** |
| **Liabilities** | | | |
| Due to banks | 10,291,844 | 8,764,839 | 1,527,005 |
| Due to customers | 65,947,966 | - | 65,947,966 |
| Other liabilities | 6,160,751 | - | 6,160,751 |
| Borrowings | - | | |
| | **82,400,561** | **8,764,839** | **73,635,722** |
| **Total interest rate gap** | **26,075,193** | **49,406** | **26,067,970** |

| **Bank-2022**<br>**INTEREST RATE GAP** | **Carrying Amount NGN'000** | **Variable Rate NGN'000** | **Fixed Rate NGN'000** |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and balances with central bank | 12,725 | - | 12,725 |
| Due from other banks | 11,849,785 | - | 11,849,785 |
| Pledged assets | 15,623,524 | | 15,623,524 |
| Loans & Advances | 33,104,534 | 8,814,244 | 33,104,534 |
| Investment securities | 11,698,982 | - | 11,698,982 |
| Financial instrument at FVTPL | 160,228 | - | 160,228 |
| Other assets | 17,253,771 | - | 17,253,771 |
| | **89,703,549** | **8,814,244** | **89,703,549** |
| **Financial Liabilities** | | | |
| Due to banks | 10,291,844 | 8,764,839 | 1,527,005 |
| Due to customers | 52,176,738 | | 52,176,738 |
| Other liabilities | 4,229,101 | | 4,229,101 |
| Borrowings | | - | - |
| | **66,697,683** | **8,764,839** | **57,932,844** |
| **Total interest rate gap** | **23,005,866** | **49,406** | **31,770,704** |

**Group-2021**

**INTEREST RATE GAP**

| Asset | Carrying amount | Variable rate | Fixed rate |
|---|---|---|---|
| | NGN'000 | NGN'000 | NGN'000 |
| Cash and balances with central bank | 779,073 | - | 779,073 |
| Due from other banks | 55,396,848 | - | 55,396,848 |
| Pledged assets | 8,447,871 | - | 8,447,871 |
| Loans & Advances | 7,328,969 | 1,487,695 | 5,841,274 |
| Investment securities | 13,429,609 | - | 13,429,609 |
| Financial instrument at FVTPL | 5,784 | - | 5,784 |
| Other assets | 16,891,007 | 86,955 | 16,804,052 |
| | **102,279,162** | **1,574,650** | **100,704,511** |
| Liabilities | | | |
| Due to banks | 4,287,659 | 1,483,571 | 2,804,088 |
| Due to customers | 47,624,900 | | 47,624,900 |
| Other liabilities | 23,979,458 | 47,411 | 23,932,047 |
| Borrowings | 5,527 | | 5,527 |
| | **75,897,545** | **1,530,982** | **74,366,562** |
| **Total interest rate gap** | **26,381,617** | **43,668** | **26,337,949** |

**Bank-2021**

**INTEREST RATE GAP**

| Asset | Carrying amount | Variable rate | Fixed rate |
|---|---|---|---|
| | NGN'000 | NGN'000 | NGN'000 |
| Cash and balances with central bank | 779,073 | - | 779,073 |
| Due from other banks | 45,066,066 | - | 45,066,066 |
| Pledged assets | 8,447,871 | | 8,447,871 |
| Loans & Advances | 7,328,969 | 1,487,695 | 5,841,274 |
| Investment securities | 5,609,159 | - | 5,609,159 |
| Financial instrument at FVTPL | 5,784 | - | 5,784 |
| Other assets | 16,705,038 | 86,955 | 16,618,083 |
| | **83,941,960** | **1,574,650** | **82,367,310** |
| **Liabilities** | | | |
| Due to banks | 4,287,659 | 1,483,571 | 2,804,088 |
| Due to customers | 38,752,624 | - | 38,752,624 |
| Other liabilities | 17,528,072 | 47,411 | 17,480,661 |
| Borrowings | 5,527 | - | 5,527 |
| | **60,573,882** | **1,530,982** | **59,042,900** |
| **Total interest rate gap** | **23,368,078** | **43,668** | **23,324,410** |

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**GROUP**

| **Interest rate senstivity on interest bearing asset** | **31-Dec-22** | **31-Dec-21** |
|---|---|---|
| *In thousand of Naira* | | |
| Pledged assets | 15,623,524 | 8,447,907 |
| Investment securities | 15,668,021 | 13,429,609 |
| Financial instrument at FVTPL | 160,228 | 5,784 |
| **Total** | **31,451,773** | **21,883,300** |
| Impact on income statement | | |
| Favourable change at 2% reduction in interest rate | 629,035 | 435,977 |
| Unfavourable change at 2% increase in interest rate | (629,035) | (435,977) |

**BANK**

| **Interest rate senstivity on interest bearing asset** | **31-Dec-22** | **31-Dec-21** |
|---|---|---|
| *In thousand of Naira* | | |
| Pledged assets | 15,623,524 | 8,447,871 |
| Investment securities | 11,698,982 | 5,609,159 |
| Financial instrument at FVTPL | 160,228 | 5,784 |
| **Total** | **27,482,734** | **14,062,814** |
| Impact on income statement | | |
| Favourable change at 2% reduction in interest rate | 549,655 | 281,256 |
| Unfavourable change at 2% increase in interest rate | (549,655) | (281,256) |

The management of interest rate against interest rate gap limit is supplemented by the sensitivity of the Group's financial assets and liabilities to various scenarios. Interest rate movements affect reported earnings by causing an increase or decrease in net interest income and fair value changes.

The table shows the maturity profile of Group's variable rate financial instruments for 31 December 2022

| | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Carrying amount |
|---|---|---|---|---|---|
| In Thousands of Naira | NGN'000 | NGN'000 | NGN'000 | NGN'000 | NGN'000 |
| Assets | | | | | |
| Loans & Advances | | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| | 0 | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| Liabilities | | | | | |
| Due to banks | | | - | - | 0 |
| Other liabilities | | | - | - | 0 |
| | 0 | 0 | 0 | - | 0 |
| Total interest repricing Gap | 0 | 5,247,936 | 3,562,197 | - | 8,814,244 |

The table shows the maturity profile of Bank 's variable rate financial instruments 31 December 2022

| | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Carrying amount |
|---|---|---|---|---|---|
| In Thousands of Naira | NGN'000 | NGN'000 | NGN'000 | NGN'000 | NGN'000 |
| Assets | | | | | |
| Loans & Advances | | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| Other assets | | 0 | 0 | | 0 |
| | 0 | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| Liabilities | | | | | |
| Due to banks | | | | - | 0 |
| Other liabilities | | 0 | - | | 0 |
| | 0 | 0 | 0 | 0 | 0 |
| Total interest repricing Gap | 0 | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |

## 7.5 Liquidity Risk

Liquidity risk is defined as the risk that the Bank, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so on materially disadvantageous terms. The inability to maintain or generate sufficient cash resources occurs when counterparties who provide the bank with funding, withdraw, or do not roll over that funding, or because of a general disruption in asset markets that renders normally liquid assets illiquid. The nature of banking and trading activities results in a continuous exposure to liquidity risk. The Bank manages liquidity risk under both normal and considerably stressed conditions. The Board of Directors is ultimately responsible for liquidity risk management and the Board delegates some of the functions to the BRMC and the Asset and Liability Committee (ALCO) . At an operating level, a distinction is made between funding liquidity risk and market liquidity risk:

Funding liquidity risk is the risk that the Bank will not be able to effectively meet both expected and unexpected current and future cash flow and collateral requirements without negatively affecting the daily operations or financial condition of the bank. The risk that the counterparties who provide the bank with short-term funding, will withdraw or not roll-over that funding. It aims at a well-diversified, reliable, cost-efficient funding structure supporting the Bank’s business mix and strategy.

Market liquidity risk is the risk that the bank cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption and incurring losses as a result. The risk of a generalised disruption in asset markets that make normally liquid assets illiquid and the potential loss through the forced sale of assets resulting in proceeds being below their fair market value.

Liquidity risk is difficult to predict and can rapidly escalate. A liquidity crisis could have negative effects, the most severe being the failure of a bank. These could include sharp falls in profits, asset sales at forced-sale prices that disrupt financial markets and sudden changes in the volume and terms of bank loans, which might reduce activity in the wider economy. The bank’s liquidity policies provide for very conservative liquidity management parameters to ensure that the bank has adequate liquidity for normal and stress situations. Techniques employed by the Bank for the management of liquidity risk include the following limits:

| Dimension | Statement |
|---|---|
| Net Interbank Deposits/total Deposits | Interbank reliance is measured as percentage of net interbank deposits to total deposits. |
| Loan to Deposits ratio (LDR) | Loan to Deposit is measured as a percentage of gross loans to customer's deposits |
| Top 5 Significant Funding Sources (SFS)/Total Deposit | Top 5 SFS is measured as the proportion of top 5 providers of funds to total customer deposits |
| Top single SFS/Total Deposit | Top Single SFS is measured as the proportion of largest provider of funds to total customer deposits |
| Regulatory Liquidity Ratio | Liquidity ratio as a measure of liquidity risk is calculated as a ratio of Naira liquid assets to local currency deposits. |
| Liquidity Coverage Ratio | LCR is measured as High Quality Liquid Assets (HQLA) as a proportion of total net cash outflows over a 30 day period. |
| NSFR – LCY & FCY | The structural liquidity mismatch arising from tenor mismatches between assets and liabilities will be maintained within the liquidity mismatch capacity. |

Tolerance limits, appetite thresholds and monitoring items are conservatively set and reflect the Bank's conservative appetite for liquidity risk. The limits and other liquidity risk indicators are monitored on a daily basis by the Market and Liquidity Risk Unit and reports are rendered to the ALCO and BRMC periodically. Some of the techniques employed by the Bank to manage liquidity risk are explained below:

**Liquidity Ratio**

The Bank ensures that it is within the regulatory liquidity ratio of 20% on a daily basis. Liquidity ratios for 2022 and 2021 are shown below:

**BANK**

| Liquidity Ratio | 2022 | 2021 |
|---|---|---|
| Minimum | 66.42% | 135% |
| Average | 1808.69% | 1808.69% |
| Maximum | 3421.39% | 3421.39% |
| As at Year end | 66.42% | 134.59% |

### Structural Liquidity Mismatch Managemen

The mismatch principle measures the Group's liquidity by assessing the mismatch between expected inflow and outflow of funds within different time bands on a maturity ladder. The structural liquidity mismatch is based on contractual cash flows which. A significant proportion of the Bank's deposits is purchased therefore, assessing and managing the contractual liquidity gap is essential for liquidity risk management. A net mismatch figure is obtained by subtracting liabilities and netting off-balance sheet positions from assets in each time band. The Bank's liquidity position is assessed by means of the net cumulative mismatch position, while its liquidity mismatch performance is an aggregation of the net liquidity position in each successive time band expressed as a percentage of total funding related to deposits. As at 31 December 2021, the Bank's contractual liquidity gaps are:

The Group's Contractual Gap as at 31st Dec 2022

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Gross amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 12,725 | - | - | - | | 12,725 |
| Due from other banks | 26,455,574 | | - | | | 26,455,574 |
| Pledged assets | | 7,282,760 | - | - | 8,340,764 | 15,623,524 |
| Loans & Advances | 1,034,474 | 12,402,552 | 14,969,731 | 4,826,153 | 3,385 | 33,236,295 |
| Investment securities | - | 465,380 | | 1,971,547 | 13,232,505 | 15,669,432 |
| Financial instrument at FVPL | - | | | 160,228 | | 160,228 |
| Other assets | 16,628,096 | 285,733 | - | 578,617 | | 17,492,446 |
| | 44,130,869 | 20,436,425 | 14,969,731 | 7,536,545 | | 87,073,570 |
| Liabilities | | | | | | |
| Due to banks | 461,972 | 3,097,688 | 6,529,518 | 202,666 | | 10,291,844 |
| Due to customers | 28,888,079 | 31,664,590 | 2,076,584 | 3,275,331 | 33,382 | 65,937,966 |
| Other liabilities | 2,488,565 | 47,295 | 2,016 | 6,949 | 1,237 | 2,546,062 |
| Borrowings | - | - | - | - | | - |
| Total Liabilities | 31,838,616 | 34,809,573 | 8,608,118 | 3,484,946 | 34,619 | 78,775,872 |
| Net Cash flows | 12,292,253 | (14,373,148) | 6,361,613 | 4,051,599 | (34,619) | 8,297,698 |
| Cumulative Contractual Gap | 12,292,253 | (2,080,895) | 4,280,718 | 8,332,317 | 8,297,698 | 16,595,396 |

The Bank's's Contractual Gap as at 31st Dec 2022

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Gross amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 12,725 | - | - | - | - | 12,725 |
| Due from other banks | 11,849,785 | | - | - | - | 11,849,785 |
| Pledged assets | | 7,282,760 | - | - | 8,340,764 | 15,623,524 |
| Loans & Advances | 1,034,474 | 12,402,552 | 14,969,731 | 4,826,153 | 3,385 | 33,236,295 |
| Investment securities | 465,380 | | | | 11,234,140 | 11,699,520 |
| Financial instruement at FVPL | - | | | 160,228 | - | 160,228 |
| Other assets | 16,628,096 | - | - | 578,617 | - | 17,206,713 |
| | 29,990,460 | 19,685,312 | 14,969,731 | 5,564,998 | 19,578,289 | 89,788,790 |
| Liabilities | | | | | | |
| Due to banks | 461,972 | 3,097,688 | 6,529,518 | 202,666 | - | 10,291,844 |
| Due to customers | 28,180,168 | 19,705,617 | 1,836,952 | 2,454,002 | - | 52,176,739 |
| Other liabilities | 659,899 | 47,295 | 2,016 | 6,949 | 1,237 | 717,396 |
| Borrowings | - | - | - | - | - | - |
| Total Liabilities | 29,302,039 | 22,850,600 | 8,368,486 | 2,663,617 | 1,237 | 63,185,979 |
| Net Cash Inflows/(outflows) | 688,421 | 3,165,288 | 6,601,245 | 2,901,381 | 19,577,052 | 26,602,811 |
| Cumulative Gap | 688,421 | 2,476,867 | 4,124,378 | 7,025,759 | 26,602,811 | 53,205,622 |

The Group's Contractual Gap as at 31st Dec 2021

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Carrying amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 779,073 | | | | | 779,073 |
| Due from other banks | 46,913,125 | 8,386,968 | 880,690 | 234,218 | - | 56,415,001 |
| Pledged assets | 2,313,791 | - | - | 6,049,652 | - | 8,363,443 |
| Loans & Advances | 2,223,777 | 1,530,514 | - | 3,473,141 | - | 7,227,432 |
| Investment securities | - | - | - | | - | - |
| Financial instrument at FVPL | - | 724 | - | 5,060 | - | 5,784 |
| Other assets | - | - | - | 776,011 | - | 776,011 |
| | 52,229,767 | 9,918,207 | 880,690 | 10,538,081 | - | 73,566,745 |
| Liabilities | | | | | | |
| Due to banks | - | 1,483,571 | | - | - | 4,287,659 |
| Due to customers | 7,846,536 | - | 39,778,364 | - | - | 47,624,900 |
| Other liabilities | - | - | 6,343,939 | 15,022,651 | - | 21,366,590 |
| Borrowings | - | - | 5,527 | - | - | 5,527 |
| Total Liabilities | 7,846,536 | 1,483,571 | 46,127,830 | 15,022,651 | | 73,284,676 |
| Net Cash flows | 44,383,230 | 8,434,636 | (45,247,140) | (4,484,570) | | 282,069 |
| Cumulative Contractual Gap | 44,383,230 | 52,817,866 | 7,570,726 | 3,086,157 | | |

The Bank's's Contractual Gap as at 31st Dec 2021

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Carrying amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 779,073 | - | - | - | - | 779,073 |
| Due from other banks | | 45,066,066 | - | | - | 44,056,809 |
| Pledged assets | 2,313,791 | - | - | 6,049,652 | | 8,363,443 |
| Loans & Advances | 2,223,777 | 1,530,514 | - | 3,473,141 | - | 7,227,432 |
| Investment securities | - | - | - | - | | - |
| Financial instruement at FVPL | - | 724 | - | 5,060 | - | 5,784 |
| Other assets | - | - | - | 524,892 | - | 524,892 |
| | 5,316,641 | 46,597,304 | - | 10,052,744 | - | 60,957,434 |
| Liabilities | | | | | | |
| Due to banks | - | 1,483,571 | - | - | - | 1,483,571 |
| Due to customers | 7,850,300 | - | 30,902,324 | - | - | 38,752,624 |
| Other liabilities | - | - | - | 15,103,369 | - | 15,103,369 |
| Borrowings | - | - | 5,527 | - | - | 5,527 |
| Total Liabilities | 7,850,300 | 1,483,571 | 30,907,851 | 15,103,369 | - | 55,345,091 |
| Net Cash Inflows/(outflows) | (2,533,659) | 45,113,733 | 30,907,851 | (5,050,625) | - | 5,612,343 |
| Cumulative Gap | (2,533,659) | 42,580,075 | 11,672,224 | 6,621,599 | | |

**Maintaining Minimum Levels of Liquid and Marketable Assets**

Minimum levels of prudential liquid assets are held in accordance with prudential requirements as specified by the CBN. The Bank holds additional unencumbered marketable assets, in excess of minimum prudential liquid asset requirement, to cater for volatile depositor withdrawals, draw-downs under committed facilities, collateral calls, etc. Highly Liquid Assets as at 31 December 2021 are listed below:

**Group-2021**

| **INTEREST RATE GAP** | | | |
|---|---|---|---|
| **Asset** | **Carrying amount** | **Variable rate** | **Fixed rate** |
| | **NGN'000** | **NGN'000** | **NGN'000** |
| Cash and balances with central bank | 779,073 | - | 779,073 |
| Due from other banks | 55,396,848 | - | 55,396,848 |
| Pledged assets | 8,447,871 | - | 8,447,871 |
| Loans & Advances | 7,328,969 | 1,487,695 | 5,841,274 |
| Investment securities | 13,429,609 | - | 13,429,609 |
| Financial instrument at FVTPL | 5,784 | - | 5,784 |
| Other assets | 16,891,007 | 86,955 | 16,804,052 |
| | **102,279,162** | **1,574,650** | **100,704,511** |
| Liabilities | | | |
| Due to banks | 4,287,659 | 1,483,571 | 2,804,088 |
| Due to customers | 47,624,900 | | 47,624,900 |
| Other liabilities | 23,979,458 | 47,411 | 23,932,047 |
| Borrowings | 5,527 | | 5,527 |
| | **75,897,545** | **1,530,982** | **74,366,562** |
| **Total interest rate gap** | **26,381,617** | **43,668** | **26,337,949** |

| **Bank-2021** | | | |
|---|---|---|---|
| **INTEREST RATE GAP** | | | |
| **Asset** | **Carrying amount** | **Variable rate** | **Fixed rate** |
| | **NGN'000** | **NGN'000** | **NGN'000** |
| Cash and balances with central bank | 779,073 | - | 779,073 |
| Due from other banks | 45,066,066 | - | 45,066,066 |
| Pledged assets | 8,447,871 | | 8,447,871 |
| Loans & Advances | 7,328,969 | 1,487,695 | 5,841,274 |
| Investment securities | 5,609,159 | - | 5,609,159 |
| Financial instrument at FVTPL | 5,784 | - | 5,784 |
| Other assets | 16,705,038 | 86,955 | 16,618,083 |
| | **83,941,960** | **1,574,650** | **82,367,310** |
| **Liabilities** | | | |
| Due to banks | 4,287,659 | 1,483,571 | 2,804,088 |
| Due to customers | 38,752,624 | - | 38,752,624 |
| Other liabilities | 17,528,072 | 47,411 | 17,480,661 |
| Borrowings | 5,527 | - | 5,527 |
| | **60,573,882** | **1,530,982** | **59,042,900** |
| **Total interest rate gap** | **23,368,078** | **43,668** | **23,324,410** |

**GROUP**

| **Interest rate senstivity on interest bearing asset** | **31-Dec-22** | **31-Dec-21** |
|---|---|---|
| *In thousand of Naira* | | |
| Pledged assets | 15,623,524 | 8,447,907 |
| Investment securities | 15,668,021 | 13,429,609 |
| Financial instrument at FVTPL | 160,228 | 5,784 |
| **Total** | **31,451,773** | **21,883,300** |
| Impact on income statement | | |
| Favourable change at 2% reduction in interest rate | 629,035 | 435,977 |
| Unfavourable change at 2% increase in interest rate | (629,035) | (435,977) |

**BANK**

| **Interest rate senstivity on interest bearing asset** | **31-Dec-22** | **31-Dec-21** |
|---|---|---|
| *In thousand of Naira* | | |
| Pledged assets | 15,623,524 | 8,447,871 |
| Investment securities | 11,698,982 | 5,609,159 |
| Financial instrument at FVTPL | 160,228 | 5,784 |
| **Total** | **27,482,734** | **14,062,814** |
| Impact on income statement | | |
| Favourable change at 2% reduction in interest rate | 549,655 | 281,256 |
| Unfavourable change at 2% increase in interest rate | (549,655) | (281,256) |

The management of interest rate against interest rate gap limit is supplemented by the sensitivity of the Group's financial assets and liabilities to various scenarios. Interest rate movements affect reported earnings by causing an increase or decrease in net interest income and fair value changes.

