ANNUAL REPORT & ACCOUNTS 2021

Capital Bancorp Plc

RC 114135


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JBERGER 25.90 25.70 25.90
JOHNHOLT 0.89 0.00 0.89
LASACO 1.02 1.02 0.99
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BANCORP SECURITIES LTD
www.bancorpsecurities.com

CONTENTS

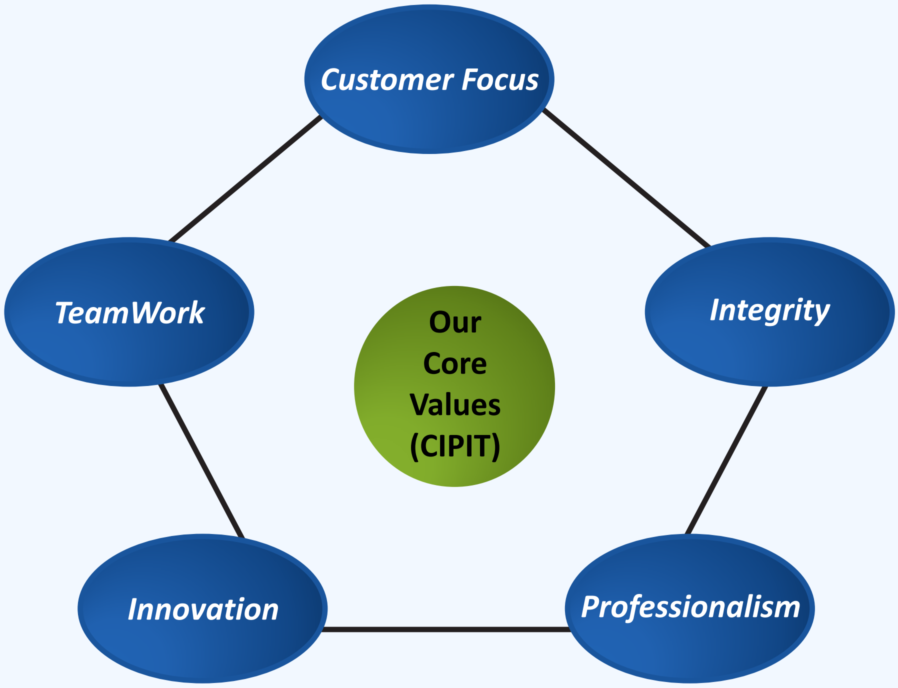
Our Mission Statement

We Empower Our Clients
And Stakeholders
Through The Provision Of Innovative
Professional Financial Services.

Our Vision

A professional investment banking and
securities firm creating wealth and
delivering superior value for
all our stakeholders.

OUR CORE VALUES



Board of Directors Officer, Corporate Information

BOARD OF DIRECTORS:	
Mr. Olutola Mobolurin	Chairman
Mr. Aigboje Higo	Managing Director
Mrs. Olamide Fadipe	Director
Dr. Babatunde Pearse	Director
Mr. Akinsola Ale	Director
Mrs. Cecilia Osipitan	Director

MANAGEMENT TEAM:	
Aigboje Higo	Managing Director
Oluwarotimi Odeyemi	Chief Finance Officer
Oluwarinumi Olawale	Compliance and Risk Management
Obianuju Ejim	Head, Human Capital/Admin
Oluwatomisin Olojo	Ag, Head Investment Services
Adebayo Phillips	Head, Internal Audit
Olasode Enitilo	Head, Information Technology
Temitope Adeosun	CEO, Bancorp Securities Limited
Njideka Eke	CEO, Bancorp Finance Limited

REGISTERED OFFICE
1, Davies Street Off Marina Street, Lagos Island Lagos

AUDITORS
Ernst & Young
10th & 13th Floor UBA House 57 Marina
Lagos, Nigeria

MAJOR BANKERS
Guaranty Trust Bank Plc
Plot 635, Akin Adesola Street Victoria Island
Lagos

First City Monument Bank Limited 10/12 Macarthy Street
Lagos Island Lagos

First Bank of Nigeria Limited Iganmu Branch,
Abebe Village Road Iganmu, Lagos

SECRETARIES
DCSL Corporate Services Limited
235, Ikorodu Road, Ilupeju, Lagos

SOLICITORS
Adejumo Ekisola & Ezeani The Meadows
2A, Lalupon Close Off Keffi Street
S.W. Ikoyi, Lagos

REGISTRAR
Lighthouse Registrars Limited
2nd Floor 39, Adeola Odeku Street,
Victoria Island,
Lagos.

Notice of Annual General Meeting

(PURSUANT TO SECTION 237 OF THE COMPANIES AND ALLIED MATTERS ACT 2020)

NOTICE IS HEREBY GIVEN THAT the 34th Annual General Meeting of CAPITAL BANCORP PLC will be held at Lagos Resource Centre, 9 Anifowose Street, Victoria Island Lagos on Thursday, 26th January 2023 at 12 noon to transact the following business:

Ordinary Business

1. To lay before the Members, the Report of the Directors and the Audited Financial Statements together with the Auditors and Audit Committee Reports for the year ended 31st December 2021.

2. To declare a Dividend.

3. To re-elect the following Directors who retire by rotation and being eligible offer themselves for re-election:

   Mr. Aigboje Higo
   Mr. Akinsola Ale

4. To accept the resignation of Mrs. Olamide Fadipe.

5. To authorize the Directors to fix the Remuneration of the Auditors.

6. To elect members of the Statutory Audit Committee in accordance with the provisions of Section 404 (6) of the Companies and Allied Matters Act, 2020.

7. To disclose the Remuneration of the Managers of the Business.

Special Business

8. To approve the Remuneration of the Directors.

Dated this 4th day of January 2023
BY ORDER OF THE BOARD

DCSL Corporate Services Limited
Company Secretaries

Notice of Annual General Meeting

Notes:

- **Proxy:** Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. For the appointment of the proxy to be valid, a Proxy Form must be completed and deposited either at the office of the Registrars, Lighthouse Registrars Limited at 2nd Floor, 39 Adeola Odeku Street, Victoria Island, Lagos or badebayo@lighthousecapital.ng not later than 48 hours before the time fixed for the meeting. A blank Proxy Form is attached to the Annual Report and may also be downloaded from the Company's website at https://capitalbancorpgroup.com/

- **Attendance by Proxy**: A member (shareholder) who is unable to attend the Annual General Meeting is allowed to vote by Proxy. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

- Mr. Olutola Mobolurin
- Mr. Aigboje Higo
- Chief Tunde Odanye
- Mr. Joseph Caulcrick
- Mrs. Njideka Eke
- Mrs. Opeyemi Ayoola

- **Stamping of Proxy:** The Company has made arrangements at its cost to stamp the duly completed and signed Proxy Forms submitted to the Company Secretaries office within the stipulated time.

- **Online Streaming of AGM:** The AGM will be streamed live online. This will enable Shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM online live streaming will be made available on the Company's YouTube channel at: https://www.youtube.com/live/KapmiZiLxp0?feature=share

  Dividend Payment: A total dividend of ₦50,000,000.00 at 5 kobo per 50 kobo ordinary share has been recommended by the Board of Directors for the approval of the Shareholders. If approved, the payment of the dividend will be made on Friday, 27th January 2023 to all Shareholders, whose names appear in the Register of Members at the close of business on Wednesday 11th January 2023

- **Nomination of Statutory Audit Committee Members:** In accordance with Section 404(6) of the Companies and Allied Matters Act 2020, any member may nominate a shareholder as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting. Such notice of nominations should be sent via email to aadetoye@dcsl.com.ng.

- **Re-election/Appointment of Directors:** In accordance with the provisions of CAMA 2020, Mr. Aigboje Higo and Mr. Akinsola Ale retire by rotation at the 34th AGM. The retiring Directors, being eligible, offer themselves for re-election.

- **E-Annual Report:** The electronic version of the Annual Report may be downloaded at the Company's website https://capitalbancorpgroup.com/ *Shareholders who have provided their email addresses to the Company Secretaries will receive the electronic version of the Annual report via email.*

- **Closure of Register of Members:** The register of members will be closed on the 19th of January 2023 to enable the Registrar to prepare for the payment of dividends.

- **Rights of Shareholders to ask Questions:** Shareholders holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before the 24th January 2023.

- **Unclaimed Dividend Warrants and Share Certificates:** Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as "unclaimed '. A list of all unclaimed dividends will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call the office of the Company's Registrars. Lighthouse Registrars Limited at 2nd Floor, 39 Adeola Odeku Street, Victoria Island, Lagos as soon as possible.

- **E-Dividend**
  Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend payment in line with the Securities and Exchange Commission (SEC) directives. A detachable application form for e-dividend is attached to the Annual Report to enable all shareholders to furnish the particulars of their bank accounts/CCS details to the Registrars as soon as possible.