The table shows the maturity profile of Group's variable rate financial instruments for 31 December 2022

| | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Carrying amount |
|---|---|---|---|---|---|
| In Thousands of Naira | NGN'000 | NGN'000 | NGN'000 | NGN'000 | NGN'000 |
| Assets | | | | | |
| Loans & Advances | | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| | 0 | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| Liabilities | | | | | |
| Due to banks | | | - | - | 0 |
| Other liabilities | | | - | - | 0 |
| | 0 | 0 | 0 | - | 0 |
| Total interest repricing Gap | 0 | 5,247,936 | 3,562,197 | - | 8,814,244 |

The table shows the maturity profile of Bank 's variable rate financial instruments 31 December 2022

| | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Carrying amount |
|---|---|---|---|---|---|
| In Thousands of Naira | NGN'000 | NGN'000 | NGN'000 | NGN'000 | NGN'000 |
| Assets | | | | | |
| Loans & Advances | | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| Other assets | | 0 | 0 | | 0 |
| | 0 | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |
| Liabilities | | | | | |
| Due to banks | | | | - | 0 |
| Other liabilities | | 0 | - | | 0 |
| | 0 | 0 | 0 | 0 | 0 |
| Total interest repricing Gap | 0 | 5,247,936 | 3,562,197 | 4,111 | 8,814,244 |

### 7.5 Liquidity Risk

Liquidity risk is defined as the risk that the Bank, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so on materially disadvantageous terms. The inability to maintain or generate sufficient cash resources occurs when counterparties who provide the bank with funding, withdraw, or do not roll over that funding, or because of a general disruption in asset markets that renders normally liquid assets illiquid. The nature of banking and trading activities results in a continuous exposure to liquidity risk. The Bank manages liquidity risk under both normal and considerably stressed conditions. The Board of Directors is ultimately responsible for liquidity risk management and the Board delegates some of the functions to the BRMC and the Asset and Liability Committee (ALCO) . At an operating level, a distinction is made between funding liquidity risk and market liquidity risk:

Funding liquidity risk is the risk that the Bank will not be able to effectively meet both expected and unexpected current and future cash flow and collateral requirements without negatively affecting the daily operations or financial condition of the bank. The risk that the counterparties who provide the bank with short-term funding, will withdraw or not roll-over that funding. It aims at a well-diversified, reliable, cost-efficient funding structure supporting the Bank's business mix and strategy.

Market liquidity risk is the risk that the bank cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption and incurring losses as a result. The risk of a generalised disruption in asset markets that make normally liquid assets illiquid and the potential loss through the forced sale of assets resulting in proceeds being below their fair market value.

Liquidity risk is difficult to predict and can rapidly escalate. A liquidity crisis could have negative effects, the most severe being the failure of a bank. These could include sharp falls in profits, asset sales at forced-sale prices that disrupt financial markets and sudden changes in the volume and terms of bank loans, which might reduce activity in the wider economy. The bank's liquidity policies provide for very conservative liquidity management parameters to ensure that the bank has adequate liquidity for normal and stress situations. Techniques employed by the Bank for the management of liquidity risk include the following limits:

| Dimension | Statement |
|---|---|
| Net Interbank Deposits/total Deposits | Interbank reliance is measured as percentage of net interbank deposits to total deposits. |
| Loan to Deposits ratio (LDR) | Loan to Deposit is measured as a percentage of gross loans to customer's deposits |
| Top 5 Significant Funding Sources (SFS)/Total Deposit | Top 5 SFS is measured as the proportion of top 5 providers of funds to total customer deposits |
| Top single SFS/Total Deposit | Top Single SFS is measured as the proportion of largest provider of funds to total customer deposits |
| Regulatory Liquidity Ratio | Liquidity ratio as a measure of liquidity risk is calculated as a ratio of Naira liquid assets to local currency deposits. |
| Liquidity Coverage Ratio | LCR is measured as High Quality Liquid Assets (HQLA) as a proportion of total net cash outflows over a 30 day period. |
| NSFR – LCY & FCY | The structural liquidity mismatch arising from tenor mismatches between assets and liabilities will be maintained within the liquidity mismatch capacity. |

Tolerance limits, appetite thresholds and monitoring items are conservatively set and reflect the Bank's conservative appetite for liquidity risk. The limits and other liquidity risk indicators are monitored on a daily basis by the Market and Liquidity Risk Unit and reports are rendered to the ALCO and BRMC periodically. Some of the techniques employed by the Bank to manage liquidity risk are explained below:

**Liquidity Ratio**

The Bank ensures that it is within the regulatory liquidity ratio of 20% on a daily basis. Liquidity ratios for 2022 and 2021 are shown below:

**BANK**

| Liquidity Ratio | 2022 | 2021 |
|---|---|---|
| Minimum | 66.42% | 135% |
| Average | 1808.69% | 1808.69% |
| Maximum | 3421.39% | 3421.39% |
| As at Year end | 66.42% | 134.59% |

**Structural Liquidity Mismatch Managemen**

The mismatch principle measures the Group's liquidity by assessing the mismatch between expected inflow and outflow of funds within different time bands on a maturity ladder. The structural liquidity mismatch is based on contractual cash flows which. A significant proportion of the Bank's deposits is purchased therefore, assessing and managing the contractual liquidity gap is essential for liquidity risk management. A net mismatch figure is obtained by subtracting liabilities and netting off-balance sheet positions from assets in each time band. The Bank's liquidity position is assessed by means of the net cumulative mismatch position, while its liquidity mismatch performance is an aggregation of the net liquidity position in each successive time band expressed as a percentage of total funding related to deposits. As at 31 December 2021, the Bank's contractual liquidity gaps are:

The Group's Contractual Gap as at 31st Dec 2022

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Gross amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 12,725 | - | - | - | | 12,725 |
| Due from other banks | 26,455,574 | | - | | | 26,455,574 |
| Pledged assets | | 7,282,760 | - | - | 8,340,764 | 15,623,524 |
| Loans & Advances | 1,034,474 | 12,402,552 | 14,969,731 | 4,826,153 | 3,385 | 33,236,295 |
| Investment securities | - | 465,380 | | 1,971,547 | 13,232,505 | 15,669,432 |
| Financial instrument at FVPL | - | | | 160,228 | | 160,228 |
| Other assets | 16,628,096 | 285,733 | - | 578,617 | | 17,492,446 |
| | 44,130,869 | 20,436,425 | 14,969,731 | 7,536,545 | | 87,073,570 |
| Liabilities | | | | | | |
| Due to banks | 461,972 | 3,097,688 | 6,529,518 | 202,666 | | 10,291,844 |
| Due to customers | 28,888,079 | 31,664,590 | 2,076,584 | 3,275,331 | 33,382 | 65,937,966 |
| Other liabilities | 2,488,565 | 47,295 | 2,016 | 6,949 | 1,237 | 2,546,062 |
| Borrowings | - | - | - | - | | - |
| Total Liabilities | 31,838,616 | 34,809,573 | 8,608,118 | 3,484,946 | 34,619 | 78,775,872 |
| Net Cash flows | 12,292,253 | (14,373,148) | 6,361,613 | 4,051,599 | (34,619) | 8,297,698 |
| Cumulative Contractual Gap | 12,292,253 | (2,080,895) | 4,280,718 | 8,332,317 | 8,297,698 | 16,595,396 |

The Bank's's Contractual Gap as at 31st Dec 2022

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Gross amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 12,725 | - | - | - | - | 12,725 |
| Due from other banks | 11,849,785 | | - | - | - | 11,849,785 |
| Pledged assets | | 7,282,760 | - | - | 8,340,764 | 15,623,524 |
| Loans & Advances | 1,034,474 | 12,402,552 | 14,969,731 | 4,826,153 | 3,385 | 33,236,295 |
| Investment securities | 465,380 | | | | 11,234,140 | 11,699,520 |
| Financial instruement at FVPL | - | | | 160,228 | - | 160,228 |
| Other assets | 16,628,096 | - | - | 578,617 | - | 17,206,713 |
| | 29,990,460 | 19,685,312 | 14,969,731 | 5,564,998 | 19,578,289 | 89,788,790 |
| Liabilities | | | | | | |
| Due to banks | 461,972 | 3,097,688 | 6,529,518 | 202,666 | - | 10,291,844 |
| Due to customers | 28,180,168 | 19,705,617 | 1,836,952 | 2,454,002 | - | 52,176,739 |
| Other liabilities | 659,899 | 47,295 | 2,016 | 6,949 | 1,237 | 717,396 |
| Borrowings | - | - | - | - | - | - |
| Total Liabilities | 29,302,039 | 22,850,600 | 8,368,486 | 2,663,617 | 1,237 | 63,185,979 |
| Net Cash Inflows/(outflows) | 688,421 | 3,165,288 | 6,601,245 | 2,901,381 | 19,577,052 | 26,602,811 |
| Cumulative Gap | 688,421 | 2,476,867 | 4,124,378 | 7,025,759 | 26,602,811 | 53,205,622 |

The Group's Contractual Gap as at 31st Dec 2021

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Carrying amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 779,073 | | | | | 779,073 |
| Due from other banks | 46,913,125 | 8,386,968 | 880,690 | 234,218 | - | 56,415,001 |
| Pledged assets | 2,313,791 | - | - | 6,049,652 | - | 8,363,443 |
| Loans & Advances | 2,223,777 | 1,530,514 | - | 3,473,141 | - | 7,227,432 |
| Investment securities | - | - | - | | - | - |
| Financial instrument at FVPL | - | 724 | - | 5,060 | - | 5,784 |
| Other assets | - | - | - | 776,011 | - | 776,011 |
| | 52,229,767 | 9,918,207 | 880,690 | 10,538,081 | - | 73,566,745 |
| Liabilities | | | | | | |
| Due to banks | - | 1,483,571 | | - | - | 4,287,659 |
| Due to customers | 7,846,536 | - | 39,778,364 | - | - | 47,624,900 |
| Other liabilities | - | - | 6,343,939 | 15,022,651 | - | 21,366,590 |
| Borrowings | - | - | 5,527 | - | - | 5,527 |
| Total Liabilities | 7,846,536 | 1,483,571 | 46,127,830 | 15,022,651 | | 73,284,676 |
| Net Cash flows | 44,383,230 | 8,434,636 | (45,247,140) | (4,484,570) | | 282,069 |
| Cumulative Contractual Gap | 44,383,230 | 52,817,866 | 7,570,726 | 3,086,157 | | |

The Bank's Contractual Gap as at 31st Dec 2021

| Assets | Up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | Over 1 year | Carrying amount |
|---|---|---|---|---|---|---|
| Cash and balances with central bank | 779,073 | - | - | - | - | 779,073 |
| Due from other banks | | 45,066,066 | - | | - | 44,056,809 |
| Pledged assets | 2,313,791 | - | - | 6,049,652 | | 8,363,443 |
| Loans & Advances | 2,223,777 | 1,530,514 | - | 3,473,141 | - | 7,227,432 |
| Investment securities | - | - | - | - | | - |
| Financial instruement at FVPL | - | 724 | - | 5,060 | - | 5,784 |
| Other assets | - | - | - | 524,892 | - | 524,892 |
| | 5,316,641 | 46,597,304 | - | 10,052,744 | - | 60,957,434 |
| Liabilities | | | | | | |
| Due to banks | - | 1,483,571 | - | - | - | 1,483,571 |
| Due to customers | 7,850,300 | - | 30,902,324 | - | - | 38,752,624 |
| Other liabilities | - | - | - | 15,103,369 | - | 15,103,369 |
| Borrowings | - | - | 5,527 | - | - | 5,527 |
| Total Liabilities | 7,850,300 | 1,483,571 | 30,907,851 | 15,103,369 | - | 55,345,091 |
| Net Cash Inflows/(outflows) | (2,533,659) | 45,113,733 | 30,907,851 | (5,050,625) | - | 5,612,343 |
| Cumulative Gap | (2,533,659) | 42,580,075 | 11,672,224 | 6,621,599 | | |

**Maintaining Minimum Levels of Liquid and Marketable Assets**

Minimum levels of prudential liquid assets are held in accordance with prudential requirements as specified by the CBN. The Bank holds additional unencumbered marketable assets, in excess of minimum prudential liquid asset requirement, to cater for volatile depositor withdrawals, draw-downs under committed facilities, collateral calls, etc. Highly Liquid Assets as at 31 December 2021 are listed below:

GROUP-2022

| | Encumbered | Unencumbered | Total |
|---|---|---|---|
| Cash and balances with central bank | (0) | 12,725 | 12,725 |
| Due from other banks | - | 26,480,772 | 26,480,772 |
| Pledged assets | 15,623,524 | - | 15,623,524 |
| Loans & Advances | - | 33,104,534 | 33,104,534 |
| Investment securities | - | 15,668,021 | 15,668,021 |
| Financial instrument at FVTPL | - | 160,228 | 160,228 |
| Other assets | 16,279,511 | 1,171,637 | 17,451,148 |

**BANK-2022**

| | Encumbered | Unencumbered | Total |
|---|---|---|---|
| Cash and balances with central bank | (0) | 12,725 | 12,725 |
| Due from other banks | - | 11,849,785 | 11,849,785 |
| Pledged assets | 15,623,524 | - | 15,623,524 |
| Loans & Advances | - | 33,104,534 | 33,104,534 |
| Investment securities | - | 11,698,982 | 11,698,982 |
| Financial instrument at FVTPL | - | 160,228 | 160,228 |
| Other assets | 16,279,511 | 974,260 | 17,253,771 |

GROUP-2021

| | Encumbered | Unencumbered | Total |
|---|---|---|---|
| Cash and balances with central bank | - | 779,073 | 779,073 |
| Due from other banks | - | 55,396,848 | 55,396,848 |
| Pledged assets | 8,447,871 | - | 8,447,871 |
| Loans & Advances | - | 7,328,969 | 7,328,969 |
| Investment securities | - | 13,342,951 | 13,342,951 |
| Financial instrument at FVTPL | - | 5,784 | 5,784 |
| Other assets | 16,079,511 | 811,496 | 16,891,007 |

BANK-2021

| | Encumbered | Unencumbered | Total |
|---|---|---|---|
| Cash and balances with central bank | - | 779,073 | 779,073 |
| Due from other banks | - | 45,059,475 | 45,059,475 |
| Pledged assets | 8,447,871 | - | 8,447,871 |
| Loans & Advances | - | 7,328,969 | 7,328,969 |
| Investment securities | - | 5,522,501 | 5,522,501 |
| Financial instrument at FVTPL | - | 5,784 | 5,784 |
| Other assets | 16,079,511 | 625,527 | 16,705,038 |

Any single liquidity provider (including corporations, financial institutions, and individuals) or a group that provides more than 5% of total deposit liabilities is considered a significant funding source. Significant funding sources can be a single name or a single group funding source. Significant funding sources are established as part of the annual liquidity and funding plan. The ALCO committee reviews report on significant funding source exposures at least on a bi-monthly basis. Thresholds are established for determining which single liquidity provider, as well as groups of liquidity providers are significant funding source. The threshold shall be a function of the market and the balance sheet of the bank and the determination of liquidity by provider is industry-based.

To ensure that the Bank does not place undue reliance on any single entity as a funding source, limits are imposed on significant funding sources and these limits are monitored by the Liquidity Risk Unit within the Risk Management Department. Concentration risk limits are used to ensure that funding diversification is maintained across products, sectors, and counterparties.

**Loan to Deposit Limit**

A limit is put in place, restricting the ratio of local currency loans to local currency deposits to a maximum specified level, and this is reviewed yearly. Similarly, in order to restrict the extent of foreign currency lending from the foreign currency deposit base, a foreign currency loan to deposit limit, is set by ALCO.

| Loan to Deposit Ratio | NGN'000 |
|---|---|
| Gross Loans | 33,236,294 |
| Total Deposits | 52,176,738 |
| **LDR** | 63.70% |

To ensure compliance with regulatory Loans to Deposit Ratio (LDR) and also ensure effective liquidity risk management, the Bank has set an internal limit of 104% of regulatory limit for LDR. The regulatory limit is currently 65% and Bank internal limit is 67%. The Bank Loans to Deposit Ratio as at 31 December 2021 was 18.94% . The Bank plans to grow this ratio to meet its internal limit in the coming year.

**Daily Cash Flow and Intraday Liquidity Management**

The Bank forecasts maturities and withdrawals at least 3 months in advance to alert Management of significant outflows. The forecast summarises daily new deposits (by customer, value, rate, and maturity), as well as the interbank and top depositor reliance (by value and product) and updated on a weekly basis. The daily cash flow report is used to proactively anticipate and plan for large cash outflows.

Treasury Division and Market and Liquidity Risk Unit summarizes material daily new deposits as well as the interbank and top depositor reliance (by value and product). The daily cash flow management report forms an integral part of the ongoing liquidity management process and is a crucial tool to proactively anticipate and plan for large cash outflows.

**Liquidity Stress Testing**

The Bank subjects anticipated on- and off-balance sheet cash flows to a variety of Bank- specific and systemic stress scenarios to evaluate the impact of unlikely but plausible events on the Bank's liquidity. The scenarios used are based on both historical events, such as past local financial markets crisis and hypothetical events, such as an entity specific crisis. The results obtained from the stress testing provide meaningful input when defining target liquidity risk positions and preparing contingency funding plan.

**Liquidity Coverage Ratio (LCR)**

The Liquidity Coverage Ratio (LCR) is introduced to assess and manage the short-term resilience of the liquidity risk profile of the Bank. The Bank holds a buffer of "high quality" liquid assets to match net liquidity outflows during a 30-day period of stress. LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30-calendar day liquidity stress scenario.

The LCR has two components:

I. Value of the stock of HQLA; and

ii. Total net cash outflows calculated according to the scenario parameters outlined below.

The Bank maintains a portfolio of HQLA to ensure compliance with requirements to honour any commitments due in the next 30 days. These requirements are defined as the net outflows over a 30-day time horizon. The available liquidity must exceed the required liquidity, meaning LCR must be at least 100%. The LCR and its components as at 31 December 2021 are as shown below:

| Metric | Value |
|---|---|
| Liquidity Coverage Ratio | 439.56% |
| High Quality Liquid Assets – NGN | 9,369,978,743 |

**Contingency Funding Plan**

The Bank considers adequate liquidity critical in meeting its business obligations and the need to ensure sustainable liquidity buffers to hedge any likely incidence of funding gap that may arise through internal business activities or systemic events. The Board has put in place Contingency Funding Framework to guide the actions of Executive Management in the event of a liquidity crisis. It is not possible to hold sufficiently large enough quantity of readily available liquidity to cover the least likely liquidity events. However, since such events can have devastating consequences, it is imperative to bridge the gap between the liquidity the Bank chooses to hold and the maximum liquidity it might need. The Bank's Contingency Funding Plan is designed to, as far as possible, protect the Bank and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The Bank uses an extensive early warning indicator methodology supported by a clear and decisive crisis response strategy.

The following can be the sources of contingency liquidity risk:

- Unexpected loan demand.
- Unexpected credit drawdown and other commitment draws.
- Requirements for increased collateral pledging.
- Unexpected deposit withdrawals.
- Evaporation of unused funding capacity.
- Erosion in the market value of unencumbered, marketable assets.

The CFP is consistent with the Greenwich Merchant Bank's business continuity plans and can be operational under situations where business continuity arrangements are invoked.

**Liquidity Ratio**

The Bank maintains a cushion of unencumbered and high quality liquid assets at all times, to enable it meet up with due obligations and withstand a range of stress events that might impair funding sources. A key measure of the Bank's liquidity risk is the ratio of liquid assets to deposit liabilities. Liquid assets include local currency cash, cash equivalents and active liquid investment-grade debt securities. Customer deposit are made up of local currency deposit liabilities. Below are details of the Bank's ratio of liquid assets to deposits liabilities for the period under review.

| | |
|---|---|
| GROUP | |
| Cash and Balances with Central Bank | 1,609 |
| Balance with other banks within Nigeria | 1,864,142 |
| Placements with other Banks | 21,102,853 |
| Investment securities | 31,291,545 |
| HIGHLY LIQUID ASSET | 54,260,148 |
| | |
| DEPOSIT | |
| Term deposit | 56,234,444 |
| Demand deposits | 9,713,522 |
| Interbank takings | 1,527,005 |
| Total Deposit Liabilites | 67,474,972 |
| | |
| LIQUIDITY RATIO | 80.42% |

Bank

| | |
|---|---|
| Cash and Balances with Central Bank | 1,609 |
| Balances with Other Banks within Nigeria | 448,826 |
| Net Inter Bank Placement With Other Banks | 7,895,741 |
| Investment securities | 27,322,506 |
| OTHER LIQUID ASSETS | |
| HIGHLY LIQUID ASSET | 35,668,681 |
| | |
| DEPOSIT | |
| Demand | 9,713,522 |
| Time Deposits | 42,463,216 |
| Interbank Takings | 1,527,005 |
| | |
| Total Deposit Liabilities | 53,703,744 |
| | |
| LIQUIDITY RATIO | 66.42% |

### 7.6 Capital Adequacy

The Bank undertakes a regular review of its capital adequacy based on the guidelines provided by the Central Bank of Nigeria (CBN) and international best practices to ensure compliance with regulatory requirements. The Capital Adequacy Ratio of the Bank is above the minimum statutory requirement, with all of the Bank's capital originating from Common Equity Tier 1 Capital (CET1), which consists of essentially share capital, share premium and reserves from retained earnings. The table below shows the computation of the Bank's capital adequacy ratio for the period.

| Components of Eligible Capital | |
|---|---|
| Paid-up Common Equity Share | 5,415,137 |
| Share Premium iro Common Equity Share | 12,667,034 |
| General Reserves (Retained Profit) | 6,597,302 |
| Statutory Reserves | 1,309,617 |
| | **25,989,090** |
| Deductions: | |
| Treasury shares | 648,000 |
| Intangile assets | 375,328 |
| Investemnt in capital of banking and financial institutions | 706,050 |
| Investment in capital instruments of unconsolidated subsidiairies | 1,500,000 |
| Total Regulatory Deductions at CET1 level | **3,229,378** |
| CET1 After Regulatory Deduction | **22,759,712** |

| Risk Weight Components | Amount |
|---|---|
| Credit Risk Weighted Assets | 46,279,429 |
| Market Risk Weighted Assets | 320,961 |
| Operational Risk Weighted Assets | 6,235,945 |
| | 52,836,335 |
| Pillar 2 capital add-on (Risk Weighted) | - |
| Total Risk Weighted Assets | 52,836,335 |

**CAPITAL ADEQUACY RATIOS**

| Capital Ratios (Full Impact) | Actual (Full Impact) | Required Minimum |
|---|---|---|
| Capital Adequacy Ratios: | 43.08% | 7.00% |
| CET1 to TRWAs | 43.08% | 7.50% |
| T1 Capital to TRWAs | 43.08% | 10.00% |
| Total Eligible Capital to TRWAs (CAR) | | |
| Leverage Ratio (Full Impact) | 21.73% | 4.00% |

As, a Merchant Bank, the Central Bank of Nigeria's regulatory requirements are as follows:

a. Hold the minimum level of the regulatory capital of N15 billion and

b. Maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%.
c. Maintain a leverage ratio minimum of 4%.

During the year, the Bank divested its investment in Greenwich Registrars & Data Solutions Limited, which ultimately impacted on its regulatory capital.

As at 31 December 2022, Bank had eligible risk capital of N22.76billion and a total risk weighted assets of N52.84bn, which translates to a capital adequacy ratio of 43.08% which was in excess of the regulatory minimum. The risk weighted assets are measured using the Central Bank of Nigeria’s interpretation and ranking of the risk assets.

Currently, the Bank's capital and regulatory ratios are in excess of the CBN regulatory minimum.

**BASEL III Implementation**

Greenwich Merchant Bank adopted the capital, leverage, and liquidity standards required by the CBN guideline to strengthen the regulation, supervision, and risk management of the banking sector. The total regulatory capital (CET1, AT1, & T2) and additional capital buffers require banks to hold more capital, and higher quality of capital, than under the earlier Basel II rules. The leverage ratio introduces a non-risk-based measure to supplement the risk-based minimum capital requirements. The liquidity ratios ensure that adequate funding is available during periods of stress. The computation of risk weighted assets are consistent with the requirements of pillar I of Basel II which is expected to ensure that banks have quality capital to support their risk-taking activities and that banks establish effective risk management systems to commensurate their level of operations.
The Bank performs an independent and complete forward-looking assessment of the risks to which we are exposed to and estimate the internal capital and liquidity requirements that adequately reflects our risk profile, business strategy and risk acceptance level (ICAAP & ILAAP).

The Supervisory Evaluation Review Process (SREP) specifies how the CBN reviews and assesses the Bank's ICAAP and ILAAP and verifies overall compliance with prudential requirements and supervisory expectations in relation to the quantification of internal capital and liquidity requirements.

| Regulatory Ratios | National and Regional Banks | International Banks and DSIBs | GMB year end Position |
|---|---|---|---|
| CET1 Capital Ratio | 7.00% | 10.50% | 43.08% |
| Tier 1 Capital Ratio | 7.50% | 11.25% | 43.08% |
| Capital Adequacy Ratio | 10.00% | 15.00% | 43.08% |
| Capital Conservation Buffer I | 1.00% | 1.00% | N/A |
| Capital Conservation Buffer II | As determined by CBN from time to time | | N/A |
| Leverage Ratio | 4.00% | 5.00% | 21.73% |
| Liquidity Coverage Ratio | >100.00% | >100.00% | 439.56% |
| Net Stable Funding Ratio | >100.00% | >100.00% | 100.28% |

The following table shows the maximum exposure to credit risk by class of financial asset. The group's

7.7.1

Notes to the consolidated and separate financial statement
for the year ended 31 December 2022

**(I) Maximum exposure to credit risk before collateral held or other credit enhancements**

The following table shows the maximum exposure to credit risk by class of financial asset. The group's maximum exposure to credit risk is represented by the net carrying amounts of the financial assets with the exception of financial and other guarantees issued by the group for which the maximum exposure to credit risk is represented by the maximum amount the group would have to pay if the guarantees are called on.

Credit risk exposures relating to on-balance sheet assets are as follows:

| | Maximum exposure **Group** | | Maximum exposure **Bank** | |
|---|---|---|---|---|
| In thousands of Nigerian Naira | **Dec. 2022** | **Dec. 2021** | **Dec. 2022** | **Dec. 2021** |
| **Cash and bank balances** | | | | |
| Cash & E-Naira in vault with Central Banks | 11,116 | 13,664 | 11,116 | 13,664 |
| Balances with central bank excluding mandatory deposit | 1,609 | 765,409 | 1,609 | 765,409 |
| Restricted balances with central bank | - | - | - | - |
| **Due from Banks** | | | | |
| Fixed placements | 21,128,051 | 51,143,942 | 7,904,299 | 42,649,017 |
| Current balances with banks within Nigeria | 1,864,142 | 1,919,490 | 448,826 | 72,431 |
| Current balances with banks outside Nigeria | 3,513,777 | 2,351,209 | 3,513,777 | 2,351,209 |
| **Financial assets at fair value through profit or loss** | | | | |
| Treasury bills | 160,228 | 5,784 | 160,228 | 5,784 |
| Bonds | - | - | - | - |
| **Loans and advances to customers:** | | | | |
| Loan and advances | 33,104,534 | 7,328,969 | 7,328,969 | 7,328,969 |
| **Investment securities at fair value through other** comprehensive income: | | | | |
| Treasury bills | 465,380 | 1,108,541 | 465,380 | 1,108,541 |
| State bonds | 35,205 | - | 35,205 | - |
| Euro bonds | 1,525,585 | - | 1,265,593 | - |
| Corporate Bonds | 53,179 | 51,039 | 53,179 | 51,039 |
| FGN Bonds | 7,687,986 | 2,883,584 | 7,687,986 | 2,883,584 |
| Quoted equity | 1,969,533 | 2,524,278 | - | - |
| Unquoted equity | 966,568 | 970,601 | 964,553 | 968,587 |
| Investment securities at amortised cost: | | | | |
| Debt instrument | 2,964,585 | 5,804,907 | 1,227,085 | 510,750 |
| | | | - | - |
| **Pledged assets:** | | | | |
| Treasury bills | 15,623,524 | 8,447,871 | 15,623,524 | 8,447,871 |
| **Other assets (note 26)** | 17,308,247 | 16,691,722 | 17,116,690 | 16,508,378 |
| Total | **108,383,248** | **102,011,012** | **63,808,020** | **83,665,233** |
| Loans exposure to total exposure | 31% | 7% | 11% | 9% |
| Debt securities exposure to total exposure | 14% | 13% | 18% | 7% |
| Pledged assets exposure to total exposure | 14% | 8% | 24% | 10% |
| Other exposure to total exposure | 24% | 25% | 35% | 25% |

### 7.7.2 Credit concentration - Location

The Group monitors concentrations of credit risk by sector, geographic location and industry. Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security. The amounts stated are net of impairment allowances.

An analysis of concentrations of credit risk at the reporting date is shown below:

**31 December 2022**

| *In thousands of Nigerian Naira* | Group | | | Bank | | |
|---|---|---|---|---|---|---|
| | Nigeria | Outside Nigeria | Total | Nigeria | Outside Nigeria | Total |
| **Financial assets** | | | | | | |
| **Cash and bank balances:** | | | | | | |
| - Current balances with banks | 1,864,142 | 3,513,777 | 5,377,919 | 448,826 | 3,513,777 | 3,962,603 |
| -Cash & E-Naira in vault with Central Banks | 11,116 | | 11,116 | 11,116 | | 11,116 |
| - Fixed placements | 21,128,051 | - | 21,128,051 | 7,904,299 | - | 7,904,299 |
| - Balances with central banks excluding mandatory deposit | 1,609 | - | 1,609 | 1,609 | - | 1,609 |
| **Financial assets at FVTPL:** | | | | | | |
| - Treasury bills | 160,228 | - | 160,228 | 160,228 | - | 160,228 |
| - Government bonds | - | - | - | - | - | - |
| **Loans and advances to customers:** | | | | | | |
| - Loans and advances | 33,104,534 | - | 33,104,534 | 7,328,969 | - | 7,328,969 |
| **Investment securities:** | | | | | | |
| *At amortised cost* | | | | | | |
| Bonds | 2,964,585 | - | 2,964,585 | 1,227,085 | - | 1,227,085 |
| *At FVOCI* | | | - | | | - |
| - Eurobonds | 1,525,585 | - | 1,525,585 | 1,265,593 | - | 1,265,593 |
| - Treasury bills | 465,380 | - | 465,380 | 465,380 | - | 465,380 |
| - Commercial paper | | - | - | | - | - |
| - State Bonds | 35,205 | | 35,205 | 35,205 | | 35,205 |
| - Corporate Bonds | 53,179 | | 53,179 | 53,179 | | 53,179 |
| - FGN Bonds | 7,687,986 | | 7,687,986 | 7,687,986 | | 7,687,986 |
| - Quoted equity | 1,969,533 | | 1,969,533 | - | | - |
| - Unquoted equity | 966,568 | | 966,568 | 964,553 | | 964,553 |
| **Pledged assets** | | | - | | | - |
| - Treasury bills | 15,623,524 | | 15,623,524 | 15,623,524 | | 15,623,524 |
| **Other assets (note 26)** | 17,308,247 | - | 17,308,247 | 17,116,690 | - | 17,116,690 |
| **Total financial assets** | **104,869,471** | **3,513,777** | **108,383,248** | **60,294,242** | **3,513,777** | **63,808,019** |

**Credit Concentration - Location (continued)**

| **31 December 2021**<br>*In thousands of Nigerian Naira* | **Group** | | | **Bank** | | |
|---|---|---|---|---|---|---|
| | **Nigeria** | **Outside Nigeria** | **Total** | **Nigeria** | **Outside Nigeria** | **Total** |
| **Financial assets** | | | | | | |
| **Cash and bank balances:** | | | | | | |
| - Current balances with banks | 1,919,490 | 2,351,209 | 4,270,699 | 72,431 | 2,351,209 | 2,423,640 |
| -Cash & E-Naira in vault with Central Banks | 13,664 | - | 13,664 | 13,664 | - | 13,664 |
| - Fixed placements | 51,143,942 | - | 51,143,942 | 42,649,017 | - | 42,649,017 |
| - Balances with central banks excluding mandatory deposit | 765,409 | - | 765,409 | 765,409 | - | 765,409 |
| **Financial assets at FVTPL:** | | | | | | |
| - Treasury bills | 5,784 | - | 5,784 | 5,784 | - | 5,784 |
| - Government bonds | - | - | - | - | - | - |
| **Loans and advances to customers:** | | | | | | |
| - Loans and advances | 7,328,969 | - | 7,328,969 | 7,328,969 | - | 7,328,969 |
| **Investment securities:** | | | | | | |
| *At amortised cost* | | | | | | |
| - Treasury bills | 5,804,907 | - | 5,804,907 | 510,750 | - | 510,750 |
| - Eurobonds | - | - | - | - | - | - |
| *At FVOCI* | | | | | | |
| - Treasury bills | 1,108,541 | - | 1,108,541 | 1,108,541 | - | 1,108,541 |
| - Commercial paper | - | - | - | - | - | - |
| - State Bonds | - | - | - | - | - | - |
| - Corporate Bonds | 51,039 | - | 51,039 | 51,039 | - | 51,039 |
| - FGN Bonds | 2,883,584 | - | 2,883,584 | 2,883,584 | - | 2,883,584 |
| - Quoted equity | 2,524,278 | - | 2,524,278 | - | - | - |
| - Unquoted equity | 970,601 | - | 970,601 | 968,587 | - | 968,587 |
| **Pledged assets** | | | | | | |
| - Treasury bills | 8,447,871 | - | 8,447,871 | 8,447,871 | - | 8,447,871 |
| **Other assets** | 16,691,722 | - | 16,691,722 | 16,508,378 | - | 16,508,378 |
| **Total financial assets** | **99,659,803** | **2,351,209** | **102,011,010** | **81,314,024** | **2,351,209** | **83,665,233** |

**7.7.3**

**(iii)Credit concentration - Industry**

The following table analyses the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. The amounts stated are net of impairment allowances.