- **Profile of Directors**: The profile of all Directors of the Bank is available for viewing on the Bank's website https://capitalbancorpgroup.com/

Chairman's Statement

Distinguished Shareholders, Ladies and Gentlemen, it is with great delight that I welcome you to our 34th Annual General Meeting and present to you the Annual Report and Financial Statements for the financial year ended December 31, 2021 of our Company and its subsidiaries. The year 2021 was unique to us as a group and memorable as we successfully transferred our Stockbroking business to a wholly owned subsidiary, Bancorp Securities Limited. The company commenced operations on April 27, 2021 and the performance of the new company is included in the Consolidated Financial Statements that we are considering today.

The 2021 financial year proved to be a crucial year of recovery from a debilitating pandemic that induced health, economic, social and public service delivery crises across the globe. Despite the interesting recovery story, the economy remained blighted with significant challenges which include dealing with subsequent waves of the pandemic, new virus strains, persistent FX shortages, and elevated inflationary environment. Nevertheless, our team was able to overcome the business challenges faced in the course of the year and ensure that we remained in business. It is worthy to note and commend the leadership of my fellow board members and the commitment of the management team and employees in ensuring that the business continue to thrive. With focus and dedication to our Vision and our set goals, we continue to see improvements in 2022 and we are optimistic that we shall further improve in 2023.

Operating Environment: Global and Africa

The year 2021 was marked with what one would call the "growing pains" of a world coming to terms with the realities of the new normal of the COVID era — heightened inflation, supply chain disruptions, increased digitization, and resurging waves of infection compelled by new virus variants. Even as global economic recovery picked up over the course of the year, further resurgences of the pandemic led to widespread doubt over the ability to distribute the vaccines that had hitherto been touted as the panacea to the health problems of 2020. Furthermore, widespread vaccine hesitancy and radically differing governmental approaches to the management of the outbreak lead to discontent and often conflicting regulations that had telling impacts on global business and post-pandemic recovery. Amid concerns about the impact of newer variants of the coronavirus and a constrained global supply chain, rising inflation became a significant challenge forcing Governments to slow down or backtrack on stimulus support initiatives that were intended to keep growth and recovery on track. This was accompanied by a spike in the prices of crude oil and natural gas with expected knock-on effect on economic growth.

Policymakers in many major economies were faced with the difficult conundrum of supporting economic growth while keeping inflation under control, even as they struggled with domestic and external supply disruptions. Additionally, the rifts in the global network of trade and business, set on by the original pandemic outbreak, continued to grow even wider and are now expected to leave lasting impacts on medium-term performance.

Regarding the financial market, robust monetary and fiscal stimulus across global economies have helped sustain rally in risk assets such as equities. Thus, unsurprisingly, global equities have performed exceptionally well in 2021. In a similar vein, the robust liquidity in conjunction with accommodative monetary policy has helped to keep interest rates low supporting strong capital gains on bonds in the international market.

The Nigerian Economy

The Nigerian economy rebounded in 2021 which was largely driven by Crude oil price increase as a result of pandemic-related restrictions, and growth in global economy. A real GDP growth rate of 4.03% was witnessed in 2021, indicating that business and economic activities headed back to pre-pandemic levels. The oil sector, Nigeria's biggest fiscal revenue source, accounted for 7.4% of GDP. However, Nigeria was unable to meet its crude oil production allocation by the Organization of Petroleum Exporting Countries (OPEC) while importation of petroleum products remained on the rise.

The non-oil sector, which contributed around 93% of GDP, has been the main driver of the economic pickup. Agriculture, Information, Communications and Technology (ICT) with manufacturing accounted for this growth. An impact of this rebound has been a rise in inflation tracking the global phenomenon. In Nigeria, the inflation rate closed at 15% in 2021.

The performance of the equities market in 2021 ended on a positive note, with the Nigerian Exchange's (NGX) All-Share Index (ASI) closing up 6.1%, driven by recovering corporate earnings and improved investor sentiments. The Equity Capitalization of the NGX rose by 5.89% or N1.24 trillion during the year. The NGX Oil and Gas Index closed with a return of 52.52% driven by recovery in the global oil prices and stronger performances from oil and gas companies. This was closely followed by the NGX Growth Board Index which returned 28.0%. The positive performances depict improved investor sentiment, following impressive corporate earnings of listed companies on the Exchange.

In the fixed income market, the general theme was that of rising interest rates as aggressive government borrowings coupled with tighter financial system liquidity (relative to 2020) drove interest rates higher. To give perspective, average yield across the yield curve climbed to 10.2% as of Dec-2021, up 505bps YTD from to 5.1% in FY-2020. Not surprisingly, in terms of capital gains, Nigerian fixed income instruments underperformed as the S&P/FMDQ Nigeria Sovereign Bond index lost 15.3% (as of December 11, 2021) and a YTD loss of 10.7% (as of December 11, 2021) on the JP Morgan Emerging Market Government Bond Index.

OPERATING RESULTS

The Group's Gross Earnings decreased by 13.63% from N944.14 million in 2020 to N815.41 million in 2021 caused by the constraint in the operation of our bank accounts for six months in the course of the year by the Central Bank of Nigeria. Net Operating Profit decreased by 22.39% from N763.024m in 2020 to N592.180m in 2021.

The group achieved an increase of 739.41% in fair value gain on investments from N11.03m in 2020 to N92.57m in 2021 as a result of bullish position of the Stock market at the end of the year 2021. The group sustained a loss position of N227.86m before tax from a profit position of 315.28million in 2020 representing a decrease of 172.27% after charging off a fine of N278 million by Central Bank of Nigeria for an alleged infraction of the extant Foreign Exchange regulations.
Other comprehensive income increased by 107.25% from a profit position of N259million in 2020 to N537.65millionin 2021 due to fair value gains on investment securities through other comprehensive income. However, total comprehensive income decreased by 47.20% from a profit position of 563.08 million in 2020 to N297.28million in 2021. The total assets of the group stood at 9.50 billion on December 31, 2021 as against 6.2 billion on December 31, 2020 reflecting a growth of 53.02% in the year. Shareholders' Funds for the Group was N2.4billion in December 31, 2021 as against N2.18billion in December 31, 2020.

SUBSIDIARIES

The three wholly owned subsidiaries of the company Bancorp Finance Limited (BFL), Bancorp Securities Limited and Bancorp Bureau De Change Limited had their fair share of the vicissitudes of the economy as the performance was not as good as the 2020 performance. Bancorp Finance Limited recorded an increase in her gross earnings from N354.41 million in 2020 to 411.09 million in 2021 reflecting an increase of 15.99%. However, the company (BFL) reported a decrease in the profit before tax of 66.33% from N50.89 million in 2020 to N17.14million in 2021 coming largely from increase in Credit loss expense on the risk assets. Bancorp BDC Limited reported a decrease in total gross income of N20.77 million in 2021 compared to N67.37 million in 2020 reflecting a decrease of 38.33%.

This is attributable to a change in government policies around forex transactions. This accounted for the loss position before tax of N10.37million reported in 2021 as against a profit before tax of N21.19 million in 2020.

Chairman's Statement

Bancorp Securities Limited commenced operations on April 27, 2021 and reported a marginal profit of N6.7million for the period of eight (8) months.

DIVIDEND

I am pleased to inform you that your Directors have recommended a cash dividend of 5k per 50k ordinary share for the financial year ended December 31, 2021. You will be called upon to approve the dividend during the course of this meeting.

CONCLUSION

On behalf of the Board of Directors, I thank you, for your unflinching support and the confidence you have reposed in the Board and management of your company over the years. I also thank every member of the Board for their unalloyed commitment towards the progress of our Company. We all owe the management and staff who work tirelessly daily to make the vision and goals of your company a reality our gratitude.

Thank you all.

Olutola Mobolurin

Chairman

Board Of Director's

Olutola Mobolurin
Chairman

Mr. Aigboje Higo
Managing Director

Mrs. Olamide
Fadipe
Director

Mrs. Cecilia
Osipitan
Director

Dr Babatunde
Awobo Pearse
Director

Mr. Akinsola
Ale (ACIIN)
Director

Capital Bancorp Plc
RC 114135

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DIRECTORS' REPORT

Report Of The Directors

The Directors have pleasure in submitting to the members their report on the affairs of Capital Bancorp Plc (the "Company"), and its subsidiaries (together "the Group") along with the consolidated and separate financial statements and the Auditor's Report for the year ended 31 December 2021.

Legal Form

Capital Bancorp Plc was incorporated on 13 June 1988 under the provisions of the Companies and Allied Matters Act, 2020 with RC No. 114135. It commenced operations on 3 October 1988. The Company is registered with the Nigerian Securities and Exchange Commission (SEC) as an Issuing House. The shares of the Company are owned fully by Nigerian citizens and corporate organisations. The Company converted to a public liability company on 13 February 2012.

Principal Activities

The principal activities of the Company continue to be engaging in the business of underwriting, issuing, purchasing,subscribing or otherwise acquiring and disposing of securities such as shares, stocks, bonds, debenture stocks etc. There was no change in the principal activities of the Company in the period under review.

The Subsidiaries

Bancorp Bureau De Change Limited (Bancorp BDC) is a wholly owned subsidiary of the Company. Bancorp BDC was incorporated on 20 February 2008 and commenced operation in February 2010. Bancorp BDC engages in buying, selling and dealing in foreign currencies (convertible currencies) to end users for purposes stipulated by CBN which include Business Travel Allowance (BTA), Personal Travel Allowance (PTA), payment of school fees, mortgage bill payment, payment of utility and medical bills, credit card, life insurance premium payment etc.

Bancorp Finance Limited (BFL) is wholly owned subsidiary of Capital Bancorp Plc. This entity was incorporated on 25 November 2002 as Capfin Nigeria Limited. The Company changed its name on 6 November 2003 and this was duly registered with the Corporate Affairs Commission on 29 August 2007. The finance house license of Capital Bancorp Plc was transferred to the Company as a result of a CBN directive and after due approval for same was given by the CBN in July 2014. It fully began operations as a stand-alone company on 1 January 2015. Its authorized share capital is 150,000,000 shares.

Bancorp Securities Limited (a wholly owned subsidiary) principal activities are stockbroking, investment management and proprietary investments.

As a result of Securities and Exchange Commission and Nigerian Exchange Limited recommendation, Capital Bancorp Plc (the parent company), obtained approval both from Securities and Exchange Commission and Nigerian Exchange Limited to transfer its broker/ Dealer license to Bancorp Securities Limited (a wholly owned subsidiary). Consequently, the client deposits and portfolios with CSCS and receivables of Capital Bancorp Plc were transferred to Bancorp Securities Limited from April 2021.

	GROUP		COMPANY	
	2021	2020	2021	2020
(Loss)/Profit before income tax	(227,864)	315,278	(241,333)	230,423
Income tax expense	(12,509)	(11,625)	(815)	(5,094)
(Loss)/Profit after income tax	(240,373)	303,653	(242,148)	225,329
Other comprehensive income	537,653	259,427	537,653	259,427
Total comprehensive income	**297,280**	**563,080**	**295,505**	**484,756**

Shareholding and Substantial Shareholders

The issued and fully paid-up Share Capital of the Company as at 31 December 2021 is 766,345,021 ordinary shares of 50 kobo each. (2020: 766,345,021 ordinary shares of 50 kobo each)

Beneficial Ownership
The following shareholders held 5% or more of the issued and paid up shares of the Company as at:

31-Dec-21

Name of Shareholder	TOTAL UNITS	VALUE (N)	HOLDINGS
Mobolurin O.O.	169,128,433	84,564,217	22.07
Estate of Aremo Fola & Mrs. Awobo Pearse	95,956,145	47,978,073	12.52
Great Nig. Insurance Co. Plc	80,812,924	40,406,462	10.55
Nigerian Reinsurance Corporation	78,848,986	39,424,493	10.29
Leadway Assurance Ltd	56,387,392	28,193,696	7.36
Mobadesh Estate	46,486,662	23,243,331	6.07

31-Dec-20

Name of Shareholder	TOTAL UNITS	VALUE (N)	%HOLDINGS
Mobolurin O.O.	169,128,433	84,564,217	22.07
Estate of Aremo Fola & Mrs. Awobo Pearse	95,956,145	47,978,073	12.52
Great Nig. Insurance Co. Plc	80,812,924	40,406,462	10.55
Nigerian Reinsurance Corporation	78,848,986	39,424,493	10.29
Leadway Assurance Ltd	56,387,392	28,193,696	7.36
Mobadesh Estate	46,486,662	23,243,331	6.07

The Company's shareholding structure is stated below:

As at 31 December 2021

Structure Description	Count	Holdings	Holdings
Corporate	16	271,706,060	35
Individual	84	494,638,961	65
	100	**766,345,021**	**100**

As at 31 December 2020

Structure Description	Count	Holdings	Holdings
Corporate	16	271,706,060	35
Individual	84	494,638,961	65
	100	**766,345,021**	**100**

Directors Interest in Shares
The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act, 2021 and the listing requirements of the Nigerian Exchange Limited are as follows:

Name	Direct Holdings	Indirect Holdings
Mr. Olutola Mobolurin	169,128,433	-
Mrs. Olamide Fadipe	5,130,000	-
Mr. Higo Aigboje	5,356,250	-
Dr. Babatunde Pearse	21,353,631	95,956,145 (Through Estate of Aremo & Mrs. Fola Awobo Pearse)
Mrs. Cecilia Osipitan	-	80,812,924 (Through Great Nigeria Insurance Plc)
Mr. Akinsola Ale	-	78,848,986 (Through Re-insurance Corporation)

Directors' Interest in Contracts
In accordance with Section 303 of the Companies and Allied Matters Act, 2020 no Director notified the Company of any interest in any contracts in which the Company was involved in the ordinary course of business during the year under review.

Acquisition of Own Shares
The Company did not purchase any of its own shares during the year. (2020: Nil) Analysis of Shareholding as at:

31-Dec-21

Range			No of Holders	Percent	Units	Holdings
1	-	100,000	7	7	515,000	0.07
100,001	-	200,000	22	21	2,831,875	0.37
200,001	-	300,000	12	12	3,083,750	0.4
300,001	-	500,000	12	12	5,401,250	0.7
500,001	-	1,000,000	15	14	11,504,894	1.5
1,000,001	-	10,000,000	21	23	92,001,830	12.01
10,000,001	-	50,000,000	6	6	169,872,731	22.17
50,000,001	-	100,000,000	4	4	312,005,447	40.71
100,000,001	-	169,128,433	1	1	169,128,433	22.07
Total			**100**	**100**	**766,345,021**	**100**

31-Dec-20

Range			No of Holders	Percent	Units	Holdings
1	-	100,000	7	7	515,000	0.07
100,001	-	200,000	22	21	2,831,875	0.37
200,001	-	300,000	12	12	3,083,750	0.4
300,001	-	500,000	12	12	5,401,250	0.7
500,001	-	1,000,000	15	14	11,504,894	1.5
1,000,001	-	10,000,000	21	23	92,001,830	12.01
10,000,001	-	50,000,000	6	6	169,872,731	22.17
50,000,001	-	100,000,000	4	4	312,005,447	40.71
100,000,001	-	169,128,433	1	1	169,128,433	22.07
Total			**100**	**100**	**766,345,021**	**100**

Report Of The Directors

Proposed Dividend

The Directors, pursuant to the powers vested in it by the provisions of the Companies and Allied Matters Act 2020, proposed a dividend of N5 kobo per N50 kobo ordinary share from the retained earnings account as at 31 December 2021 (31 December 2020: N0.20kobo).

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CORPORATE GOVERNANCE REPORT

Corporate Governance Report

Capital Bancorp Plc. remains committed to institutionalising corporate governance principles. It continues to adhere to the implementation of the Corporate Governance Code of the Securities and Exchange Commission ("SEC Code") and best practices. The Company recognizes that Corporate Governance standards and practices must be balanced to protect the interest of the shareholders of the Company.

The Board operates in line with obligations under the SEC Code and the Post Listing Rules of the Nigerian Stock Exchange. In addition, the Board and Committee Charters collectively provide the basis for promoting sound Corporate Governance in the Company.

Governance Structure The Board

The ultimate responsibility for the governance of the Company resides with the Board of Directors who is accountable to shareholders for creating and delivering sustainable values through the management of the Company's business. The oversight functions and the role of the Board is guided by the provisions of the SEC Code, the Companies and Allied Matters Act, the Company's Articles of Association and relevant laws and regulations.

The Board is currently composed of Six (6) Directors, made up of Five (5) Non-Executive Directors and (1) Executive Director in line with the SEC Code of Corporate Governance which requires a majority of Board members to be Non-Executive Directors. The Board is of a sufficient size relative to the scale and complexity of the Company's operations and is led by a Non-Executive Chairman who provides leadership to the Board in the discharge of its oversight functions. In line with best practice, there is a separation of powers between the Chairman and the Managing Director. The effectiveness of the Board derives from the diverse range of skills and competences of the Executive and Non-Executive Directors.