### 7.7.3

### (iii) Credit concentration - Industry

The following table analyses the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. The amounts stated are net of impairment allowances.

| Group | Agriculture | Trading | Finance and Insurance | General | Service | Govern-ments | Oil and Gas | Manu-facturing | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | |
| *In thousands of Nigerian Naira* | | | | | | | | | |
| **Cash and bank balances:** | - | - | | | | | | | |
| - Current balances with banks | - | - | 5,377,919 | - | - | - | - | - | 5,377,919 |
| - Cash and E-Naira with Central Bank | - | - | - | - | - | 11,116 | - | - | 11,116 |
| - Fixed placements | - | - | 21,128,051 | - | - | - | - | - | 21,128,051 |
| - Balances with central bank excluding mandatory deposit | | | 1,609 | - | - | - | - | - | 1,609 |
| **Financial assets at FVTPL:** | - | - | | | | | | | - |
| - Treasury bills | - | - | - | - | - | 160,228 | - | - | 160,228 |
| - Government bonds | | | - | - | - | - | - | - | - |
| **Loans and advances to customers:** | | | | | | | | | - |
| - Loans and advances | 4,111 | 10,167,331 | 227,217 | 2,108,364 | 2,001,388 | - | 4,030,331 | 14,565,792 | 33,104,535 |
| **Investment securities:** | | | | | | | | | - |
| *At Amortised cost* | - | - | | | | | | | - |
| - Treasury bills | - | - | - | - | - | 2,964,585 | - | - | 2,964,585 |
| - Bonds | | | 1,525,585 | - | - | - | - | - | 1,525,585 |
| *At FVOCI* | - | - | - | - | - | - | - | - | - |
| - Treasury bills | - | - | - | - | - | 465,380 | - | - | 465,380 |
| - State Bonds | | | - | - | - | 35,205 | - | - | 35,205 |
| - Euro Bonds | - | - | | | | 1,525,585 | | | |
| - Corporate Bonds | - | - | - | - | - | 53,179 | - | - | 53,179 |
| - FGN Bonds | - | - | - | - | - | 7,687,986 | - | - | 7,687,986 |
| - Quoted equity | - | - | - | 1,969,533 | - | - | - | - | 1,969,533 |
| - Unquoted equity | | | - | 966,568 | - | - | - | - | 966,568 |
| **Pledged assets** | - | - | | | | | | | |
| Bonds & Treasury bills | - | - | 15,623,524 | - | - | | - | - | 15,623,524 |
| **Other assets** | | | - | 1,028,736 | - | 16,279,511 | - | - | 17,308,248 |
| **Total financial assets** | **4,111** | **10,167,331** | **43,883,904** | **6,073,201** | **2,001,388** | **43,280,715** | **4,030,331** | **14,565,792** | **108,383,249** |

### Credit concentration - Industry (continued)

| Bank | Agriculture | Trading | Finance and Insurance | General | Service | Govern-ments | Oil and Gas | Manu-facturing | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| *In thousands of Nigerian Naira* | | | | | | | | | |
| **Cash and bank balances:** | - | - | | | | | | | |
| - Current balances with banks | - | - | 3,962,603 | - | - | - | - | - | 3,962,603 |
| - Cash and E-Naira with Central Bank | - | - | - | - | - | 11,116 | - | - | 11,116 |
| - Fixed placements | - | - | 7,904,299 | | | | | | 7,904,299 |
| - Balances with central bank excluding mandatory deposit | - | - | 1,609 | - | - | - | - | - | 1,609 |
| | | | - | - | - | - | - | - | |
| **Financial assets at FVTPL:** | - | - | | | | | | | - |
| - Treasury bills | - | - | - | - | - | 160,228 | - | - | 160,228 |
| - Government bonds | - | - | - | - | - | - | - | - | - |
| **Loans and advances to customers:** | | | - | - | - | - | - | - | - |
| - Loans and advances (net of impairment) | 4,111 | 10,167,331 | 227,217 | 2,108,364 | 2,001,388 | - | 4,030,331 | 14,565,792 | 33,104,535 |
| **Investment securities:** | - | - | - | - | - | - | - | - | - |
| *At Amortised cost* | - | - | - | - | - | - | - | - | - |
| - Treasury bills | - | - | - | - | - | - | - | - | - |
| - Bonds | - | - | - | - | - | - | - | - | - |
| *At FVOCI* | - | - | - | - | - | - | - | - | - |
| - Treasury bills | - | - | - | - | - | 465,380 | - | - | 465,380 |
| - State Bonds | - | - | - | - | - | 35,205 | - | - | 35,205 |
| - Corporate Bonds | - | - | - | - | - | 53,179 | - | - | 53,179 |
| - FGN Bonds | - | - | - | - | - | 7,687,986 | - | - | 7,687,986 |
| - Quoted equity | - | - | - | - | - | - | - | - | - |
| - Unquoted equity | | | - | 964,553 | | - | - | - | 964,553 |
| **Pledged assets** | - | - | | | | | | | |
| - Treasury bills | - | - | 15,623,524 | - | - | | - | - | 15,623,524 |
| **Other assets** | | | - | 837,179 | - | 16,279,511 | - | - | 17,116,690 |
| **Total financial assets** | **4,111** | **10,167,331** | **27,719,251** | **3,910,096** | **2,001,388** | **24,692,606** | **4,030,331** | **14,565,792** | **87,090,907** |

### Credit concentration - Industry (continued)

| Group | Agriculture | Education | Finance and Insurance | General | General Commerce | Govern-ments | Information and Communication | Manu-facturing | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | | | |
| *In thousands of Nigerian Naira* | | | | | | | | | |
| **Cash and bank balances:** | | | | | | | | | |
| - Current balances with banks | - | - | 4,270,699 | - | - | - | - | - | 4,270,699 |
| - Cash and E-Naira with Central Bank | - | - | - | - | - | 13,664 | - | - | 13,664 |
| - Fixed placements | - | - | 51,143,942 | - | - | - | - | - | 51,143,942 |
| - Balances with central banks excluding mandatory deposit | - | - | 765,409 | - | - | - | - | - | 765,409 |
| **Financial assets FVTPL :** | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | 5,784 | - | - | 5,784 |
| - Government bonds | - | - | - | - | - | - | - | - | - |
| **Loans and advances to customers:** | | | | | | | | | |
| - Loans and advances | - | - | 204,759 | 1,315,383 | - | - | 500,723 | 5,311,824 | 7,332,690 |
| **Investment securities:** | | | | | | | | | |
| *At Amortised cost* | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | 5,804,907 | - | - | 5,804,907 |
| - Eurobonds | - | - | - | - | - | - | - | - | - |
| *At FVOCI* | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | 1,108,541 | - | - | 1,108,541 |
| - Commercial paper | - | - | - | - | - | - | - | - | - |
| - State Bonds | - | - | - | - | - | - | - | - | - |
| - Corporate Bonds | - | - | - | - | - | - | 51,039 | - | 51,039 |
| - FGN Bonds | - | - | - | - | - | 2,883,584 | - | - | 2,883,584 |
| - Quoted equity | - | - | - | 2,524,278 | - | - | - | - | 2,524,278 |
| - Unquoted equity | - | - | - | 970,601 | - | - | - | - | 970,601 |
| **Pledged assets** | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | 8,447,871 | - | - | 8,447,871 |
| **Other assets** | - | - | - | 16,691,722 | - | - | - | - | 16,691,722 |
| **Total financial assets** | | | **56,384,809** | **21,501,984** | **-** | **18,264,351** | **551,762** | **5,311,824** | **102,014,731** |

### Credit concentration - Industry (continued)

| Bank | Agriculture | Education | Finance and Insurance | General | General Commerce | Govern-ments | Information and Communication | Manu-facturing | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| *In thousands of Nigerian Naira* | | | | | | | | | |
| **Cash and bank balances:** | | | | | | | | | |
| - Current balances with banks | - | - | 2,423,640 | - | - | - | | - | 2,423,640 |
| - Cash and E-Naira with Central Bank | - | - | - | - | - | 13,664 | | - | 13,664 |
| - Fixed placements | - | - | 42,649,017 | - | - | - | - | - | 42,649,017 |
| - Balances with central bank excluding mandatory reserve | - | - | 765,409 | - | - | - | - | - | 765,409 |
| **Financial at FVTPL :** | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | 5,784 | - | - | 5,784 |
| - Government bonds | | | - | - | - | - | | - | - |
| **Loans and advances to customers:** | | | | | | | | | |
| - Loans and advances | - | - | 204,759 | 1,315,383 | - | - | 500,723 | 5,311,824 | 7,332,690 |
| **Investment securities:** | | | | | | | | | |
| *At Amortised cost* | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | - | | - | - |
| - Bonds | - | - | - | - | - | - | | - | - |
| *At FVOCI* | | | | | | | | | |
| - Treasury Bills | - | - | - | - | - | 1,108,541 | - | - | 1,108,541 |
| - Corporate bonds | - | - | - | - | - | - | 51,039 | - | 51,039 |
| - FGN bonds | - | - | - | - | - | 2,883,584 | - | - | 2,883,584 |
| - Unquoted equity | - | - | - | 968,587 | - | - | - | - | 968,587 |
| **Pledged assets** | | | | | | | | | |
| - Treasury bills | - | - | - | - | - | 8,447,871 | - | - | 8,447,871 |
| **Other assets** | - | - | - | 16,508,378 | - | - | | - | 16,508,378 |
| **Total financial assets** | | | **46,042,825** | **18,792,348** | **-** | **12,459,444** | **551,762** | **5,311,824** | **83,158,204** |

### 7.7.4 The table below shows the various risk exposures relating to off balance sheet assets:

| | Maximum exposure | | Maximum exposure | |
|---|---|---|---|---|
| | Group | | Bank | |
| **In thousands of Nigerian Naira** | **31-Dec-22** | **31-Dec-21** | **31-Dec-22** | **31-Dec-21** |
| Performance bonds and guarantees | - | 535,524 | - | 535,524 |
| Allowance for credit losses | - | (5,527) | - | (5,527) |
| **Net carrying amount** | - | 529,997 | - | 529,997 |
| Letters of credits | 11,818,762 | 15,795,333 | 11,818,762 | 15,795,333 |
| Allowance for credit losses | (9,614) | (59,303) | (9,614) | (59,303) |
| **Net carrying amount** | 11,809,148 | 15,736,030 | 11,809,148 | 15,736,030 |
| Undrawn commitments | 10,783,079 | 7,310,590 | 10,783,079 | 7,310,590 |
| Allowance for credit losses | - | - | - | - |
| **Net carrying amount** | 10,783,079 | 7,310,590 | 10,783,079 | 7,310,590 |
| **Gross amount** | **22,601,841** | **23,641,447** | **22,601,841** | **23,641,447** |
| Total Allowance for credit losses | (9,614) | (64,830) | (9,614) | (64,830) |
| **Total net carrying amount** | **22,592,227** | **23,576,616** | **22,592,227** | **23,576,616** |
| Bonds and guarantee exposure to total exposure | **0%** | **2%** | **0%** | **2%** |
| Letters of credit exposure to total exposure | **52%** | **67%** | **52%** | **67%** |
| Undrawn commitments exposure to total exposure | **48%** | **31%** | **48%** | **31%** |

**Credit rating of obligors/counterparties:**
Internal counterparty rating is used as an essential tool in the Greenwich Merchant Bank's credit risk management and decision-making process.
The Bank's credits to different obligors based on our internal credit rating as at 31 December 2022 are as follows:

| | Group | | | | |
|---|---|---|---|---|---|
| **As at December 2022** | **AAA to A N'000** | **BBB to B N'000** | **Below B N'000** | **Unrated N'000** | **Total N'000** |
| Bonds and Guarantees | - | - | | - | - |
| Allowance for credit losses | - | - | | - | - |
| **Net Carrying Amount** | - | - | - | - | - |
| Letters of credits | 10,048,117 | 1,770,645 | - | - | 11,818,762 |
| Allowance for credit losses | (7,303) | (2,311) | - | | (9,614) |
| **Net carrying amount** | 10,040,814 | 1,768,334 | - | - | 11,809,148 |
| Undrawn commitments | 7,909,350 | 2,873,729 | - | - | 10,783,079 |
| Allowance for credit losses | - | - | - | | - |
| **Net carrying amount** | 7,909,350 | 2,873,729 | - | - | 10,783,079 |
| **Gross amount** | 17,957,467 | 4,644,374 | - | - | 22,601,841 |
| Total Allowance for credit losses | (7,303) | (2,311) | - | - | (9,614) |
| **Total net carrying amount** | **17,950,164** | **4,642,063** | **-** | **-** | **22,592,227** |

| | Bank | | | | |
|---|---|---|---|---|---|
| **As at December 2022** | **AAA to A N'000** | **BBB to B N'000** | **Below B N'000** | **Unrated N'000** | **Total N'000** |
| Bonds and Guarantees | - | - | | - | - |
| Allowance for credit losses | - | - | | - | - |
| **Net Carrying Amount** | - | - | - | - | - |
| Letters of credits | 10,048,117 | 1,770,645 | - | - | 11,818,762 |
| Allowance for credit losses | (7,303) | (2,311) | - | | (9,614) |
| **Net carrying amount** | 10,040,814 | 1,768,334 | - | - | 11,809,148 |
| Undrawn commitments | 7,909,350 | 2,873,729 | - | - | 10,783,079 |
| Allowance for credit losses | - | - | - | | - |
| **Net carrying amount** | 7,909,350 | 2,873,729 | - | - | 10,783,079 |
| **Gross amount** | 17,957,467 | 4,644,374 | - | - | 22,601,841 |
| Total Allowance for credit losses | (7,303) | (2,311) | - | - | (9,614) |
| **Total net carrying amount** | **17,950,164** | **4,642,063** | **-** | **-** | **22,592,227** |

| Loss allowance: December, 2022 | Group Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| - Performance bonds and guarantees | - | - | - | - |
| ECL provision | - | - | - | - |
| **Net carrying amount** | - | - | - | - |
| **ECL Coverage (%)** | 0.00% | - | - | 0.00% |
| - Letters of credits | 11,818,762 | - | - | 11,818,762 |
| ECL provision | (9,614) | - | - | (9,614) |
| **Net carrying amount** | 11,809,148 | - | - | 11,809,148 |
| **ECL Coverage (%)** | 0.08% | - | - | 0.08% |
| - Undrawn commitments | 10,783,079 | - | - | 10,783,079 |
| ECL provision | - | - | - | - |
| **Net carrying amount** | 10,783,079 | - | - | 10,783,079 |
| **ECL Coverage (%)** | 0.00% | - | - | 0.00% |
| **Gross amount** | 22,601,841 | - | - | 22,601,841 |
| Total ECL provision | (9,614) | - | - | (9,614) |
| **Total net carrying amount** | **22,592,227** | **-** | **-** | **22,592,227** |
| **ECL Coverage (%)** | 0.04% | - | - | 0.04% |
| | | | | (22,601,841) |

| Transfer between stages: December, 2022 | Group Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| Gross amount at 1 January 2022 | 23,641,447 | - | - | 23,641,447 |
| Transfer from stage 1 to stage 2 | - | - | - | - |
| Transfer from stage 1 to stage 3 | - | - | - | - |
| Addition | - | - | - | - |
| Derecognition (other than write offs) | (1,039,606) | - | - | (1,039,606) |
| Foreign Exchange difference | - | - | - | - |
| **Gross amount** | 22,601,841 | - | - | 22,601,841 |

| Movement in loss allowance: 31 December, 2021 Off Balance Sheet Items | Group Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| Balance as at 1 January 2021 | 68,428 | - | - | 68,428 |
| ECL provision / (writeback) | (58,814) | - | - | (58,814) |
| **Closing balance** | 9,614 | - | - | 9,614 |

**Geography**

| 31-Dec-22 | Group | | | Group | | |
|---|---|---|---|---|---|---|
| **In thousands of Nigerian Naira** | **Nigeria** | **Outside Nigeria** | **Total** | **Nigeria** | **Outside Nigeria** | **Total** |
| - Performance bonds and guarantees | - | - | **-** | 535,524 | - | **535,524** |
| - Letters of credits | 11,818,762 | - | **11,818,762** | 15,795,333 | - | **15,795,333** |
| - Undrawn commitments | 10,783,079 | - | **10,783,079** | 7,310,590 | - | **7,310,590** |
| **Total Letter of credit and guarantees** | **22,601,841** | **-** | **22,601,841** | **23,641,447** | **-** | **23,641,447** |

**Industry**

**Group**

| 31-Dec-22 | Agriculture | Trading | Oil & Gas | Manufacturing | Services |
|---|---|---|---|---|---|
| - Performance bonds and guarantees | - | - | - | - | - |
| - Letters of credits | 721,890 | 1,107,866 | 1,019,922 | 8,969,084 | - |
| -Undrawn commitments | 2,873,729 | 3,309,974 | - | 3,385,292 | - |
| Total Letters of credit & guarantees | **3,595,619** | **4,417,840** | **1,019,922** | **12,354,376** | **-** |

**Bank**

| 31-Dec-22 | Agriculture | Trading | Oil & Gas | Manufacturing | Services |
|---|---|---|---|---|---|
| - Performance bonds and guarantees | - | - | - | - | - |
| - Letters of credits | 721,890 | 1,107,866 | 1,019,922 | 8,969,084 | - |
| - Undrawn commitments | 2,873,729 | 3,309,974 | - | 3,385,292 | - |
| Total Letters of credit & guarantees | **3,595,619** | **4,417,840** | **1,019,922** | **12,354,376** | **-** |

## LIQUIDITY RISK

**Liquidity risk on off balance sheet**
**Residual contractual maturity**

**Group**

| At December 31, 2022 | Total | Less than 3 months | 3 - 6 months | 6 -12 months | 1 to 5 Years |
|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| - Performance bonds and guarantees | - | - | - | - | - |
| ECL provision | - | - | - | - | - |
| Total carrying amount | - | - | - | - | - |
| - Letters of credits | 11,818,762 | 3,839,802 | 1,957,931 | 6,021,029 | - |
| ECL provision | (9,614) | (878) | (397) | (8,339) | - |
| Total Letters of credit & guarantees | 11,809,148 | 3,838,924 | 1,957,534 | 6,012,690 | - |
| - Undrawn commitments | 10,783,078 | 218,218 | 6,298,820 | 4,266,040 | - |
| ECL provision | - | - | - | - | - |
| Total Letters of credit & guarantees | 10,783,078 | 218,218 | 6,298,820 | 4,266,040 | - |
| **Gross amount** | 22,601,840 | 4,058,020 | 8,256,751 | 10,287,069 | - |
| Total ECL provision | (9,614) | (878) | (397) | (8,339) | - |
| **Total net carrying amount** | **22,592,226** | **4,057,142** | **8,256,354** | **10,278,730** | **-** |

**Bank**

| At December 31, 2022 | Total | Less than 3 months | 3 - 6 months | 6 -12 months | 1 to 5 Years |
|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| - Performance bonds and guarantees | - | - | - | - | - |
| ECL provision | - | - | - | - | - |
| Total carrying amount | - | - | - | - | - |
| - Letters of credits | 11,818,762 | 3,839,802 | 1,957,931 | 6,021,029 | - |
| ECL provision | (9,614) | (878) | (397) | (8,339) | - |
| Total Letters of credit & guarantees | 11,809,148 | 3,838,924 | 1,957,534 | 6,012,690 | - |
| - Undrawn commitments | 10,783,078 | 218,218 | 6,298,820 | 4,266,040 | - |
| ECL provision | - | - | - | - | - |
| Total Letters of credit & guarantees | 10,783,078 | 218,218 | 6,298,820 | 4,266,040 | - |
| **Gross amount** | 22,601,840 | 4,058,020 | 8,256,751 | 10,287,069 | - |
| Total ECL provision | (9,614) | (878) | (397) | (8,339) | - |
| **Total net carrying amount** | **22,592,226** | **4,057,142** | **8,256,354** | **10,278,730** | **-** |

## MARKET RISK

**Off Balance Sheet by Currency**

| 31-Dec-22 | NGN | USD | EUR | GBP | Total |
|---|---|---|---|---|---|
| **Group** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| - Performance bonds and guarantees | - | - | - | - | - |
| - Letters of credits | - | 11,818,762 | - | - | 11,818,762 |
| - Undrawn commitments | 1,325,929 | 6,837,430 | 2,619,720 | - | 10,783,079 |
| | **1,325,929** | **18,656,192** | **2,619,720** | **-** | **22,601,841** |

| 31-Dec-22 | NGN | USD | EUR | GBP | Total |
|---|---|---|---|---|---|
| **Bank** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| - Performance bonds and guarantees | - | - | - | - | - |
| - Letters of credits | - | 11,818,762 | - | - | 11,818,762 |
| - Undrawn commitments | 1,325,929 | 6,837,430 | 2,619,720 | - | 10,783,079 |
| | **1,325,929** | **18,656,192** | **2,619,720** | **-** | **22,601,841** |

## 8 Operating Segments

The Group runs five reportable segments as its strategic business units (SBUs). The SBUs offer varied products and services which are managed separately based on the Group's management and internal reporting structure. The Executive Management Committee reviews internal management reports of each of the SBUs on a monthly basis.