The Company's Articles of Association provide that the Board shall consist of not more than Eleven (11) Directors. The following Directors held office during the financial year 2021:

Name		**Designation**
Mr. Olutola Mobolurin	-	Chairman
Mr. Higo Aigboje	-	Managing Director
Mrs. Olamide Fadipe	-	Non-Executive Director
Dr. Babatunde Pearse	-	Non-Executive Director
Mrs. Cecilia Osipitan	-	Non-Executive Director
Mr. Akinsola Ale	-	Non-Executive Director

Changes on the Board

In accordance with section 285 of the Companies and Allied Matters Act, 2020, Mr. Aigboje Higo and Mr Akinsola Ale retire by rotation and being eligible, offer themselves for re-election.

The Board met four (4) times during the year under review. The record of Directors' attendance at Board meetings is as set out below:

Name of Director	25.03.2021	22.04.2021	22.07.2021	21.10.2021
Mr. Olutola Mobolurin	✓	✓	✓	✓
Mr. Higo Aigboje	✓	✓	✓	✓
Mrs. Ethel Fadipe	X	✓	✓	✓
Mrs. Cecilia Osipitan	✓	X	✓	X
Dr. Babatunde Pearse	✓	✓	✓	✓
Mr. Akinsola Ale	✓	✓	✓	✓

Note:

	-	Present
×	-	Absent with apology
N/A	-	Not a member of the Board as at this date.

Board Committees
The Board carries out its oversight functions through its three (3) Standing Committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the Committees. The Standing Committees are the Statutory Audit Committee, Audit and Risk Management Committee and the Governance, Finance & Investment Committee. The composition and responsibilities of the Committees are set out below:

Statutory Audit Committee
The Committee, chaired by Mr. Joseph Caulcrick is made up of two (2) Non-Executive Directors and two (2) representatives of the shareholders. The Committee assists the Board in fulfilling its oversight responsibilities relating to the Company's financial statements, the independence of the Company's internal and external auditors and the Company's system of internal control and mechanism for receiving complaints regarding the Company's accounting and operating procedures.

Statutory Audit Committee - Continued
The Committee met five (5) times during the year under review and the table below shows the members who served on the Committee in 2021 and their attendance at the meetings:

Name	23.03.2021	28.05.2021	27.07.2021	15.10.2021	15.12.2021
Mr. Joseph Caulcrick	✓	✓	✓	✓	✓
Chief Tunde Odanye	✓	✓	✓	✓	✓
Mrs. Olamide Fadipe	X	✓	✓	✓	✓
Mrs. Cecilia Osipitan	✓	✓	✓	✓	✓

Note:

	-	Present
x	-	Absent
NA	-	Not a member of the Committee as at this date

Audit and Risk Management Committee
This Committee is made up of Three (3) Non-Executive Directors and is tasked with the responsibility of assisting the Board in fulfilling
its oversight responsibilities relating to the Company's Internal Audit processes, as well as Credit and Market Risk Management.

Governance, Finance and Investment Committee
The Committee is made up of Two (2) Non-Executive Director and One (1) Executive Director. The Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to:

Financial commitments and Investments;
The Company's financial and operating plan;
The Company's financing plan, including funding, liquidity,
Balance sheet and Capital Management; and
Identifying individuals qualified to serve as members of the Board and recommends candidates to the Board for appointment and other key Corporate Governance issues.
This Committee did not meet during the year under review.

Shareholders' Participation
The Company is conscious of and promotes shareholders' rights. It continues to take necessary steps in ensuring that shareholders participate actively in matters affecting the growth and development of the Company. The Board and the Management have significantly benefited from the shareholder members of the Audit Committee as well as the contributions of shareholders at the Annual General Meetings.

Management Team
The Board has a Management team that is charged with the responsibility of implementing policies and the day to day management of the affairs of the Company.

Membership of the Management team includes the following:

1.	Mr. Aigboje Higo	Managing Director/CEO
2.	Mr. Oluwarotimi Odeyemi	Chief Finance Officer
3.	Mrs. Oluwarinumi Olawale	Head, Compliance and Risk Management
4.	Mrs. Obianuju Ejim	Head, Human Capital/Admin
5.	Mrs. Oluwatomisin Olojo	Ag. Head, Investment Services
6.	Mr.Adebayo Phillips	Head, Internal Audit
7.	Mr. Oladode Enitilo	Head, Information Technology
8.	Mrs. Temitope Adeosun	CEO, Bancorp Securities Limited
9.	Mrs. Njideka Eke	CEO, Bancorp Finance Limited

Business Conduct
Our business is conducted with integrity and due regard to the legitimate interest of all stakeholders. In furtherance of this, the Company has adopted policies such as a Code of Ethics and Business Conduct and a Whistle blowing.

Environmental Policy
This policy statement serves to demonstrate the Company's responsibility to the environment and the pursuit of world-class vision in all aspects of its operations. The Company strives to comply with all present and future environmental laws and regulations and continuously improve the efficiency of its operations to minimise its impact on the environment.

HR Policy

Employment of disabled persons
It is the policy of the Company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. All employees, whether or not disabled, are given equal opportunities to develop. The Company's Policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

As at 31 December 2021, there was no disabled person in the employment of the Company (2020: Nil).

Employees' Involvement and Training
The Company is committed to keeping employees fully informed as much as possible, regarding the Company's performance and progress and seeking their views, wherever practicable, on matters which particularly affect them as employees.

The Company also encourages staff to invest in the Company's equity; held staff meetings that discussed the Company's day to day operations, business focuses and staff welfare issues.

Management, professionals and technical experts are the Company's major assets, and investment in their future development continues.

The Company's expanding skill base has been extended by a range of trainings provided to its employees whose opportunities for career development within the Company have thus been enhanced. Training is carried out at various levels through both in-house and external courses.

Corporate Governance Report

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonuses.

Health, Safety and Welfare of Employees
The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive. Thus, the Company's business premises guarantee the safety and living health conditions of its employees. Top health care providers have also been carefully selected to look after the health care needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters.

Independent Auditors
Messrs Ernst & Young have expressed their willingness to continue in office as Independent Auditors to the Company in accordance with Section 401 of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

By Order of the Board

Anne Agbo
FRC/2013/NBA/00000000855
DCSL Corporate Services Limited
Company Secretary Lagos, Nigeria
30 March 2022

Statement Of Corporate Responsibility For The Financial Statements

In line with the provision of S. 405 of CAMA 2020, we have reviewed the audited financial statements of the Company for the year ended 31 December 2021 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 31 December 2021.

iii. The Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the auditors in the course of the audit.

iv. The Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2021.

v. That we have disclosed to the Company's auditors and audit Committee the following information:

a. there are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of audit.

b. there is no fraud involving management or other employees which could have any significant role in the Company's internal control.

vi. There are no significant changes in internal controls or in the other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

....
Oluwarotimi Odeyemi
FRC/2013/ICAN/000000004223
Chairman

....
Aigboje O. Higo
FRC/2013/CISN/000000004240
Managing Director
28 March 2022

Statement Of Directors' Responsibilities In Relation To The Preparation Of The Financial Statements

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020; Investment and Securities Act No. 29 of 2007, the Financial Reporting Council Act No. 6, 2011, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria circulars and guidelines.

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and 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 the International Financial Reporting Standards, the relevant requirements of the Companies and Allied Matters Act, 2020, Investment and Securities Act No. 29 of 2007, the Financial Reporting Council Act No. 6, 2011, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria circulars and guidelines.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit or loss. 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.

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

Olutola O. Mobolurin
FRC/2014/CISN/000000003804
Chairman

Aigboje O. Higo
FRC/2014/CISN/000000004240
Managing Director

28 March 2022

Audit Committee Report To Members Of Capital Bancorp Plc

For The Financial Year Ended 31 December 2021

In compliance with section 359 (3) to (6) of the Companies of Allied matters Act 1990, the Audit Committee received the Audited Financial Statements for the year ended 31st December 2021 together with Management Control Report from the external auditors and management response thereto duly convened meeting of the committee.

We reviewed the scope and planning of the audit requirements and found them adequate.

After due consideration, the Committee accepted the Report of the External Auditors that the financial statement give a true and fair view of the state of the company's financial affairs as at December 2021 having been prepared in accordance with International Financial Reporting Standards (IFRS), agreed ethical practices and statutory requirements. The committee reviewed management's response to the External Auditors findings in the Management Control Report and we and the External Auditors are satisfied with Management response.

The committee considered and approved the provision made in the Financial Statements for the remuneration of the External Auditors.

We confirm that the internal control system was being constantly and effectively monitored through robust internal audit function.

The External Auditors confirm having received full cooperation from management in the course of their statutory audit.

The committee therefore recommended that the Audited Financial Statements for the year ended 31st December 2021 and the External Auditors' Report thereon be presented for adoption at this Annual General Meeting.

Dated 22nd December, 2022

MR J.T.O. CAULCRICK
CHAIRMAN, AUDIT COMMITTE

Other Members of the Audit Committee:
Ethel Olamide Fadipe
Barr. Olatunde Odanye
Mrs Cecilia Osipitan

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Report on the Audit of the Consolidated and Separate Financlal Statements

Opinion

be have audited the consolidated and separate financial statements of Capital Bancorp Plc {"the Company") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 20X1, and its consolidated and separate financial performance and consolidated and separate cash flows for the year fhei› ended in accordance with international Financial Reporting Standards, t*c provisions of the Companies and Allied Matters Act, 20?0, the Ranks and Uth°r r"inancial Institutions Act, Z020, the Investments and Securities Act, 2007, the F-inanciat Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria circulars and guidelines.

Basis for Opinion

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

Other In formation

The Directors are responsible for the other information. The other information comprises the information included in the document titled "capital Bancorp Plc Annual Report for the year ended 31 December 2021", which includes the Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Audit Committee's Report and Other National Disclosures. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Building a better

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

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

Responsibilities of the Directors for the Consolidated and Separate financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reportinq Standards, the provisions of the Companies and All‹ed Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a materlal 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 basls 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 rish of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery. intentional omissions, misrepresentations. or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’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 Director's use oi the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However. future events or conditions may cause the Group and/or the Company to cease to continue as a qoing concern.
- Evaluate the overall presentation, structure and contert of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent lahe underlying transactions and evenl s in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or b«siness

activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remdin solely responsible for our audit opinion.

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

From the matters communicated wi(’h the Directors, 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 o«r 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 out v9iqh the public interest benefits of such communication.

Peport on Other Legal and Regulatory Requirement
In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act. 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, propoer books of account have been kept by the Group and Company, in so far as it appears from our examination of those books;
- The consolidated and separate statements of financial position and the consolidated and separate statements of profit or loss and other comprehensive income are in aqreement with the books of account, and
- In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

In compliance with the Banks and Other Financial Institutions Act 2020 and relevant circulars Issued by the Central Bank of Nigeria:

- We confirm that our examination of the loans and advances and advances under finance lease were carried out in accordance with the Guidelines for Finance Companies issued by the Central Bank of Nigeria.
- Related party transactions and balances are disclosed in Note Z9 of the financial statements in compliance with the Central Bank of Nigeria circular BS0/1/2004.

Olwasayo Elumaro FCA
FRC/2012/ICAN/00000000139

For: Ernst & Young
Lagos, Nigeria

31 March 2022

Consolidated And Seperate Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2021

in thousands of Nigerian Naira		GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Gross earnings					
Interest and similar income	5.1	450,092	467,589	197,570	291,844
Interest and similar expense	5.2	(203,520)	(181,117)	(79,379)	(80,062)
Net interest income		246,572	286,472	118,191	211,782
Fees and commission income	6	67,685	137,918	4,072	55,192
Net trading income	7	67,504	104,067	51,918	104,067
Other operating income	8	61,073	128,152	50,775	127,335
Net operating lease income	9	76,481	74,416	-	-
Operating income		**519,315**	**731,025**	**224,956**	**498,376**
Credit loss (expense)/reversal	11	(19,705)	20,971	23,114	8,391
Fair value gain on held for trading	10	92,570	11,028	93,945	11,028
Net operating income		**592,180**	**763,024**	**342,015**	**517,795**
Personnel expenses	12	200,221	154,703	114,454	100,348
Depreciation	24.1	20,231	8,929	8,881	4,273
Other operating expenses	14	599,592	284,114	460,013	182,751
Total operating expenses		**820,044**	**447,746**	**583,348**	**287,372**
(Loss)/Profit before income tax		(227,864)	315,278	(241,333)	230,423
Income tax expense	15	(12,509)	(11,625)	(815)	(5,094)
(Loss)/Profit after income tax		**(240,373)**	**303,653**	**(242,148)**	**225,329**
Other comprehensive income:					
Revaluation gains on equity instruments at fair value through other comprehensive income*		537,653	259,427	537,653	259,427
Total items that will not be reclassified to profit or loss in subsequent period		537,653	259,427	537,653	259,427
Other comprehensive income for the year		537,653	259,427	537,653	259,427
Total comprehensive income for the year		**297,280**	**563,080**	**295,505**	**484,756**
(Loss)/Earnings per share					
Basic and diluted (kobo)	16	(31)	40	(32)	29

* These instruments are exempted from tax.

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

Consolidated And Separate Statement of Financial Position

For The Year Ended 31 December 2021

As at 31 December 2021 *in thousands of Nigerian Naira*	Notes	GROUP 31 December 2021	 31 December 2020	COMPANY 31 December 2021	 31 December 2020
ASSETS					
Cash and cash equivalents	17	1,674,347	1,545,001	893,953	1,507,991
Financial assets heldfor-trading	18	991,250	483,967	842,915	483,967
Loans and advances	19	1,031,507	436,104	10,436	9,635
Advances under finance lease	20	329,439	382,656	-	-
Investment securities	21	2,601,689	2,608,732	2,601,689	2,608,732
Trade and other receivables	22	2,450,284	472,055	2,459,111	1,117,554
Investment in subsidiaries	23	-	-	535,000	185,000
Property and equipment	24.1	417,831	277,119	306,104	97,793
Deferred tax asset	15.6	463	463	-	-
Total assets		9,496,810	6,206,097	7,649,208	6,010,672
LIABILITIES					
Borrowing	25	4,417,971	3,527,144	4,417,971	3,527,144
Trade and other payables	26	2,662,683	469,774	967,323	435,782
Income tax payable	15.5	11,854	25,510	793	3,496
Total liabilities		**7,092,508**	**4,022,428**	**5,386,087**	**3,966,422**
EQUITY					
Share capital	27	383,173	383,173	383,173	383,173
Share premium	27	17,867	17,867	17,867	17,867
Retained earnings	27	1,097,969	1,203,521	984,849	1,132,597
Fair value reserve	27	877,232	510,613	877,232	510,613
Statutory reserve	27	22,515	20,421	-	-
Regulatory reserve	27	5,546	48,074	-	-
Total shareholders' equity		**2,404,302**	**2,183,669**	**2,263,121**	**2,044,250**
Total liabilities and equity		**9,496,810**	**6,206,097**	**7,649,208**	**6,010,672**

The financial statements and accompanying notes to the consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 28 March 2022 and were signed on its behalf by:

Olutola.O Mobolurin
Chairman, Board of Directors
FRC/2013/CISN/000000003804

Aigboje O. Higo
Managing Director
FRC/2013/CISN/000000004240

Oluwarotimi Odeyemi
Chief Finance Officer
FRC/2013/ICAN/000000004223

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

Consolidated And Seperate Statements Of Changes In Equity

For The Year Ended 31 December 2021

Group *in thousands of Nigerian Naira*	*Notes*	**Share Capital**	**Share premium**	**Retained earnings**	**Fair value reserve**	**Statutory reserve**	**Regulatory reserve**	**Total equity**
At 1 January 2020		383,173	17,867	992,193	251,186	5,741	42,949	1,693,109
Profit for the year after tax				303,653				303,653
Other comprehensive income		-	-		259,427	-	-	259,427
Total comprehensive income for the year		-	-	303,653	259,427	-	-	563,080
Transfer to retained earnings	27	-	-	(5,125)		-	5,125	-
Transfer to regulatory reserve	27	-	-	(14,680)	-	14,680	-	-
Transfer to statutory reserve	27			-	-	-	-	-
Transactions with owners, recorded directly in equity contributions by and distribution to owners								
Dividend paid		-	-	(72,508)	-	-	-	**(72,508)**
As at 31 December 2020		383,173	17,867	1,203,521	510,613	20,421	48,074	2,183,669
As at 1 January 2021		383,173	17,867	1,203,521	510,613	20,421	48,074	**2,183,668**
Loss for the year after tax		-	-	(240,373)	-	-	-	**(240,373)**
Other comprehensive income		-	-	-	537,653	-	-	**537,653**
Total comprehensive income for the year		-	-	(240,373)	537,653	-	-	297,280
Transfer to regulatory reserve	27	-	-	42,530		-	(42,530)	-
Transfer to statutory reserve	27			(2,094)	-	2,094	-	-
Transactions with owners, recorded directly in equity contributions by and distribution to owners								
Reclassification to Retained earnings for equity instruments recognised as FVOCI				171,034	(171,034)			
Dividend paid	16	-	-	(76,634)	-	-	-	**(76,634)**
As at 31 December 2021		383,173	17,867	1,097,969	877,232	22,515	5,546	2,404,303