The operations in each of the Group's reportable segments are summarised below.

(I) Investment banking - involves in capital raising, financial advisory services and structured finance to public and private sectors.

(ii) Treasury and Financial Markets- provides innovative financing and risk management solutions and advisory services to the Group's corporate and institutional customers.

(iii) 9

(iv) Securities trading- the segment trades in equities, government securities, debentures, bonds and other capital market securities as well as listing of these securities on the recognised Securities Exchange.

(v) Asset management- engages in fund and portfolio management and positioned to providing innovative investment management services.

## Information about operating segments
## 2022

*In thousands of Nigerian Naira*

| | Investment Banking | Treasury & Financial Markets | Corporate Banking | Securities Dealing | Asset Management | Total |
|---|---|---|---|---|---|---|
| Total Revenue | 458,683 | 5,601,254 | 2,513,451 | 426,742 | 1,669,283 | 10,669,414 |
| Interest expenses | | (3,654,216) | (524,247) | (33) | (1,298,856) | (5,477,352) |
| Fee and commission expenses | | - | (134,472) | (681) | - | (135,152) |
| **Net operating income** | 458,683 | 1,947,038 | 1,854,733 | 426,029 | 370,427 | 5,056,910 |
| Operating Expenses | (874,273) | (966,497) | (929,673) | (282,719) | (167,049) | (3,220,211) |
| Net impairment loss on financial assets | | | (81,571) | 2,232 | (45,647) | (124,986) |
| Depreciation and amortisation | (76,787) | (84,887) | (81,653) | (252) | (4,511) | (248,091) |
| **Total cost** | **(951,061)** | **(1,051,384)** | **(1,092,897)** | **(280,739)** | **(217,207)** | **(3,593,288)** |
| **Profit/(loss) before tax from reportable segments** | (492,377) | 895,655 | 761,836 | 145,290 | 153,219 | 1,463,622 |
| Tax | 403,201 | (141,298) | (243,787) | (2,349) | (70,442) | (54,675) |
| **Profit/(loss) after tax from reportable segments** | **(89,176)** | **754,356** | **518,048** | **142,941** | **82,778** | **1,408,947** |

## 2021

*In thousands of Nigerian Naira*

| | Investment Banking | Treasury & Financial Markets | Corporate Banking | Securities Dealing | Asset Management | Total |
|---|---|---|---|---|---|---|
| Total Revenue | 998,387 | 4,126,532 | 333,693.00 | 348,354 | 248,571 | 6,055,537 |
| Interest expenses | | (661,715) | (499,188) | 0 | (1,790) | (1,162,693) |
| Fee and commission expenses | (52,577) | - | | (898) | 0 | (53,475) |
| **Net operating income** | 945,810 | 2,965,629 | 333,693.00 | 347,456 | 246,781 | 4,839,369 |
| Operating Expenses | (654,067) | (723,061) | (695,513) | (141,935) | (73,104) | (2,287,680) |
| Net impairment loss on financial assets | (278,717) | | | (46,551) - | 3,918.64 | (329,186) |
| Depreciation and amortisation | (71,264) | (78,781) | (75,779) | 207 | (5,211) | (230,828) |
| **Total cost** | **(1,004,047)** | **(801,842)** | **(771,292)** | **(188,279)** | **(82,233)** | **(2,847,694)** |
| **Profit/(loss) before tax from reportable segments** | (58,237) | 2,163,787 | (437,599) | 159,177 | 164,548 | 1,991,675 |
| Tax | 7,106 | (264,008) | - | 4,982 | (27,825) | (279,745) |
| **Profit/(loss) after tax from reportable segments** | **(51,132)** | **1,899,779** | **(437,599)** | **164,159** | **136,723** | **1,711,930** |

The following is an analysis of the Group's revenue and gains from continuing operations by products and services:

| *In thousands of Nigerian Naira* | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Advisory services | 901,768 | 1,407,686 |
| Bonds | 550,387 | 383,168.92 |
| Placements | 3,607,579 | 3,067,900 |
| Loan | 1,865,250 | 123,957 |
| Treasury bills | 2,070,532 | 591,987 |
| Stockbroking | 398,320 | 323,556 |
| Equity trading | 258,844 | 493,125 |
| Asset and fund management | 297,262 | 104,854 |
| | **9,949,941** | **6,496,233** |

**Reconciliation of reportable segment revenues, operating expenses, profit or loss and assets and liabilities**

**Reconciliation of revenues**

| *In thousands of Nigerian Naira* | 31 December 2022 | Group 31 December 2021 |
|---|---|---|
| Continuing Operations: | | |
| Total revenue from reportable segments | 10,669,414 | 6,055,537 |
| Consolidation and adjustments: | | |
| - Other operating income | 79,211 | 73,743 |
| **Revenue from continuing operations** | **10,748,624** | **6,129,280** |

Revenue from continuing operations as shown above is made up of:

| *In thousands of Nigerian Naira* | | |
|---|---|---|
| Interest income | 8,262,872 | 3,663,807 |
| Fee and commission income | 1,129,347 | 1,447,350 |
| Net gains on financial instruments classified as held for trading | 1,124,445 | 799,525 |
| Other operating income | (566,723) | 585,551 |
| Revenue and gains from continuing operations | **9,949,941** | **6,496,233** |
| Less gains: | | |
| - Dividends income | (100,238) | (360,738) |
| - Gain on disposal of fixed assets | (305) | (6,214) |
| **Revenue from continuing operations** | **9,849,399** | **6,129,281** |

**Reconciliation of operating expenses**

| *In thousands of Nigerian Naira* | 31 December 2022 | Group 31 December 2021 |
|---|---|---|
| Continuing Operations: | | |
| Total operating expense from reportable segments | 3,220,211 | 2,287,680 |
| **Operating expense from continuing operations** | **3,220,211** | **2,287,680** |

Operating expense from continuing operations as shown above is made up of:

| *In thousands of Nigerian Naira* | 31 December 2022 | Group 31 December 2021 |
|---|---|---|
| Personnel expenses (See Note15) | 1,342,407 | 1,235,253 |
| Other operating expenses (See Note14) | 1,877,805 | 1,052,426 |
| | **3,220,213** | **2,287,678** |

**Reconciliation of profit or loss**

| *In thousands of Nigerian Naira* | 31 December 2022 | Group 31 December 2021 |
|---|---|---|
| Continuing Operations: | | |
| Total profit or loss before tax for reportable segments | 1,463,622 | 1,991,675 |
| Consolidation and adjustments: | | |
| - Other operating income | 79,211 | 73,743 |
| Gains: | | |
| - Dividends income | 100,238 | 360,738 |
| - Gain on disposal of fixed assets | 304.63 | 6,214 |
| **Profit before income tax from continuing operations** | **1,643,375** | **2,432,371** |

## 9 Interest income

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Interest income: | | | | |
| - Loan customers | 1,865,250 | 123,957 | 1,865,250 | 123,957 |
| - Trade loans | 573,046 | 7,343 | 573,046 | 7,343 |
| - Placement | 3,607,579 | 3,067,097 | 1,976,206 | 2,900,138 |
| - Bond | 148,738 | 84,106 | 148,738 | 84,106 |
| **Interest income at amortised cost** | **6,194,613** | **3,282,503** | **4,563,240** | **3,115,544** |
| Investment securities at FVTPL | | | | |
| - Treasury bills | 501,471 | 291,981 | 501,471 | 291,981 |
| - Government bonds | - | 37,276 | - | 37,276 |
| **Interest income on financial assets at FVTPL** | **501,471** | **329,257** | **501,471** | **329,257** |
| Investment securities at FVTOCI | | | | |
| - FGN Bonds | 1,483,958 | 48,962 | 1,367,587 | 3,078 |
| - Commercial paper | - | 803 | - | 803 |
| - State Bonds | 4,625 | - | 4,625 | - |
| - Euro Bonds | 75,030 | - | 75,030 | - |
| - Corporate bonds | 3,175 | 2,282 | 3,175 | 2,282 |
| **Interest income on financial assets at FVTOCI** | **1,566,788** | **52,047** | **1,450,417** | **6,163** |
| Total Interest Income | **8,262,872** | **3,663,807** | **6,515,128** | **3,450,964** |

## 10 Interest expense

| | | | | |
|---|---|---|---|---|
| Deposits from customers | 4,917,401 | 1,067,021 | 3,618,545 | 1,065,231 |
| Deposits from other banks | 548,530 | 85,491 | 548,497 | 94,210 |
| Borrowings[1] | 11,421 | 1,462 | 11,421 | 1,462 |
| **Total Interest expense** | 5,477,352 | 1,153,974 | 4,178,463 | 1,160,903 |
| **10b Net Interest Income** | **2,785,521** | **2,509,833** | **2,336,665** | **2,290,061** |

*[1]Borrowings refer to the loans taken by the Company prior to the commencement of its banking operation and it relates to borrowing from local banks*

| | | | | |
|---|---|---|---|---|
| Due to banks | 559,951 | 86,953 | 559,918 | 95,672 |
| Due to customers | 4,917,401 | 1,067,021 | 3,618,545 | 1,065,231 |
| | 5,477,352 | 1,153,974 | 4,178,463 | 1,160,903 |

## 11 Impairment charges

| | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| - Loan and advances | 122,670 | 9,090 | 122,670 | 9,090 |
| - Other financial assets | 20,747 | 43,461 | 3,829 | 30,111 |
| - Other assets | 20,495 | 211,878 | (6,002) | 174,759 |
| - Impairment on off-balance sheet | (38,926) | 64,757 | (38,926) | 64,757 |
| | 124,986 | 329,186 | 81,571 | 278,717 |

**Total impairment**

**12 a) Fees and commission income**

**Loans and advances to customers**

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| 12-month ECL | 129,431 | 9,090 | 131,760 | 9,090 |
| Corporate finance fee | 291,471 | 998,387 | 291,471 | 998,387 |
| Credit-related fees and commissions | 144,273 | 67,165 | 144,273 | 67,165 |
| Electronic banking fee | 8,400 | 1,278 | 8,400 | 1,278 |
| Trade related fee | 388,793 | 311,252 | 237,433 | 141,293 |
| Fund management fees and commissions | 296,410 | 69,268 | 258,095 | - |
| | 1,129,347 | 1,447,350 | 939,672 | 1,208,123 |
| **Fees and commission expense** | | | | |
| Transaction processing fees | 135,152 | 53,475 | 134,472 | 52,577 |
| **Net Fees and commission income** | 994,195 | 1,393,875 | 805,200 | 1,155,546 |

**12a Net gains on foreign exchange**

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Gain on foreign currency translation | - | 3,750 | - | - |
| | - | 3,750 | - | - |

**12b Net gains on financial assets at FVTPL**

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Trading gain | 1,089,396 | 773,210 | 1,083,540 | 773,210 |
| Unrealised gain | 35,049 | 26,315 | 35,049 | 26,315 |
| | 1,124,445 | 799,525 | 1,118,589 | 799,525 |

**13 Other operating income**

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Dividend Income | 252,988 | 493,125 | 100,238 | 358,442 |
| Sundry income | 79,211 | 73,743 | 68,832 | 29,604 |
| Gain on sale of fixed assets | 305 | 6,214 | 305 | 6,214 |
| | 332,504 | 573,082 | 169,373 | 394,260 |

## 14 Other operating expenses

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Auditors' fees | 45,600 | 21,500 | 35,600 | 12,900 |
| Directors' emoluments (Note 42) | 176,765 | 130,586 | 149,060 | 94,575 |
| Directors' expenses | 650 | 463 | 650 | 463 |
| Administration and general expenses | 56,081 | 38,673 | 24,999 | 19,568 |
| Insurance | 54,058 | 33,414 | 49,353 | 32,889 |
| Rent and rates | 48,100 | 39,776 | 42,308 | 36,889 |
| Travelling | 253,976 | 44,777 | 243,350 | 44,231 |
| Donations | 350 | 12,965 | - | 12,965 |
| Other operating expenses | 127,041 | 62,970 | 77,079 | 62,895 |
| Consultancy | 146,638 | 67,733 | 123,668 | 58,054 |
| Training | 89,181 | 28,159 | 74,239 | 23,183 |
| Bank charges | 12,661 | 3,110 | 6,261 | 1,619 |
| Advertisement & Promotion | 36,815 | 35,855 | 35,672 | 35,804 |
| Printing and stationery | 12,151 | 5,638 | 10,189 | 5,344 |
| Legal fees expenses | 25,015 | 3,225 | 25,015 | 3,225 |
| Communication expenses | 37,765 | 13,634 | 32,605 | 13,634 |
| Courier expenses | 3,419 | 3,413 | 3,419 | 3,413 |
| Entertainment | 13,031 | 6,170 | 11,756 | 5,462 |
| Electricity | 10,343 | 6,343 | 9,504 | 6,264 |
| Diesel expenses | 18,820 | 14,625 | 18,820 | 14,625 |
| Subscription | 261,536 | 253,580 | 241,647 | 240,758 |
| Security expenses | 8,562 | 7,520 | 7,669 | 7,520 |
| Newspaper and magazine | 87 | 1,249 | 84 | 1,249 |
| Fuel expenses | 7,760 | 2,880 | 5,327 | 2,880 |
| Internet expense | - | 186 | - | - |
| Recruitment expenses | 12,581 | | 12,581 | - |
| Medical expenses | 15,161 | 11,468 | 14,174 | 11,468 |
| NSITF contribution | 40,144 | - | 37,361 | - |
| Hotel and accomodation | 17,070 | 64,225 | 17,070 | 64,225 |
| Staff subscription | 42,840 | 32,353 | 42,840 | 32,353 |
| NDIC Premium | 87,241 | 1,409 | 87,241 | 1,409 |
| Technology Fees | 185,370 | 65,719 | 171,694 | 65,719 |
| Repairs and maintenance | 30,992 | 38,806 | 27,726 | 38,467 |
| | 1,877,805 | 1,052,426 | 1,638,961 | 954,050 |

## 15 Personnel expenses

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank |
|---|---|---|---|---|
| Wages and salaries | 1,271,428 | 1,161,043 | 1,068,980 | 1,050,300 |
| Pension costs: | | | | |
| . *Defined contribution | 70,979 | 74,210 | 62,502 | 68,291 |
| | 1,342,407 | 1,235,253 | 1,131,482 | 1,118,591 |

## 16 Taxation

### Income tax expense

| *In thousands of Nigerian Naira* | Group | | Bank | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Corporate tax | 119,394 | 133,734 | 49,360 | 123,296 |
| Prior year (over)/under provision | 15,822 | 24,003 | 15,822 | 24,003 |
| | **135,216** | **157,737** | **65,182** | **147,299** |
| Deferred tax | (80,541) | 122,008 | (83,297) | 109,603 |
| **Income tax (credit)/expense** | **54,675** | **279,745** | **(18,115)** | **256,902** |

**Current tax liablity**

**The movement in the current income tax balance is as follows:**

| *In thousands of Nigerian Naira* | Group | | Bank | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| At start of period | 497,950 | 418,417 | 123,296 | 52,448 |
| Prior year under provision | 15,823 | 24,003 | 15,823 | 24,003 |
| Withholding tax credit utilised | (176,263) | (59,510) | (90,590) | (57,756) |
| Cash paid | (48,529) | (18,695) | (48,529) | (18,695) |
| Current period's provision | 131,178 | 133,734 | 61,144 | 123,296 |
| **At end of period** | **420,159** | **497,949** | **61,144** | **123,296** |

**Reconciliation of effective tax rate**

| *Reconciliation of effective tax rate* | Group | | Bank | |
|---|---|---|---|---|
| | Rate | | Rate | |
| | | N'000 | N'000 | N'000 |
| Profit before income tax | | 1,643,375 | | 1,334,486 |
| Income tax using the domestic tax rate | 30% | (307,679) | 30% | (400,346) |
| Non deductible expenses | | (127,403) | | (133,187) |
| Income that are exempted from tax | | 393,276 | | 494,023 |
| Loss relieved | | 19,173 | | 16,380 |
| Education tax | | 2,890 | | (3,171) |
| Income tax | | 17,833 | | (42,540) |
| IT Levy | | (10,256) | | (13,345) |
| Nigeria Police Force Trust Fund | | (51) | | (67) |
| NASENI | | (3,336) | | (3,336) |
| Deferred tax | | 86,053 | | 83,297 |
| Prior year under/over provision | | (15,823) | | (15,823) |
| **Effective tax rate** | **3.3%** | **54,675** | **-1.4%** | **(18,115)** |