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

Company *in thousands of Nigerian Naira*	*Note*	**Share Capital**	**Share premium**	**Retained earnings**	**Fair value reserve**	**Total equity**
As at 1 January 2020		383,173	17,867	968,576	251,186	**1,620,802**
Profit for the year after tax		-	-	225,329	-	**225,329**
Other comprehensive income		-	-	-	259,427	**259,427**
Total comprehensive income for the year		-	-	225,329	259,427	484,756
Transactions with owners, recorded directly in equity contributions by and distribution to owners						
Dividend to equity holders		-	-	(61,308)	-	**(61,308)**
As at 31 December 2020		**383,173**	**17,867**	**1,132,597**	**510,613**	**2,044,250**
As at 1 January 2021		383,173	17,867	1,132,597	510,613	**2,044,250**
Loss for the year after tax		-	-	(242,148)	-	**(242,148)**
Other comprehensive income		-	-	-	537,653	**537,653**
Total comprehensive income for the year		-	-	(242,148)	537,653	295,505
Transactions with owners, recorded directly in equity contributions by and distribution to owners						
Reclassification to Retained earnings for equity instruments recognised as FVOCI				**171,034**	**(171,034)**	
Dividend to equity holders		-	-	(76,634)		**(76,634)**
As at 31 December 2021		**383,173**	**17,867**	**984,849**	**877,232**	**2,263,121**

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

Consolidated and Separate Statements of Cashflows

in thousands of Nigerian Naira	Notes	GROUP		COMPANY	
		31 December	31 December	31 December	31 December
Cash flow from operating activities		2021	2020	2021	2020
(Loss)/Profit before income tax		(227,864)	315,278	(241,333)	230,423
Adjustment for non-cash items:					
Depreciation of property and equipment	24	119,431	113,181	8,881	4,273
Credit loss reversal		19,705	(20,971)	(23,114)	(8,391)
Foreign exchange gain on Eurobond		52,300	(24,196)	52,300	(23,378)
Foreign exchange gain		(9,133)	(3,582)	(9,133)	(3,451)
Net trading income		(67,504)	(104,067)	(51,918)	(104,067)
Fair value gain on held for trading		(92,570)	(11,028)	(93,945)	(11,028)
Dividend income		(115,816)	(103,956)	(103,075)	(103,957)
Net interest income		(246,572)	(286,472)	(118,191)	(211,782)
Operating loss before changes in operating assets and liabilities		**(568,023)**	**(125,813)**	**(579,528)**	**(231,358)**
Change in loans and advances		(595,403)	(123,932)	(801)	33,722
Change in advances under finance lease		53,217	32,240	-	-
Change in trade and other receivables		(1,875,909)	(179,880)	(1,371,984)	(140,580)
Change in trade and other payables		2,192,909	(274,414)	531,541	(296,274)
Interest received		463,488	480,985	197,570	291,844
Interest paid		(203,520)	(181,117)	(79,379)	(80,062)
Income tax paid	15	(26,165)	(17,817)	(3,518)	(3,542)
Net cash used in operating activities		**(559,406)**	**(389,748)**	**(1,306,099)**	**(426,250)**
Cashflow from investing activities					
Net proceeds from disposal/maturity of investment securities		222,838	588,749	222,838	588,749
Acquisition of financial assets at Fair value through profit or loss		(1,018,833)	(533,639)	(1,018,833)	(533,639)
Proceeds from disposal of financial assets at Fair value through profit or loss		805,748	528,123	805,748	528,123
Acquisition of property and equipment	24	(260,142)	(26,472)	(244,093)	(26,112)
Dividend received		115,816	103,956	103,075	103,957
Net cash from investing activities		(134,573)	660,717	(131,265)	661,078
Cashflow from financing activities					
Change in borrowings	25	890,827	408,648	890,827	408,648
Dividend paid		(76,634)	(72,508)	(76,634)	(61,308)
Net cash used in financing activities		814,193	336,140	814,193	347,340
Net increase in cash and cash equivalents		120,214	607,110	(623,171)	582,169
Net foreign exchange difference		9,133	3,581	9,133	3,451
Cash and cash equivalents at 1 January		1,545,001	934,310	1,507,991	922,371
Cash and cash equivalents at 31 December	17	**1,674,348**	**1,545,001**	**893,953**	**1,507,991**

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


Bancorp Securities Ltd
a subsidiary of Capital Bancorp Plc
Buying and Selling of shares ,Bonds ,ETF's in Nigeria Capital Market has gotten easier with Bancorp TradePal
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Bancorp Securities Limited
Market is currently closed!
Select a board
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Market View - 12-Aug-2022
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Email:
Stockbroking@capitalbancorpgroup.com
BANCORP SECURITIES LTD
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Notes to the Financial Statements

For The Year Ended 31 December 2021

1. Corporate Information

Capital Bancorp PLC (the “Company”) is a company domiciled in Nigeria. The address of the Company’s registered office is 1 Davies Street, Off Marina, Lagos. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 include the Company and its subsidiaries (Bancorp Bureau De Change Limited and Bancorp Finance Limited; together referred to as the “Group” and individually as “Group entities”). The Company primarily is registered as an issuing House and Broker/Dealer by Nigerian Securities and Exchange Commission (SEC). The Company is also licensed by Central Bank of Nigeria as a Finance House. The Company converted to a Public Liability Company on 13 February 2012. The Company changed its accounting year end in 2012 from 31 March to 31 December in compliance with regulatory requirement.

2. Basis of preparation

2.1. Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, 2020, Investment and Securities Act No. 29 of 2007, the Financial Reporting Council Act No. 6, 2011, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria circulars and guidelines. The consolidated and separate financial statements were authorised for issue by the Directors on 25 March 2021.

2.2. Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousands.

2.3. Basis of measurement

These financial statements are prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- financial instruments at fair value through other comprehensive income (FVTOCI)

2.4. Use of estimates and judgements

In the application of the Group’s accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Critical judgments in applying the Group’s accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going Concern
The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed, and appropriate action taken to ensure that there are no going concern threats to the operation of the Group. The Directors have made

assessment of the Group and the Company's ability to continue as a going concern and have no reason to believe that the Group and the Company will not remain a going concern in the next 12 months ahead.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Group uses valuation techniques to measure such instruments. These techniques use “market observable inputs” where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Group estimates the non-market observable inputs used in its valuation models.

2. Basis of preparation continued

2.4. Use of estimates and judgements continued Deferred tax assets and liabilities
The carrying value at the reporting date of net deferred tax asset/(liabilities) is N463,000 (2020: N436,000).
Further details on taxes are disclosed in Note 13.4 to the financial statements.

Impairment of financial assets

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost.

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1 The Group recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2 The Group recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3 The Group recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Group’s definition of default is aligned with the regulatory definition.

The Group does not have purchase originated credit impaired financial assets.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigates such as collateral or guarantees.

Specifically, the financial asset is credit impaired and in stage 3 when: the Group considers the obligor is unlikely to pay its credit obligations to the Group. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Group is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Group's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated
based on the probability - weighted present value of the difference between:

1) The contractual cash flows that are due to the Group under the contract; and

2) The cash flows that the Group expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Expected lifetime:
The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Group measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

2.5. Changes in accounting policies and disclosures New and amended standards and interpretations
Except for the following new standards, the Group has consistently applied the accounting policies as set out in the Notes to the Financial Statements to all periods presented in these financial statements. The Group has adopted this New standard with initial date of application of January 1, 2020.

a) Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Group.

b) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide 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 uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the financial statements of the Group as it does not have any interest rate hedge relationships.

c) Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

iv) Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

v) Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid- 19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Group.

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements.

The accounting policies have been applied consistently by the Group entities.

3. Significant accounting policies continued

3.1. Basis of consolidation

1) Subsidiaries

The Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiary have been changed where necessary to align with the policies adopted by the Group.

In the separate financial statements, investments in the subsidiary entity are carried at cost. At the date of transition to IFRSs, the Company elected to carry these investments at deemed cost determined as the previous GAAP carrying amounts for the purposes of application of IFRS 1.

2) Transactions eliminated on consolidation

Intra-group balances, incomes and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

i) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in profit or loss.

Translation differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non- monetary financial investments available-for-sale, unrealized exchange differences are recorded in profit or loss and other comprehensive income until the asset is sold or becomes impaired.

3.3 Interest

Interest income and expense are recognised in the statement of profit or loss and other 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 carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.4 Fair value changes

Fair value changes on financial assets carried at fair value through profit or loss, are presented in the statement of profit or loss while fair value changes on other financial instruments at fair value are presented in the statement profit and loss and other comprehensive income.

3.5 Fees and commission

Fees and commission income and expenses: Management fees, Commitment fee and Processing fees that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Net fees and commission income as disclosed in the statement of profit or loss include stockbroking commission, asset management fees, financial advisory fees and other fee income as the related services are performed.

3.6 Net trading income

Net trading income comprises net gains or losses related to disposal of assets classified as held for trading. There were no available for sale instruments sold in the current or prior year, therefore no gains recycled to statement profit or loss and other comprehensive income.

3.7 Other operating income

Other operating income comprises dividends and sundry income.
3. Significant accounting policies continued

3.8 Dividends

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for equity securities. Dividends are reflected as a component of other income.

3.9 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or equity respectively.

Current tax 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 provided using the balance sheet liability method, providing for 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 and the entity can control the reversal. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.10 Financial instruments

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

3.10.1 Recognition and initial measurement

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. The Group uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

The Group classifies its financial assets under IFRS 9, into the following measurement categories:

- those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling),
- those to be measured at fair value through profit or loss (FVTPL); and • those to be measured at amortised cost.

The classification depends on the Group'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 Group also classifies 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.

3.10.1.2 Subsequent measurements

The subsequent measurement of financial assets depend on its initial classification:

(i) Debt instruments

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:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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 recognised in profit or loss when the asset is derecognised 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 amortisation 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.

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 individually and in aggregate (even if frequent).

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

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

- Definition of Insignificance: For financial assets within the hold to collect (HTC) portfolio, management considers the sale of assets within this portfolio 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 Group's definition of infrequent sale as it relates to financial instruments within the amortised cost portfolio will be based on the number of sales within a quarter. The management has decided that any sales not more than once a quarter would be considered as an infrequent sales.
- Definition of Closeness to maturity: The management defines close to maturity as instruments with less than one year to maturity.

Fair value through other comprehensive income (FVOCI): Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity.
Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal or derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net gains on investment securities while the cumulative impairment losses recognised in the OCI and accumulated in equity will be reclassified and credited to profit or loss. Interest income from these financial assets is determined using the effective interest method and recognised in profit or loss as 'Investment income'.
The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described further in Note 3.10.1.5.

Fair value through profit or loss (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 or loss and is 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 recognised in profit or loss as 'Investment income'.

ii) Equity instruments

The Group subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment- by-investment basis at the initial recognition of the instrument. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income (under Investment income) when the Group'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 recognised in Net fair value gain/(loss) in the profit or loss.

ddition, the Group may irrevocably designate a 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 would otherwise arise. This is done on initial recognition of the instrument.

The Group makes an assessment of the objective of a business model in which an 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:

1) 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 realising cash flows through the sale of the assets;
2) How the performance of the portfolio is evaluated and reported to management;
3) 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;
4) 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
5) 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 Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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 Group assesses the contractual terms of financial Instruments 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 Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the 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 Group 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 Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- 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 cash flows are solely payment of principal and interest.

Financial liabilities
All financial liabilities are recognised initially at fair value and subsequently measured at amortised cost. The measurement of financial liabilities depends on their classification as follows:

Borrowing

The Group has as part of its financial liability borrowing of a Commercial Paper nature. A Commercial Paper is an unsecured, short term debt instrument issued by the Group. The maturities range from 30 to 90 days. The borrowing is a financial liability which is measured at amortised cost. The amortised cost of a financial liability or asset is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.10.1.3 Reclassifications

The Group reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification 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 Group's operations.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model.
Reclassification is applied prospectively from the 'reclassification date'.

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 Group changes its business model for managing financial assets that are debt instruments.

A change in the objective of the Group's business occurs only when the Group 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

hen reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model.
Reclassification is applied prospectively from the 'reclassification date'.

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 liabilities are not reclassified after initial classification.

i) Financial assets

If the terms of a financial asset are modified, the Group 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 amortised 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 or loss as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'.

3.10.1.4 Modifications of financial assets and financial liabilities

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group 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 purchased or 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 year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Group considers 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 Group will perform a 10 test (see below) to determine whether or not the modification is substantial.Scenarios where modification will not lead to derecognition of existing financial assets are:

- Change in interest rate

Quantitative criteria
A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. 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 fees 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 (see below) 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 asset are included in calculating the cash shortfalls from the existing asset

- 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 year.

ii) Financial liabilities

The Group derecognises a financial liability when its terms are modified 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 or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

3.10.1.5. Impairment of financial assets

a. Overview of the Expected Credit Losses (ECL) principles

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

- Financial assets that are debt instruments
- Trade receivables and contract assets
- Financial guarantees issued

In this section, the instruments mentioned above are all referred to as ‘financial instruments’ 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 account receivable are always measured at an amount equal to lifetime ECL. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

- Stage 1: When financial assets are first recognised, the Group 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 Group 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 Group records an allowance for the LTECLs.
- POCI: Purchased 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.

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 Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 3) to 12-months ECL (Stage 2).

In addition to the 90 days probationary period above, the Group also observes a further probationary period of 90 days to upgrade from Stage 2 to 3. 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 Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

a. The calculation of ECLs

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

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- 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 difference 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 Group 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 12-month 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 Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by 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 Group records an allowance for the 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 Group recognises 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 assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

b. Debt instruments measured at fair value through OCI

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

c. Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that 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 Group on terms that the Group 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 Group only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

d. Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms: post-employment employee welfare benefits for staff loans, title documents of assets for commercial loans, title documents of assets to be financed for finance leases etc.

The Group's accounting policy for collateral assigned to it through its lending arrangements under is as stated, collateral,
unless repossessed, is not recorded on the Group's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

e. Presentation of allowance for ECL in the statement of financial position

Loan allowances 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 FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their 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 the outstanding debt;
- amount obtained from realisation of credit collateral security leaves a balance 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 Credit and Risk Committee, as defined by the Group. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee.

A write-off constitutes 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 Group'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 models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Crude oil price

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

3.10.1.6. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3.10.1.7. Derecognition of financial assets - policy applicable for current and comparative periods

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired, and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

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

When an entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the entity's continuing involvement in it.

In such case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that has retained.

Any interest in such derecognised asset financial asset that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required to repay.
3.10.1.8. Derecognition of financial liabilities

A financial liability is derecognised when, and only when the contractual obligation under the liability is discharged or cancelled, or expires.

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.

The difference in the respective carrying amounts is recognised in profit or loss.

3.10.1.9. Write off

The Group writes off a financial asset (and any related allowances for impairment losses) when the Group'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/issuer'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 Group's procedures for recovery of amount due.

3.10.1.10. Offsetting of financial instruments - policy applicable for current and comparative periods

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if the Group has a current enforceable legal right to offset the recognized amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.10.1.11. Income and expenses (Revenue recognition)

3.10.1.11. Interest income and expense

Interest income and expenses are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- **The gross carrying amount of the financial asset; or**
- **The amortised cost of the financial liability.**

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit- impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

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

a. Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

b. Calculation of interest income and expenses

The Group calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortised cost of the asset.

The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

c. Presentation

Interest income and expense presented in the profit or loss includes:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and Interest income and expense on all assets and liabilities measured at FVTPL are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "net fair value gains/(losses)".

Financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.11 Dividend income: policy applicable for current and comparative periods

Dividend income is recognised in profit or loss when the right to receive income is established.
Usually, this is the ex-dividend date for equity securities. Dividends are reflected as a component of other income.

3.12. IFRS 15

IFRS 15 provides the accounting requirements for all revenue arising from contracts with customers.

It specifies the requirements an entity must apply to measure and recognise revenue and the related cash flows. The core principle of the standard is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The principle in IFRS 15 is applied using the following five steps:

1) Identify the contract(s) with a customer
2) Identify the performance obligations in the contract(s)
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations
5) Recognise revenue when (or as) the entity satisfies each performance obligation

An entity will need to exercise judgement when considering the terms of the contract(s) and all of the facts and circumstances, including implied contract terms. An entity also will have to apply the requirements of IFRS 15 consistently to contracts with similar characteristics and in similar circumstances. On both an interim and annual basis, an entity will generally need to disclose more information than it does under current IFRS. Annual disclosures will include qualitative and quantitative information about the entity's contracts with customers, significant judgements made (and changes in those judgements) and contract cost assets.

3.12.1. Recognition of Revenue

a. Fee and commission

The fee and commission income includes stockbroking commission, asset management fees, financial advisory fees, commercial papers intermediation income and foreign exchange trading commission. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognises fee and commission income charged for services provided by the Group as the services are provided (for example on completion of the underlying transaction). This could either be at a point in time or over time. Some of the services that the Group provides are generally satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Group as it performs the service.

In certain cases, IFRS 15 permits an entity to recognise revenue for the amount it has the right to invoice, if that amount corresponds to the value it transferred to the customer during that period.

This practical expedient is available only for the recognition of revenue for performance obligations that are satisfied over time using an output method measure of progress. Where the Group qualifies for this practical expedient, the pattern of revenue recognition under IFRS 15 may be similar to current practice (e.g., recognition of revenue on an as-invoiced basis), depending on the Group's estimates of variable consideration.

Sale of property, plant and equipment

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. In determining the transaction price (i.e. the net disposal proceed) for the sale of equipment, the Group will consider the effects of variable consideration, the existence of significant financing components (i.e. consideration for the effects of the time value of money), non-cash consideration, and consideration payable to the customer (if any). 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 derecognized under 'Other operating income'.