**Reconciliation of effective tax rate**

| *Reconciliation of effective tax rate*<br>In thousands of Naira | Rate | | Rate | |
|---|---|---|---|---|
| | N'000 | | N'000 | N'000 |
| Profit before income tax | | 2,432,372 | | 2,062,210 |
| Income tax using the domestic tax rate | 30% | 729,712 | 30% | 618,663 |
| Non deductible expenses | | 155,086 | | 109,705 |
| Income that are exempted from tax | - | 572,814 | | (473,108) |
| Loss relieved | - | 56,724 | | - |
| Education tax | | 25,129 | | 20,402 |
| Income tax | | 83,753 | | 82,407 |
| IT Levy | | 24,729 | | 20,385 |
| Nigeria Police Force Trust Fund | | 124 | | 102 |
| Deferred tax | - | 133,252 | | (145,657) |
| Prior year under/over provision | | 24,003 | | 24,003 |
| **Effective tax rate** | **11.5%** | **279,746** | **12.4%** | **256,902** |

## 17 Earnings per shares

### (a) Basic

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Profit attributable to equity holders | 1,588,700 | 2,152,627 | 1,352,601 | 1,805,308 |
| Weighted average number of ordinary shares in issue (in '000s) | 5,355,137 | 5,294,137 | 5,355,137 | 5,294,137 |
| Basic earnings per share (expressed in Kobo per share) | 29.67 | 40.66 | 25.26 | 34.10 |

### (b) Diluted

## 18 Cash and short term balances with Central Bank of Nigeria

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Cash | 11,116 | 13,664 | 11,116 | 13,664 |
| Unrestricted balances with central bank | 1,609 | 765,409 | 1,609 | 765,409 |
| Restricted balances with central bank | - | - | - | - |
| Included in cash and cash equivalents | 12,725 | 779,073 | 12,725 | 779,073 |
| Mandatory reserve deposits with Central Bank of Nigeria | | | | |
| | 12,725 | 779,073 | 12,725 | 779,073 |
| Current | 12,725 | 779,073 | 12,725 | 779,073 |
| Non-Current | - 0 | - | - 0 | - |
| | 12,725 | 779,073 | 12,725 | 779,073 |

## 19 Due from other banks

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Current account balances with banks within Nigeria | 1,864,142 | 1,919,490 | 448,826 | 72,431 |
| Current account balances with banks outside Nigeria | 3,513,777 | 2,351,209 | 3,513,777 | 2,351,209 |
| Fixed placements with financial institutions within Nigeria | 21,102,853 | 51,135,045 | 7,895,741 | 42,642,426 |
| **Total balances** | 26,480,772 | 55,405,744 | 11,858,343 | 45,066,066 |
| ECL on cash & cash equivalent | (25,198) | (8,897) | (8,559) | (6,591) |
| | **26,455,574** | **55,396,848** | **11,849,785** | **45,059,475** |
| **Current** | 26,455,574 | 55,396,848 | 11,849,785 | 45,059,475 |
| Non-current | **26,455,574** | **55,396,848** | **11,849,785** | **45,059,475** |

**Movement of ECL on cash & cash equivalent**

| | Group | | Bank | |
|---|---|---|---|---|
| ***Allowance for impairment on cash & cash equivalent*** | **31 December 2022** | **31 December 2021** | **31 December 2022** | **31 December 2021** |
| Balance at 1 January | (8,897) | - | (6,591) | - |
| (Additional)/write-back of provision | (16,271) | (8,897) | (1,968) | (6,591) |
| Balance at 31 December | (25,168) | (8,897) | (8,559) | (6,591) |

## 19a Right of use asset

| | Group | | Bank | |
|---|---|---|---|---|
| ***In thousands of Nigerian Naira*** | **31 December 2022** | **31 December 2021** | **31 December 2022** | **31 December 2021** |
| Cash and balances with Central Bank of Nigeria | 12,725 | 779,073 | 12,725 | 779,073 |
| Treasury bills with original maturities less than 3 months | - | - | - | - |
| Due from other banks with original maturities less than 3 months | 26,455,574 | 55,396,848 | 11,849,785 | 45,059,475 |
| | 26,468,301 | 56,175,921 | 11,862,510 | 45,838,548 |

**21 Financial assets at fair value through profit or loss**

The Group and Bank debt securities measured at FVTPL comprise treasury bills (31 December 2022: N160.2billion respectively)

| | Group | | Bank | |
|---|---|---|---|---|
| ***In thousands of Nigerian Naira*** | **31 December 2022** | **31 December 2021** | **31 December 2022** | **31 December 2021** |
| Federal Government of Nigeria (FGN) bonds | - | - | - | - |
| Corporate bonds | - | - | - | - |
| Treasury bills | 160,228 | 5,784 | 160,228 | 5,784 |
| State bonds | - | - | - | - |
| Unlisted equity investments | - | - | 0 | |
| Listed equity investments | - | - | - | - |
| | 160,228 | 5,784 | 160,228 | 5,784 |
| Current | 160,228 | 5,784 | 160,228 | 5,784 |
| Non-current | - | - | - | - |
| | 160,228 | 5,784 | 160,228 | 5,784 |

| **Movement in FVTPL instrument** | | | | |
|---|---|---|---|---|
| At the start of the year | 5,784 | 969,385 | 5,784 | 969,385 |
| Unrealised loss on FVTPL instruments | (35,049) | 26,315 | (35,049) | (26,315) |
| Net cash outflow in FVTPL instruments | 189,493- | 937,286 | 189,493 | (937,286) |
| **At the end of the year** | **160,228** | **5,784** | **160,228** | **5,784** |

## 22 Investments securities at fair value through OCI

| ***(a) In thousands of Nigerian Naira*** | **Group** | | **Bank** | |
|---|---|---|---|---|
| | **31 December 2022** | **31 December 2021** | **31 December 2022** | **31 December 2021** |
| **Fair value through OCI** | | | | |
| Treasury bills | - | - | - | |
| State bonds | 35,205 | - | 35,205 | - |
| State bonds | - | - | - | - |
| Corporate bonds | 53,179 | 51,039 | 53,179 | 51,039 |
| Treasury bills | 465,380 | 1,108,541 | 465,380 | 1,108,541 |
| FGN bonds | 7,687,986 | 2,883,584 | 7,687,986 | 2,883,584 |
| Euro Bonds | 1,525,585 | - | 1,265,593 | - |
| Total | 9,767,336 | 4,043,164 | 9,507,344 | 4,043,164 |
| Expected credit loss (ECL) on investment securities | - | - | | |
| | 9,767,336 | 4,043,164 | 9,507,344 | 4,043,164 |
| **Equity securities at FVOCI** | | | | |
| Listed equity investments | 1,969,533 | 2,524,278 | - | - |
| Unlisted equity investments | 966,568 | 970,601 | 964,553 | 968,587 |
| | - | - | | |
| **Total investments securities** | 12,703,436 | 7,538,044 | 10,471,898 | 5,011,751 |
| **Movement in Fair value through OCI** | | | | |
| Opening FVOCI | 7,538,044 | 6,584,772 | 5,011,751 | 5,002,564 |
| Change in fair value OCI (see SOCI) | (870,649) | (1,307,692) | (691,870) | (1,611,644) |
| Impairment charge on financial assets | - | (28,453) | - | (15,103) |
| Cash outflow due to changes in FVOCI assets | 6,036,041 | 2,289,417 | 6,152,017 | 1,635,934 |
| **Balance as at the end of the year** | **12,703,437** | **7,538,044** | **10,471,898** | **5,011,751** |

## 23 Debt securities at Amortised cost

The Group and Bank debt securities measured at amortised cost can be analysed as follows:

| ***In thousands of Nigerian Naira*** | **Group** | | **Bank** | |
|---|---|---|---|---|
| | **31 December 2022** | **31 December 2021** | **31 December 2022** | **31 December 2021** |
| Treasury Bills | - | 3,528,497 | - | - |
| Eurobond | 954,954 | 892,551 | - | - |
| State bonds | 444,006 | 512,980 | 444,006 | 512,980 |
| Fixed securities | 789,976 | 877,953 | - | - |
| FGN bonds | 783,617 | - | 783,617 | - |
| Impairment loss | (7,967) | (7,074) | (538) | (2,230) |
| | **2,964,585** | **5,804,907** | **1,227,085** | **510,750** |
| **Total** | **2,964,585** | **5,804,907** | **1,227,085** | **510,750** |
| Current | 2,964,585 | 5,804,907 | 1,227,085 | 510,750 |
| Non-current | - | - | - | - |
| | **2,964,585** | **5,804,907** | **1,227,085** | **510,750** |
| **Movement in amortised cost investment** | | | | |
| At the start of the year | 5,804,907 | 4,252,733 | 510,750 | **-** |
| Impairment loss on amortised cost investment | (7,967) | (7,074) | 1,692 | (2,230) |
| Net cash outflow on amortised cost investment - | 2,832,355 | 1,559,249 | 714,643 | **512,980** |
| **At the end of the year** | **2,964,585** | **5,804,907** | **1,227,085** | **510,750** |
| **Movement in impairment on amortised cost investments** | | | | |
| Balance at 1 January | 7,074 | - | 2,230 | - |
| (Additional)/write-back of provision | 893 | - | (1,692) | - |
| Balance at 31 December | 7,967 | 7,074 | 538 | 2,230 |

## 24 Pledged assets

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| **Pledged asset** | - | - | | - |
| Treasury bills | 7,459,085 | 5,428,534 | 7,459,085 | 5,428,534 |
| Omo Bills | - | 2,234,909 | - | 2,234,909 |
| Bonds | 8,164,439 | 784,428 | 8,164,439 | 784,428 |
| | 15,623,524 | 8,447,871 | 15,623,524 | 8,447,871 |

Treasury bills are pledged to other financial institutions as collateral for inter-bank takings (OBB takings).

| | | | | |
|---|---|---|---|---|
| Current | 15,623,524 | 8,447,871 | 15,623,524 | 8,447,871 |
| Non-current | - | - | - | - |
| | **15,623,524** | **8,447,871.42** | **15,623,524** | 8,447,871 |
| **Movement in pledged assets** | | | | |
| At the start of the year | 8,447,871 | - | 8,447,871 | - |
| Net cash outflow duriing the year | 7,175,653 | 8,447,871 | 7,175,653 | 8,447,871 |
| | **15,623,524** | **8,447,871** | **15,623,524** | **8,447,871** |

The allowance for impairment relates to trade receivable as at 31 December 2022.

| | | | | |
|---|---|---|---|---|
| **Allowance for impairment on pledged asset** | | | | |
| Balance at 1 January | | | | |
| (Additional)/write-back of provision | | | | |
| Balance at 31 December | | | | |
| **Allowance for impairment on non-financial asset** | | | | |
| Balance at 1 January | - | - | | |
| Additional provision | - | - | | |
| Balance at 31 December | - | - | - | - |

## 25 Loans and advances to customers

| *In thousands of Nigerian Naira* | GROUP 31 December 2022 | GROUP 31 December 2021 | BANK 31 December 2022 | BANK 31 December 2021 |
|---|---|---|---|---|
| Overdraft | 8,342,730 | 3,464,924 | 8,342,730 | 3,464,924 |
| Staff loans | - | - | - | |
| Term Loan | 24,893,564 | 3,873,135 | 24,893,564 | 3,873,135 |
| **Gross Loans** | 33,236,294 | 7,338,059 | 33,236,294 | 7,338,059 |
| ECL on loans | (131,760) | (9,090) | (131,760) | (9,090) |
| | - | - | - | - |
| **12-month ECL** | (131,760) | (9,090) | (131,760) | (9,090) |
| Loans and advances to customers | - | - | - | - |
| Staff loans | - | - | - | - |
| **Impairment on Lifetime ECL not credit impaired** | | | - | - |
| Loans and advances to customers | - | - | - | - |
| Staff loans | - | - | - | - |
| **Total impairment** | | | | |
| Loans and advances to customers | 33,236,294 | 7,338,059 | 33,236,294 | 7,338,059 |
| **12-month ECL** | (131,760) | (9,090) | (131,760) | (9,090) |
| **Net carrying amount** | **33,104,534** | **7,328,969** | **33,104,534** | **7,328,969** |

| | | | | |
|---|---|---|---|---|
| **Movement in Loans & Advances** | | | | |
| Balance at the beginning of the year | 7,328,969 | 7,338,059 | 7,328,969 | 7,338,059 |
| Cash outflow due to loans and advances to customers | 25,907,325 | - | 25,907,325 | - |
| Allowance for impairment | (131,760) | (9,090) | (131,760) | (9,090) |
| **Balance as at the end of the year** | **33,104,534** | **7,328,969** | **33,104,534** | **7,328,969** |

**Movement in ECL on loans and advances**

| Group 2022 | | Total 31-Dec-22 | | | | |
|---|---|---|---|---|---|---|
| | | 12-month ECL | Lifetime ECL not credit Impaired | Lifetime ECL credit Impaired | | Total |
| At 1 January | - | 9,090.00 | - | - | - | 9,090.00 |
| Impairment recognised during the year | - | 122,670 | - | - | - | 122,670 |
| | | - | - | - | | - |
| Transfer between stages | | - | - | - | | - |
| At 31 December | - | 131,760 | - | - | - | 131,760 |

| Bank 2022 | | Loans to Customers 31-Dec-22 | | | | |
|---|---|---|---|---|---|---|
| | | 12-month ECL | Lifetime ECL not credit Impaired | Lifetime ECL credit Impaired | | Total |
| At 1 January | - | 9,090.00 | - | - | - | 9,090 |
| Impairment recognised during the year | - | 122,670 | | | - | 122,670 |
| | | | | | | - |
| Transfer between stages | | | | | | - |
| At 31 December | - | 131,760 | - | - | - | 131,760 |

| Group 2021 | | Total 31-Dec-21 | | | | |
|---|---|---|---|---|---|---|
| | | 12-month ECL | Lifetime ECL not credit Impaired | Lifetime ECL credit Impaired | | Total |
| At 1 January 2022 | | - | - | - | | - |
| Derecognised | | - | - | - | | - |
| Impairment recognised during the year | - | 9,090 | - | - | - | 9,090 |
| Transfer between stages | | - | - | - | | - |
| At 31 December 2022 | - | 9,090 | - | - | - | 9,090 |

| Bank 2021 | | Loans to Customers 31-Dec-21 | | | | |
|---|---|---|---|---|---|---|
| | | 12-month ECL | Lifetime ECL not credit Impaired | Lifetime ECL credit Impaired | | Total |
| Balance at 1 January 2021 | | - | - | - | | - |
| Derecognised | | | - | - | | - |
| Impairment recognised during the year | - | 9,090 | - | - | - | 9,090.00 |
| Transfer between stages | | - | - | - | | - |
| Balance at 31 December 2022 | - | 9,090 | - | - | - | 9,090 |

## 26 Other assets

| *In thousands of Nigerian Naira* | Group | | Bank | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| **Other financial assets:** | | | | |
| Restricted balances with central bank | 16,279,511 | 16,079,511 | 16,279,511 | 16,079,511 |
| Intercompany receivables | - | - | 108,585 | |
| Fee receivable | 728,352 | 524,892 | 728,352 | 524,892 |
| Other receivable | 484,584 | 251,120 | 90,265 | - |
| | 17,492,447 | 16,855,523 | 17,206,713 | 16,604,403 |
| Less allowances for impairment of other financial assets | (184,199) | (163,801) | (90,023) | (96,025) |
| | 17,308,247 | 16,691,722 | 17,116,690 | 16,508,378 |
| **Non-financial assets:** | | | | |
| Withholding tax receivable | 42,416 | 109,544 | 42,416 | 109,544 |
| Other receivable | 21,852 | - | 21,852 | - |
| Prepayments | 78,633 | 89,741 | 72,814 | 87,116 |
| | 142,901 | 199,285 | 137,082 | 196,660 |
| | - | - | - | - |
| | 142,901 | 199,285 | 137,082 | 196,660 |
| **Other assets** | **17,451,148** | **16,891,007** | **17,253,771** | **16,705,038** |
| Current | 17,451,148 | 16,891,007 | 17,253,771 | 16,705,038 |
| Non-current | - | - | - | - |
| | **17,451,148** | **16,891,007** | **17,253,771** | **16,705,038** |
| **Movement in other assets** | | | | |
| Balance at the beginning of the year | 811,496 | 1,892,474 | 625,529 | 1,718,810 |
| Cash outflow due to changes in other asset | 580,636 | (860,683) | 542,731 | (910,106) |
| Write off allowance | | (211,878) | - | (174,759) |
| (Impairment)/writeback on other financial asset | (20,495) | (8,417) | 6,002 | (8,417) |
| Balance as at year end | **1,371,637** | **811,496** | **1,174,262** | **625,529** |
| Current | - | - | - | - |
| Non-current | - | - | - | - |
| | - | - | - | - |

The allowance for impairment relates to trade receivable as at 31 December 2022.

| **Allowance for impairment on financial asset** | | | | |
|---|---|---|---|---|
| Balance at 1 January | 163,801 | 146,169 | 96,025 | 89,774 |
| (Additional)/write-back of provision | 32,402 | 17,632 | (6,002) | 6,251 |
| Balance at 31 December | 196,203 | 163,801 | 90,023 | 96,025 |
| **Allowance for impairment on non-financial asset** | | | | |
| Balance at 1 January | - | - | | |
| Additional provision | - | - | | |
| Balance at 31 December | - | - | - | - |

## 27 Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

| *In thousands of Nigerian Naira* | Bank 31 December 2022 | Bank 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Investment in Greenwich Securities Limited (GSL) | 100% | 100% | 1,000,000 | 1,000,000 |
| Investment in Greenwich Asset Management Limited (GAML) | 100% | 100% | 500,000 | 500,000 |
| Less allowances for impairment | | | - | - |
| | | | 1,500,000 | 1,500,000 |

## 27.1 Group entities

| *In thousands of Nigerian Naira* | Group 31 December 2022 |
|---|---|
| Greenwich Securities Limited | 1,000,000 |
| Greenwich Asset Maanagement | 500,000 |
| | 1,500,000 |

The Group consolidates its subsidiary undertakings. The nature of the business of all the subsidiaries involve the provision of stock brockerage and asset management services.

### 27.2 The summarised financial information of the subsidiaries is as follows

**Condensed statement of comprehensive income**

| *In thousands of Nigerian Naira* | Greenwich Securities Limited 31 December 2022 | Greenwich Asset Management Limited 31 December 2022 | Greenwich Securities Limited 31 December 2021 | Greenwich Asset Management Limited 31 December 2021 |
|---|---|---|---|---|
| Operating income | 435,557 | 371,278 | 359,760 | 280,914 |
| Total operating expenses | (282,971) | (171,560) | (141,727) | (78,315) |
| Net impairment gain/(loss) on financial assets | 2,232 | (45,647) | (46,551) | (3,919) |
| Profit/(loss) before income tax | 154,817 | 154,071 | 171,482 | 198,680 |
| Income tax rebate/(expense) | (2,349) | (70,442) | 4,982 | (27,825) |
| Profit/(loss) for the period | 152,469 | 83,629 | 176,464 | 170,855 |

**ii Condensed statement of financial position as at 31 December 2022**

## 28 Property and equipment

| Group-2022 *In thousands of Nigerian Naira* | Motor Vehicle | Office Improvement | Furniture Fittings | Office Equipment | Work in Progress | Computer Equipment | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January | 352,563 | 48,439 | 58,583 | 86,551 | 2,046 | 254,046 | 802,228 |
| Addition during the period | 34,450 | - | 6,591 | 169 | - | 12,353 | 53,563 |
| Write-off | | | | | | (313) | (313) |
| Reclassifications | - | - | - | - | (2,046) | 2,046 | - |
| **As at 31 December 2022** | **387,013** | **48,439** | **65,174** | **86,720** | **-** | **268,132** | **855,478** |
| **Depreciation** | | | | | | | |
| At 1 January | 196,307 | 15,625 | 43,908 | 48,181 | - | 85,356 | 389,377 |
| Charge for period | 56,085 | 9,688 | 5,679 | 13,088 | - | 46,427 | 130,967 |
| Write-off | | | | | | (219) | (219) |
| **As at 31 December 2022** | **252,392** | **25,313** | **49,587** | **61,269** | | **131,564** | **520,125** |
| **Net book value** | | | | | | | |
| **As at 31 December 2022** | **134,621** | **23,126** | **15,587** | **25,451** | | **136,568** | **335,353** |

All property and equipment are non-current.

| Group-2021 *In thousands of Nigerian Naira* | Motor Vehicle | Office Improvement | Furniture Fittings | Office Equipment | Work in Progress | Computer Equipment | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January | 366,775 | 48,439 | 55,869 | 85,321 | - | 233,918 | 790,322 |
| Addition during the period | - | - | 2,714 | 10,626 | 2,046 | 18,762 | 34,147 |
| Disposals during the period | (14,212) | - | - | (8,029) | - | - | (22,241) |
| Reclassifications | - | - | - | (1,366) | - | 1,366 | - |
| **At 31 December** | **352,563** | **48,439** | **58,583** | **86,552** | **2,046** | **254,046** | **802,228** |
| **Depreciation** | | | | | | | |
| At 1 January | 147,000 | 5,938 | 38,797 | 41,239 | - | 43,925 | 300,149 |
| Charge for period | 60,738 | 9,689 | 5,111 | 12,964 | - | 41,431 | 129,932 |
| Disposals during the period | (11,431) | - | - | (6,022) | - | - | (40,703) |
| At 31 December | **196,307** | **15,627** | **43,908** | **48,181** | | **85,356** | **389,378** |
| **Net book value** | | | | | | | |
| **At 31 December, 2021** | **156,256** | **32,812** | **14,675** | **38,371** | | **168,690** | **412,850** |

for the year ended 31 December 2022

## 28 Property and equipment

| Bank-<br>2022<br>*In thousands of Nigerian Naira* | Motor Vehicle | Office Improvement | Furniture Fittings | Office Equipment | Work in progress | Computer Equipment | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January | 324,273 | 48,439 | 35,759 | 78,979 | 2,046 | 245,376 | 734,872 |
| Addition during the period | 34,450 | - | 6,591 | 169 | - | 12,353 | 53,563 |
| Write off | - | - | - | - | - | (313) | (313) |
| Reclassifications | - | - | - | - | (2,046) | 2,046 | - |
| **As at 31 December 2022** | **358,723** | **48,439** | **42,350** | **79,148** | **-** | **259,462** | **788,122** |
| All property and equipment are non-current. | | | | | | | |
| **Depreciation** | | | | | | | |
| At 1 January | 170,584 | 15,625 | 21,169 | 40,754 | - | 78,111 | 326,243 |
| Charge for period | 54,685 | 9,688 | 5,647 | 13,036 | - | 46,174 | 129,230 |
| Write off | | | | | | (219) | (219) |
| **As at 31 December 2022** | **225,269** | **25,313** | **26,816** | **53,790** | - | **124,066** | **455,254** |
| **Net book value** | | | | | | | |
| **As at 31 December 2022** | **133,454** | **23,126** | **15,534** | **25,358** | | **135,396** | **332,868** |

| ***Bank-<br>2021***<br>*In thousands of Nigerian Naira* | Motor Vehicle | Office Improvement | Furniture Fittings | Office Equipment | Work in progress | Computer Equipment | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| At 1 January | 338,485 | 48,439 | 33,047 | 77,749 | - | 225,248 | **722,968** |
| Addition during the period | - | - | 2,714 | 10,626 | 2,046 | 18,761 | **34,147** |
| Disposals during the period | (14,212) | - | - | (8,029) | - | - | (22,241) |
| Reclassifications | | | | (1,366) | - | 1,366 | - |
| At 31 December | **324,273** | **48,439** | **35,761** | **78,980** | **2,046** | **245,375** | **734,874** |
| Depreciation | | | | | | | |
| At 1 January | 122,676 | 5,938 | 16,411 | 33,865 | - | 36,154 | 215,044 |
| Charge for period | 59,338 | 9,688 | 4,758 | 12,911 | - | 41,957 | 128,653 |
| Disposals during the period | (11,431) | - | - | (6,022) | - | - | (17,453) |
| At 31 December | **170,583** | **15,626** | **21,169** | **40,754** | **-** | **78,111** | **326,244** |
| **Net book value** | | | | | | | |
| **At 31 December, 2021** | **153,689** | **32,813** | **14,592** | **38,225** | **-** | **167,265** | **408,629** |

## 29 Intangible assets

| Group 2022<br>In thousands of Nigerian Naira | Purchased software | Work in progess | |
|---|---|---|---|
| **Cost** | | | |
| At 1 January | 617,257 | 23,447 | 640,704 |
| Reclassified | 23,447 | (23,447) | - |
| Additions for the year | 25,913 | 26,035 | 51,949 |
| **As at 31 December 2022** | **666,617** | **26,035** | **692,652** |
| **Amortisation** | | | |
| At 1 January | 198,840 | - | 198,840 |
| Charge for Year | 117,123 | - | 117,123 |
| **As at 31 December 2022** | **315,963** | **-** | **315,963** |
| | **350,654** | **26,035** | **376,689** |

1Intangible assets work-in-progress refers to capital expenditure incurred on software which are however not ready for use and as such are not being depreciated.

All intangible assets are non-current and there was no internally generated intangible asset as at the year end.

| Group 2021<br>In thousands of Nigerian Naira | Purchased software | Work in progess | Total |
|---|---|---|---|
| **Cost** | | | |
| At 1 January | 472,784 | 47,300 | 520,084 |
| Additions for the year | 104,873 | 15,747 | 120,620 |
| Reclassified | 39,600 | (39,600) | - |
| **At 31 Dec 2021** | **617,257** | 23,447 | **640,704** |
| **Amortisation** | | | |
| At 1 January | 97,945 | - | 97,945 |
| Charge for Year | 100,896 | - | 100,896 |
| **At 31 Dec 2021** | **198,841** | **-** | **198,841** |
| | **418,415** | **23,447** | **441,863** |

## 29 Intangible assets

| BANK 2022 In thousands of Nigerian Naira | Purchased software | Work in progess | |
|---|---|---|---|
| **Cost** | | | |
| At 1 January | 529,034 | 23,447 | 552,480 |
| Reclassification | 23,447 | (23,447) | - |
| Additions for the year | 25,913 | 26,035 | 51,949 |
| **As at 31 December 2022** | **578,394** | **26,035** | **604,429** |
| **Amortisation** | | | |
| At 1 January | 115,003 | - | 115,003 |
| Charge for Year | 114,098 | - | 114,098 |
| **As at 31 December 2022** | **229,101** | **-** | **229,101** |
| | **349,293** | **26,035** | **375,328** |

Intangible assets work in progress refers to capital expenditure incurred on software which are however not ready for use and as such are not being Amortized.

All intangible assets are non-current and there was no internally generated intangible asset as at the year end.

| BANK 2021 In thousands of Nigerian Naira | Purchased software | Work in progess | Total |
|---|---|---|---|
| At 1 January | 384,561 | 47,300 | 431,861 |
| Reclassification | 39,600 | (39,600) | - |
| Additions for the year | 104,873 | 15,747 | 120,620 |
| At 31 Dec 2021 | 529,034 | 23,447 | 552,481 |
| **Amortisation** | | | |
| At 1 January | 17,832 | - | 17,832 |
| Charge for Year | 97,171 | - | 97,171 |
| At 31 Dec 2021 | 115,003 | - | 115,003 |
| | **414,031** | **23,447** | **437,479** |

## 30 Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2021: 30%).

Deferred tax assets and liabilities are attributable to the following items

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| **Deferred tax liability** | | | | |
| Property and equipments and intangible assets | 51,372 | 145,657 | 50,577 | 145,657 |
| Tax loss carry forward | - | - | - | - |
| | **51,372** | **145,657** | **50,577** | **145,657** |
| **Deferred tax asset** | | | | |
| Property and equipments and intangible assets | (55,528) | (2,270) | - | - |
| Tax loss carry forward | - | (55,218) | - | - |
| Impairment on loan | - | - | | |
| | **(55,528)** | **(57,488)** | **-** | **-** |
| **Net** | **(4,156)** | **88,169** | **50,577** | **145,657** |

Deferred tax asset as a result of timing diffrences in the treatement of Capital allowance on PPE & intangibles
Deferred tax asset

| | | | | |
|---|---|---|---|---|
| Deferred tax asset to be recovered after more than 12 months | (55,528) | (57,488) | - | - |
| Deferred tax asset to be recovered within 12 months | - | - | - | - |
| **Deferred tax liability** | | | | |
| Deferred tax liability to be recovered after more than 12 months | | | | |
| Deferred tax liability to be recovered within 12 months | 50,577 | 145,657 | 50,577 | 145,657 |

## 31 Due to banks

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Due to banks comprise: | | | | |
| Trade facility takings | 8,764,839 | 1,483,571 | 8,764,839 | 1,483,571 |
| Interbank takings | 1,527,005 | 2,804,088 | 1,527,005 | 2,804,088 |
| | **10,291,844** | **4,287,659** | **10,291,844** | **4,287,659** |
| Current | 10,291,844 | 4,287,659 | 10,291,844 | 4,287,659 |
| Non-current | - | - | - | - |
| | **10,291,844** | **4,287,659** | **10,291,844** | **4,287,659** |

## 31a Movement in amounts due to banks

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Balance as at beginning of the year | 4,287,659 | - | 4,287,659 | - |
| Cash inflow due to increase in liabilities-due to customers | 6,004,185 | 4,287,659 | 6,004,185 | 4,287,659 |
| **Balance as at the year end** | **10,291,844** | **4,287,659** | **10,291,845** | **4,287,659** |

### 31b Due to customers

| *In thousands of Nigerian Naira* | Group | | Bank | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Demand deposits | 9,713,522 | 7,846,536 | 9,713,522 | 7,850,300 |
| Term deposits | 56,234,444 | 39,778,364 | 42,463,216 | 30,902,324 |
| | **65,947,966** | **47,624,900** | **52,176,738** | **38,752,624** |
| Current | 65,914,584 | 47,624,900 | 52,176,738 | 38,752,624 |
| Non-current | 33,382 | - | - | 0 |
| | **65,947,966** | **47,624,900** | **52,176,738** | 38,752,624 |

**Movement in amounts due to customers**

| | | | | |
|---|---|---|---|---|
| Balance as at beginning of the year | 47,624,900 | 509,804 | 38,752,624 | 509,804 |
| Cash inflow due to increase in liabilities-due to customers | 18,323,066 | 47,115,096 | 13,424,114 | 38,242,820 |
| **Balance as at the year end** | **65,947,966** | **47,624,900** | **52,176,738** | **38,752,624** |

### 32 Other liabilities

| *In thousands of Nigerian Naira* | Group | | Bank | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| **Financial liabilities:** | | | | |
| Accounts payable | 717,396 | 15,022,651 | 717,396 | 15,022,651 |
| Stockbroking clents' credit balances | 1,828,666 | 6,343,939 | - | - |
| Intercompany balances | - | - | - | 80,718 |
| | **2,546,062** | **21,366,590** | **717,396** | **15,103,369** |
| **Non financial liabilities:** | | | | |
| WHT Payable | 317,095 | 75,405 | 317,095 | 75,405 |
| VAT payable | 5,642 | 4,627 | 5,642 | 4,627 |
| LC Collaterial | 3,043,684 | 2,270,462 | 3,043,684 | 2,270,462 |
| Stamp duty | 47 | 31 | 47 | 31 |
| Impairment off-balance sheet * | 25,831 | 64,757 | 25,831 | 64,757 |
| Accrued liabilities | 222,390 | 197,586 | 119,406 | 9,421 |
| | **3,614,689** | **2,612,868** | **3,511,705** | **2,424,703** |
| | **6,160,751** | **23,979,458** | **4,229,101** | **17,528,072** |
| Current | 6,159,514 | 23,979,458 | 4,227,864 | 17,528,072 |
| Non-current | 1,237 | - | 1,237 | - |
| | **6,160,751** | **23,979,458** | **4,229,101** | **17,528,072** |

**Movement in Other Liabilities**

| | | | | |
|---|---|---|---|---|
| At the start of the year | 23,979,458 | 7,853,773.00 | 17,528,072 | 269,020.00 |
| Additions | (17,779,782) | 16,190,442 | (13,260,045) | 17,323,809.00 |
| Impairment | (38,926) | (64,757) | (38,926) | (64,757) |
| **At the end of the year** | **6,160,751** | **23,979,458** | **4,229,101** | **17,528,072** |

| | | | | | |
|---|---|---|---|---|---|
| Balance at 1 January | | 64,757 | - | 64,757 | - |
| (Additional)/write-back of provision | - | 38,926 | 64,757 | (38,926) | 64,757 |
| **Balance as at the year end** | | **25,831** | **64,757** | **25,831** | **64,757** |

*included in this ECL figure is 16m provision for litigation charged for the year (2021:Nil)

**33 Borrowings**

| | Group | | Bank | |
|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Auto-loan facility | - | - | - | - |
| Bank loan | - | - | - | - |
| Other asset financing loan | - | 5,527 | - | 5,527 |
| | **-** | **5,527** | **-** | **5,527** |
| Current | - | 5,527 | - | 5,527 |
| Non-current | - | - | - | - |
| | **-** | **5,527** | **-** | **5,527** |
| **Movement in Borrowings** | | | | |
| At the start of the year | 5,527 | 191,468 | 5,527 | 191,468 |
| Additions | - | | - | - |
| Repayment | (5,527) | (185,941) | (5,527) | (185,941) |
| **At the end of the year** | **-** | **5,527** | **-** | **5,527** |

## 34 Share Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares rank equally with regards to the Group's residual assets.

| | Group | | Bank | |
|---|---|---|---|---|
| ***In thousands of Nigerian Naira*** | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| **(i) Authorised** | | | | |
| 6 billion ordinary shares of N1 each (2020: 6 billion ordinary share of N1 each) | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| **(ii) Issued and fully paid** | | | | |
| 5,415,136,862 ordinary shares of N1 each (2021: 5,415,136,862 billion ordinary share of N1 each) | 5,415,137 | 5,294,137 | 5,415,137 | 5,294,137 |

Movement in the share capital account during the year is shown below.

| | | | | |
|---|---|---|---|---|
| Balance, beginning of year | 5,294,137 | 5,294,137 | 5,294,137 | 5,294,137 |
| Additions through issuance of shares during the year | 60,000 | - | 60,000 | - |
| Reclassification from share premium to share capital | 61,000 | - | 61,000 | - |
| Balance, end of the year | **5,415,137** | **5,294,137** | **5,415,137** | **5,294,137** |

## 36 Proposed dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of section 426 of the Companies and Allied Matters Act (CAMA 2020) of Nigeria, proposed a dividend of 7kobo per share amounting to N379,059,590.00 (2021: N910,373,266) from the retained earnings account as at 31 December 2022. This will be presented for ratification by the shareholders at the next Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hands of qualified recipients.

## 37 Fair value reserve

The fair value reserve shows the effects of the fair value measurement of financial instruments classified as FVOCI. Gains or losses are not recognised in the condensed income statement until the asset has been sold or impaired.

Below is the movement in available for sale reserves.

| | Group | | Bank | |
|---|---|---|---|---|
| *In thousands of Nigerian Naira* | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| **FVOCI** | | | | |
| At beginning of the period | (2,928,330) | (1,635,097) | (125,743) | 1,476,285 |
| Fair value movement during the period (unrealised net gain/(loss)) | (870,649) | (1,298,075) | (691,870) | (1,602,028) |
| Transfers | - | 4,842 | - | - |
| At end of the period | **(3,798,979)** | **(2,928,330)** | **(817,613)** | **(125,743)** |

## 38 Litigation

The Bank had a pending litigations of N81m as at December 31, 2022. A 20% provision equalling N16m was made in accordance with the bank's litigation provisioning and dispute resolution policy.

### Contingent liabilities and commitments

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk. These instruments are issued to meet the credit and other financial requirements of customers. Contingent liabilities and Commitments typically comprise guarantees and letters of credit. The contractual amounts of the off-balance sheet financial instruments are:

| | Group | | Bank | |
|---|---|---|---|---|
| *In thousands of Nigerian Naira* | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Performance bonds and guarantees | - | 535,524 | - | 535,524 |
| Letters of credits | 11,818,762 | 15,795,333 | 11,818,762 | 15,795,333 |
| **Total** | 11,818,762 | 16,330,857 | 11,818,762 | 16,330,857 |
| Less: impairment | (9,614) | (64,757) | (9,614) | (64,757) |
| **Total Letters of Credit & Bonds** | **11,809,148** | **16,266,100** | **11,809,148** | **16,266,100** |

**Capital commitments**

At the end of the year, the Bank had no capital commitments (31 December 2021: Nil).

## 39 Insider related credits

In compliance with Central Bank of Nigeria circular BSD/1/2004 on Insider related credits, the Bank had no insider related credits during the year.

## 40 Related Parties

### 40.1 Related Party Transactions

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

### 40.2 Subsidiaries

Transactions between Greenwich Merchant Bank and its subsidiaries meet the definition of related party transactions and are eliminated on consolidation. Therefore, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

### 40.3 Receivables and Payables

As at the balance sheet date, the Bank had a receivable of N47,962,000 from the payments made on behalf of companies whose one or more of the directors are also directors of Greenwich Merchant Bank Limited (Director Related). There was also a payable amount of N80,811,000 during the year.

| | Relationship | Receivables | | Payables | |
|---|---|---|---|---|---|
| | | 2022<br>N'000 | 2021 | 2022<br>N'000 | 2021 |
| DN Meyer | Director related | - | 28,347 | - | - |
| Greenwich Registrars & Data Solution Limited | Director related | - | 15,458 | - | - |
| Greenwich Asset Management Limited | Subsidiary | 90,572 | 2,125 | 21,612 | 21,612 |
| Greenwich Securities Limited | Subsidiary | 81,838 | - | 42,214 | 61,231 |
| GTL Property Limited | Director related | - | - | - | - |
| GTL Trustees Limited | Director related | - | - | 212 | - |
| | | **172,410** | **45,930** | **64,038** | **82,843** |

### 40.4 Loans and Advances to Related Parties

The Bank did not grant credit facilities to its key management personnel during the year. In the year where it is applicable, the rates and terms agreed are comparable to other facilities being held in the Bank's portfolio.

| *In thousands of Nigerian Naira* | | Facility type | Status | Key management personnel 31 December 2022 | 31 Decemer 2021 |
|---|---|---|---|---|---|
| **Loans and advances to related parties** | Key management personnel staff loan | Staff loan | Performing | | |
| Loans outstanding at 1 January | | | | 3,574 | - |
| Loans issued during the period | | | | - | 3,574 |
| Loan repayments during the period | | | | (3,574) | - |
| **Balance** | | | | **-** | **3,574** |

Interest income earned: Interest income of N507,334.91 was received in year 2022.

## 40.5 Deposits from related parties

| | Relationship | 2022 N'000 | 2021 N'000 |
|---|---|---|---|
| Citadel Nominees Limited | Director related | 155,589 | 48 |
| Greenwich Asset Management Limited | Subsidiary | 383,416 | 1,019,061 |
| Greenwich Capital Limited | Director related | 2,060,646 | 1,174 |
| Greenwich Nominees Limited | Director related | 50,134 | 58,514 |
| Greenwich Registrars & Data Solution Limited | Director related | 1,031,684 | 102,653 |
| Greenwich Securities Limited | Subsidiary | 1,024,109 | 2,681 |
| GTL Trustees Limited | Director related | 241,856 | 4 |
| Metropolitan Motors Limited | Director related | 13,464 | 11,330 |
| Directors | Directorship | 171,972 | 399,233 |
| Key Management Personnel | Key Management | 8,024 | 8 |
| **Total** | | **5,140,894** | **1,594,706** |

| Year ended 31 December 2022 | Entities controlled by the parent (N'000) | Key management personnel (N'000) |
|---|---|---|
| **Deposit from customers** | | |
| Deposits at 1 January | 1,021,742 | - |
| Movement during the year | 385,783 | 8,024 |
| | 1,407,525 | 8,024 |
| Deposits at 31 December | **1,407,525** | **8,024** |

Interest expenses on deposits: Interest expense of N151,715,716.1132 were paid at the year end (2022: N10,279,436)

| Year ended 31 December 2021 | | |
|---|---|---|
| **Deposit from customers** | | |
| Deposits at 1 January | - | - |
| Movement during the year | 1,021,742 | - |
| | 1,021,742 | - |
| Deposits at 31 December | **1,021,742** | - |

Interest expenses on deposits: No interest accrued in 2021 as the funds were received at the year end

## 41 Employee

The number of persons employed by the Bank as at end of period is as follows:

| | | Bank | | | |
|---|---|---|---|---|---|
| | Total No. | Male | Female | Male | Female |
| | | Number | | Percentage | |
| Employees | 101 | 64 | 37 | 63% | 37% |
| **Gender Analysis of Board and Management 2022** | | | | | |
| Board | 11 | 9 | 2 | 82% | 18% |
| Top Management (AGM to GM) | 6 | 5 | 1 | 83% | 17% |
| | 17 | 14 | 3 | 82% | 18% |
| **Gender Analysis of Board and Management 2022** | | | | | |
| Assistant General Manager | 4 | 4 | - | 100% | 0% |
| Deputy General Manager | 2 | 1 | 1 | 50% | 50% |
| General Manager | 1 | 1 | - | 100% | 0% |
| Executive Director | 1 | 1 | - | 100% | 0% |
| Managing Director | 1 | 1 | - | 100% | 0% |
| Non-Executive Directors | 9 | 7 | 2 | 78% | 22% |
| | 18 | 15 | 3 | 83% | 17% |

The number of persons employed by the Bank as at end of period is as follows:

| | | Bank | | | |
|---|---|---|---|---|---|
| | Total No. | Male | Female | Male | Female |
| | | Number | | Percentage | |
| Employees | 97 | 67 | 30 | 69% | 31% |
| **Gender Analysis of Board and Management 2021** | | | | | |
| Board | 11 | 9 | 2 | 82% | 18% |
| Top Management (AGM to GM) | 7 | 5 | 2 | 71% | 29% |
| | 18 | 14 | 4 | 78% | 22% |
| **Gender Analysis of Board and Management 2021** | | | | | |
| Assistant General Manager | 4 | 3 | 1 | 75% | 25% |
| Deputy General Manager | 2 | 1 | 1 | 50% | 50% |
| General Manager | 1 | 1 | - | 100% | 0% |
| Executive Director | 1 | 1 | - | 100% | 0% |
| Managing Director | 1 | 1 | - | 100% | 0% |
| Non-Executive Directors | 9 | 7 | 2 | 78% | 22% |
| | 18 | 14 | 4 | 78% | 22% |

### 41.1 Employees

Compensation for the above staff excluding Executive Management:

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Wages and salaries | 1,046,428 | 1,062,726 | 918,980 | 964,739 |
| Other pension costs | 59,424 | 68,477 | 55,240 | 63,441 |
| | **1,105,851** | **1,131,203** | **974,220** | **1,028,180** |

### 41.2 Key Management Personnel

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Wages and salaries | 233,000 | 200,554 | 233,000 | 200,554 |
| Other pension costs | 13,644 | 9,742 | 13,644 | 9,742 |
| | **246,644** | **210,297** | **246,644** | **210,297** |

The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control.

### 42 Directors' Emoluments

Remuneration paid to the Bank's Directors was:

| *In thousands of Nigerian Naira* | Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| Fees and sitting allowances | 176,765 | 130,586 | 149,060 | 94,575 |
| | **176,765** | **130,586** | **149,060** | **94,575** |
| Executive compensation: | | | | |
| Wages and salaries | 225,000 | 98,317 | 150,000 | 85,561 |
| Other pension costs | 11,555 | 5,733 | 7,262 | 4,850 |
| | **236,555** | **104,050** | **157,262** | **90,411** |
| Fees and other emoluments disclosed above include amounts paid to: | | | | |
| Chairman | 17,000 | 10,250 | 17,000 | 10,250 |
| Highest paid Director | 86,684 | 47,500 | 86,684 | 47,500 |

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

| *In thousands of Nigerian Naira* | Number Group 31 December 2022 | Group 31 December 2021 | Bank 31 December 2022 | Bank 31 December 2021 |
|---|---|---|---|---|
| N5,000,001 and above | 9 | 9 | 9 | 9 |
| | 9 | 9 | 9 | 9 |

## 43 Non-audit services

During the year, the auditors PwC performed the following non-audit engagements.

| Name of Signer | FRC number | Name of firm | Contract sum (N) | Service Description |
|---|---|---|---|---|
| Obioma N. Ubah | 2013/ICAN/00000002002 | PricewaterhouseCoopers | 1,000,000 | Certification of total deposit outstanding in the books of the bank as at 31 Dec. 2022 |

## 44 Compliance with banking regulations

During the period, the Bank did not pay penalties in respect of contraventions of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the period ended 31 December 20

## 45 Comparatives

Certain disclosures and some prior year figures have been re-presented to conform with current period presentation

## 46 Subsequent Events

There are no subsequent events after the financial year end that could significantly impact the financial statement for the year ended 31 December 2022

# OTHER NATIONAL DISCLOSURES

# Value added statement
## for the year ended 31 December 2022

| In thousands of Nigerian Naira | Group | | | | Bank | | | |
|---|---|---|---|---|---|---|---|---|
| | 31 December 2022 | % | 31 December 2021 | % | 31 December 2022 | % | 31 December 2021 | % |
| Total revenue | 10,849,167 | | 6,487,513 | | 8,742,761 | | 5,852,872 | |
| Impairment | (124,986) | | (329,186) | | (81,571) | | (278,717) | |
| Brought-in-materials and services -Local | (2,012,957) | | (1,105,901) | | (1,773,431) | | (1,006,627) | |
| **Value added** | **8,711,225** | **100** | **5,052,426** | **100** | **6,887,759** | **100** | **4,567,528** | **100** |
| **Distribution of Value Added** | | | | | | | | |
| ***To employees:*** | | | | | | | | |
| - Employees as wages and salaries | 1,342,407 | 16 | 1,235,253 | 24 | 1,131,482 | 17 | 1,118,591 | 24 |
| ***To provider of funds:*** | | | | | | | | |
| - Finance expenses | 5,477,352 | 63 | 1,153,974 | 23 | 4,178,463 | 60 | 1,160,903 | 25 |
| ***To Government:*** | | | | | | | | |
| - Government as taxes | 54,675 | 1 | 279,745 | 6 | (18,115) | - | 256,902 | 6 |
| ***Retained in the business:*** | | | | | | | | |
| - For replacement of property and equipment | 248,091 | 3 | 230,828 | 5 | 243,328 | 3 | 225,824 | 5 |
| - To augment reserves | 1,588,700 | 18 | 2,152,626 | 42 | 1,352,601 | 20 | 1,805,308 | 40 |
| **Value added** | **8,711,225** | **100** | **5,052,426** | **100** | **6,887,759** | **101** | **4,567,528** | **99** |

# FIVE-YEAR FINANCIAL SUMMARY
## For the period ended 31 December 2022

| In thousands of Nigerian Naira | Group 31 December 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and short term balances with Central Bank of Nigeria | 12,725 | 779,073 | 20,023,314 | 1,660,802 | 9,763,581 |
| Due from other banks | 26,455,574 | 55,396,848 | - | - | - |
| Financial assets at fair value through profit or loss | 160,228 | 5,784 | 969,385 | 99,295 | 2,963,186 |
| **Investment securities:** | | | | | |
| Fair value through OCI | 12,703,436 | 7,538,044 | - | - | - |
| Debt securities at amortised cost | 2,964,585 | 5,804,907 | 10,837,504 | 15,713,108 | 5,824,871 |
| Pledged assets | 15,623,524 | 8,447,871 | - | - | - |
| Loans and advances to customers | 33,104,534 | 7,328,969 | - | 165,062 | 216,649 |
| Other assets | 17,451,148 | 16,891,007 | 1,892,474 | 1,829,723 | 860,286 |
| Property and equipment | 335,353 | 412,850 | 513,425 | 552,692 | 558,390 |
| Intangible assets | 376,689 | 441,863 | 422,139 | 22,801 | 26,457 |
| Deferred tax asset | 55,528 | 57,488 | 69,893 | 134,064 | 46,456 |
| **Total assets** | **109,243,324** | **103,104,704** | **34,728,134** | **20,177,547** | **20,259,876** |
| **Liabilities** | | | | | |
| Due to banks | 10,291,844 | 4,287,659 | - | - | - |
| Due to customers | 65,947,966 | 47,624,900 | 509,804 | - | - |
| Current tax liability | 420,159 | 497,949 | 418,417 | 414,935 | - |
| Other liabilities | 6,160,751 | 23,979,458 | 7,853,773 | 10,265,959 | 9,927,211 |
| Borrowings | - | 5,527 | 191,468 | - | - |
| Deferred tax liability | 51,372 | 145,657 | 36,054 | 14,674 | - |
| **Total liabilities** | 82,872,092 | 76,541,150 | 9,009,516 | 10,695,568 | 9,927,211 |
| **Capital and reserves** | | | | | |
| Share capital | 5,415,137 | 5,294,137 | 5,294,137 | 2,500,000 | 2,500,000 |
| Share premium | 12,667,034 | 12,140,034 | 12,140,034 | - | - |
| Retained earnings | 10,847,558 | 11,016,205 | 9,557,298 | 9,159,952 | 7,832,665 |
| Other reserves | (2,558,497) | (1,886,822) | (1,272,851) | (2,177,973) | - |
| **Total equities** | 26,371,232 | 26,563,554 | 25,718,618 | 9,481,979 | 10,332,665 |
| **Total equity and liabilities** | **109,243,324** | **103,104,704** | **34,728,134** | **20,177,547** | **20,259,876** |
| ***Statement of profit or loss and other comprehensive income*** | | | | | |
| Gross revenue | 10,849,167 | 6,487,514 | 3,205,531 | 3,110,475 | 2,432,118 |
| Profit before taxation | 1,643,375 | 2,432,372 | 1,296,547 | 1,566,323 | 1,087,455 |
| Taxation | (54,675) | (279,745) | (140,159) | 10,964 | 99,508 |
| Profit after tax | 1,588,700 | 2,152,627 | 1,156,388 | 1,577,287 | 1,186,963 |
| Earnings per share (kobo) - basic and diluted | 30 | 41 | 22 | 63 | 47 |

| In thousands of Nigerian Naira | Bank | | | | |
|---|---|---|---|---|---|
| | 31 December 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 |
| **Assets** | | | | | |
| Cash and short term balances with Central Bank of Nigeria | 12,725 | 779,073 | 16,104,401 | 1,325,549 | 204,649 |
| Due from other banks | 11,849,785 | 45,059,475 | - | - | - |
| Financial assets at fair value through profit or loss | 160,228 | 5,784 | 969,385 | - | - |
| **Investment securities:** | | | | | |
| Fair value through OCI | 10,471,898 | 5,011,751 | - | - | - |
| Debt securities at amortised cost | 1,227,085 | 510,750 | 5,002,564 | 3,649,161 | 5,412,834 |
| Pledged asset | 15,623,524 | 8,447,871 | - | - | - |
| Loans and advances to customers | 33,104,534 | 7,328,969 | - | 75,717 | 82,632 |
| Other assets | 17,253,771 | 16,705,038 | 1,718,809 | 929,381 | 373,578 |
| Investments in subsidiaries | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Property and equipment | 332,868 | 408,629 | 507,926 | 543,357 | 540,479 |
| Intangible assets | 375,328 | 437,479 | 414,029 | 9,615 | 3,929 |
| **Total assets** | 91,911,746 | 86,194,819 | 26,217,114 | 8,032,780 | 8,118,101 |
| **Liabilities** | | | | | |
| Deposits from banks | 10,291,844 | 4,287,659 | - | - | - |
| Deposits from customers | 52,176,738 | 38,752,624 | 509,804 | - | - |
| Current tax liability | 61,144 | 123,296 | 52,448 | 51,126 | 79,780 |
| Other liabilities | 4,229,101 | 17,528,072 | 269,020 | 55,153 | 477,574 |
| Borrowings | - | 5,527 | 191,468 | - | 466,383 |
| Deferred tax liability | 50,577 | 145,657 | 36,054 | 14,674 | 44,038 |
| **Total liabilities** | 66,809,404 | 60,842,835 | 1,058,794 | 120,953 | 1,067,775 |
| **Capital and reserves** | | | | | |
| Share capital | 5,415,137 | 5,294,137 | 5,294,137 | 2,500,000 | 2,500,000 |
| Share premium | 12,667,034 | 12,140,034 | 12,140,034 | - | - |
| Retained earnings | 6,597,302 | 7,002,048 | 5,885,619 | 5,665,381 | 4,550,326 |
| Other reserves | 422,869 | 915,765 | 1,838,530 | (253,554) | - |
| **Total equities** | 25,102,342 | 25,351,984 | 25,158,320 | 7,911,827 | 7,050,326 |
| **Total equity and liabilities** | 91,911,746 | 86,194,819 | 26,217,114 | 8,032,780 | 8,118,101 |
| ***Statement of profit or loss and other comprehensive income*** | | | | | |
| Revenue | 8,742,761 | 5,852,872 | 2,510,461 | 2,227,863 | 1,819,812 |
| Profit before taxation | 1,334,486 | 2,062,210 | 1,281,311 | 1,386,818 | 1,141,631 |
| Taxation | 18,115 | (256,902) | (73,828) | (21,763) | 50,213 |
| Profit after tax | 1,352,601 | 1,805,308 | 1,207,483 | 1,365,055 | 1,191,844 |
| Earnings per share (kobo) - basic and diluted | 25 | 34 | 23 | 55 | 48 |

# Proxy Form

The 28th Annual General Meeting of GREENWICH MERCHANT BANK LIMITED will hold virtually at Plot 1698A, Oyin Jolayemi Street, Victoria Island, Lagos at 11.00a.m. on Wednesday, May 31st 2023.

I/We ____________________________________________being a member/members of GREENWICH MERCHANT BANK LIMITED hereby appoint ____________________________________________or failing him Kayode Falowo or failing him, Bayo Rotimi as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, May 31st, 2023, at 11.00 a.m. and at any adjournment thereof.

## Notes

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. To be effective, this form of proxy must be signed and deposited at Greenwich Merchant Bank Limited, Plot 1698A, Oyin Jolayemi Street, Victoria Island, Lagos, not less than 48 hours before the time for holding the Annual General Meeting. A proxy need not to be a member of the Company. In the case of joint Shareholders, anyone of such may complete the form but the name of all joint shareholders must be stated.

2. It is required by the law under Stamp Duties Act, Cap S8 Laws of the Federation of Nigeria 2004 as amended, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear Stamp Duty at the appropriate rate, not adhesive postage stamps.

3. If the shareholder is a corporation, this form may be under its common seal if the corporation has a common seal.

| | **Ordinary Business** | For | Against | Abstain |
|---|---|---|---|---|
| 1 | To declare a dividend | | | |
| 2 | To re-elect Mr. Segun Oloketuyi | | | |
| 3 | To re-elect Mr. Anselm Orazulike | | | |
| 4 | To re-elect Ms. Daisy Ekineh | | | |
| 5 | To authorise Directors to fix the remuneration of the Auditors. | | | |
| | **Special Business** | | | |
| 6 | To approve the remuneration of Directors | | | |
| 7a | To approve the proposed Restructuring of the Company to a Holding Company subject to obtaining the approval of the relevant regulatory authorities. | | | |
| 7b | To authorize the Directors of the Company to take all steps including the appointment of professional parties and advisers, execution of all agreements, deeds or documents issued in connection with the Restructuring and do all acts to give effect to the Restructuring as necessary or incidental to or required for effecting the resolution set out above. | | | |
| 7c | To approve and ratify all acts undertaken by the Board prior to the date of these resolutions in connection with the Restructuring. | | | |

Please indicate how you wish your votes to be cast on the resolutions set out above by marking 'X' in the appropriate space.

Dated this ___________ day of _______________________ 2023.

Signature of the shareholder: _________________________________________________________

The common seal of the shareholder _________________________________________________ was hereunto affixed in the presence of:

________________________________ ________________________________________

DIRECTOR DIRECTOR/SECRETARY

Please affix Postage stamp

GREENWICH MERCHANT BANK LIMITED
PLOT 1698A, OYIN JOLAYEMI STREET, VICTORIA ISLAND
LAGOS