3.13. Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Central Bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.14. Property and equipment

i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

ii) Subsequent costs

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. 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:
Furniture and equipment 5 years Motor vehicles 4 years
Land Not depreciated

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

iv) 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. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 respect of trade and other receivables, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.16. Employee benefits

(i) Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

3.17. Share capital and reserves

(i) Dividend on ordinary shares
Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

(ii) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company 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.

3.18. Fiduciary activities

The Group commonly acts as trustees and 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 income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3.19. Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group did not recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases office building.

The Group does not have any leased assets categorised as low-value assets. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.19.1 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred. All other leases are considered finance leases.

Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. All other leases are considered finance leases.

3.20. New standards and interpretations not yet adopted

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

I) IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

ii) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments are effective for annual periods beginning on or after 1 January 2021

The amendments are not expected to have any material impact as the Group does not have instruments linked to IBOR.

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

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

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

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

iv) Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and

Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.
The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

) Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

vi) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

vii) IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First- time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.
viii) IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only

those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Group.

ix) IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.
The amendments are not expected to have any impact on the Group.

4 Financial Risk Management

Risk management policies and standards are set for each risk type, adopting a standard methodology consisting of five risk management steps: identification, assessment, controlling, reporting and management. Each of the five steps is adopted for each risk type.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Investment securities
- Loans and receivables
- Borrowing
- Mandatory deposit
- Trade receivables
- Financial assets held-for-trading
- Trade payables

A. General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

B Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Description of management of credit risk

The Group is mainly exposed to credit risk from loans and advances. It is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the extending facility to the customer.

4.2.1 Impairment assessment

4.2.1.1 Definition of default and cure

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

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Bank

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

4.2.1.2 The group's PD estimation process

In generating PD for different portfoilio in the group, the group use two process depending on the financial instruments:

(1) Portfolio Migration approach
(2) Credit rating approach

Portfolio Migration Approach

The PDs for loans and advances and Advances under finance lease were computed using the portfolio migration. Up to 4years historical information are to be generated to determine the movement of performing loan to non performing loans over the available observable periods. The yearly PDs are obtained by dividing the non performing loans at year end over the performing loans as at the beginning of the year. Thereafter an average of the four years would finally be obtained for each portfolio which is called 12 months Unadjusted PDs. These 12 months Unadjusted PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

4.2.2.3 Corporate Loans

For corporate loans, the borrowers are assessed by specialised credit risk employees of the Company. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or CDS prices or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the company and the complexity and size of the customer. Some of the less complex small business loans are rated within the Bank's models for retail products.

4.2.2.4 Retail Loans

Retail loans comprises loans granted to individuals. The product is classified as less complex small business lending and are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing

4.2.2.5 Credit Rating Approach

The group build on information from Good Rating Agencies such as Standard and poors, Moody's, Augusto and Fitch. These information sources are first used to determine the PDs for the group financial instruments. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

4.2.2.6 Exposure at Default

The exposure at default(EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the group assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9
Pds are then assigned to each economic scenario based on the outcome of group's models.

4.2.2.7 Loss given default

The group segments its products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product types) as well as borrower

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in historical recoveries and outstanding exposure, payment status or other factors that are indicative of losses in the group.

4.2.2.8 Significant increase in credit risk

The group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Life time ECL, the group assesses whether there has been a significant increase in credit risk since initial recognition. The company considered an exposures to have significantly increased in credit risk in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition.

The group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the group may also consider that events explained under definition of default as significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments for loans with 180 days or less, more than 180 days but less than 10 years and more than 10 years are 7 days past due, 30 days past due and 90 days past due respectively, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

4.2.2.9 Collateral

The group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Properties.
- Vehicles.
- Shares.
- Salaries.
- Office equipment.
- Dredgers.
- Generators.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In its normal course of business, the group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Board Credit Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the credit portfolio ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers graded as "high risk" were placed on a restricted customer list, and future credit extension made only with approval of the Risk Management Committee.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

4.2.3 Exposure to credit risk

The tables below show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Exposure to credit risk		**2021**	**2020**	**2021**	**2020**
For the year ended 31 December	Note	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	17	1,676,857	1,547,657	895,390	1,510,622
Loans and advances	19	1,031,507	436,104	10,436	9,635
Advances under finance leases	20	329,439	382,656	-	-
Account receivables	22	300,444	333,550	320,029	328,121
Debt Instruments at Amortised cost	21	1,373,957	1,649,095	1,373,957	1,649,095
Carrying amount		**4,712,204**	**4,349,062**	**2,599,812**	**3,497,473**

The amount reported above is net of impairment provisions.

In measuring credit risk of loans and advances to various counterparties, the Group considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. The Group’s policy is to lend principally on the basis of our customer’s repayment capacity through quantitative and qualitative evaluation. However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

4.2.4 Analysis of risk Concentration

The group's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2021 was N4.72 Billion (2020: N4.34 Billion), before taking into account collateral or other credit enhancements.

The following table shows the risk concentration by industry for the components of the statement of financial position. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the company's year-end stage classification are further disclosed in Notes 4.2.3 and 4.2.5.

Industry analysis	Financial services	Government	Others	Total
in thousands of Nigerian Naira				
Cash and cash equivalents	1,674,348	-	-	1,674,348
Loans and advances	-	-	1,031,507	1,031,507
Advances under finance leases	-	-	329,439	329,439
Account receivables	-	-	300,444	300,444
Debt Instrument at Amortised cost	1,104,628	269,329	-	1,373,957
	2,778,976	269,329	1,661,390	4,709,695

31 December 2020 *in thousands of Nigerian Naira*	Financial services	Government	Others	Total
Cash and cash equivalents	1,544,927	-	-	1,544,927
Loans and advances	-	-	436,104	436,104
Advances under finance leases	-	-	382,656	382,656
Account receivables	-	-	333,550	333,550
Debt Instrument at Amortised cost	1,019,923	2,155,080	-	3,175,003
	2,564,850	2,155,080	1,152,310	5,872,240

4.2.5 Credit quality of financial assets

Group

	Note	Neither past due not impaired ₦000	Past due but not impaired ₦000	Individually impaired ₦000	Total ₦000	Carrying amount ₦000
For the year ended 31 December 2021						
Cash and cash equivalents	17	1,676,857	-	-	1,676,857	1,676,857
Loans and advances	19	1,031,507	-	17,625	1,049,132	1,031,507
Advances under finance leases	20	329,439	-	70,160	399,599	329,439
Account receivables	22	320,029	-	34,477	354,506	320,029
Financial assets measured at amortised cost	21	1,373,957	-	-	1,373,957	1,373,957
Carrying amount		**4,731,789**	**-**	**122,262**	**4,854,051**	**4,731,789**
For the year ended 31 December 2020						
Cash and cash equivalents	17	1,547,657	-	-	1,547,657	1,547,657
Loans and advances	19	436,104	-	22,153	458,257	436,104
Advances under finance leases	20	382,656	-	23,247	405,903	382,656
Account receivables	22	333,550	-	112,510	446,060	333,550
Financial assets measured at amortised cost	21	1,649,095	-		1,649,095	1,649,095
Carrying amount		**4,349,062**	**-**	**157,910**	**4,506,972**	**4,349,062**

4.2.5 Credit quality of financial assets

Company		Neither past due not impaired	Past due but not impaired	Individually impaired	Total	Carrying amount
		₦000	₦000	₦000	₦000	₦000
For the year ended 31 December 2021						
Cash and cash equivalents	17	895,390	-	-	895,390	895,390
Loans and advances	19	10,436	-	-	10,436	10,436
Account receivables	22	320,029	-	14,892	334,921	320,029
Debt Instrument at Amortised cost	21	1,373,957	-	-	1,373,957	1,373,957
Carrying amount		**2,599,812**	**-**	**14,892**	**2,614,704**	**2,599,812**
For the year ended 31 December 2020						
Cash and cash equivalents	17	1,510,622	-	-	1,510,622	1,510,622
Loans and advances	19	9,635	-	-	9,635	9,635
Account receivables	22	328,121	-	112,510	440,631	328,121
Debt Instrument at Amortised cost	21	1,649,095	-	-	1,649,095	1,649,095
Carrying amount		**3,497,473**	**-**	**112,510**	**3,609,983**	**3,497,473**

4.2.5 Credit quality of financial assets

Type of collateral or credit enhancement

Group	Fair value of collateral and credit enhancements held					
	Exposure to credit risk	Securities	Machineries vehicles&other	Surplus collateral	Net collateral	Net exposure
	₦000	₦000	₦000	₦000	₦000	₦000
31 December 2021						
Cash and cash equivalents	1,676,857	-	-	-	-	1,676,857
Loans and advances	1,031,507	-	1,289,384	(257,877)	1,031,507	-
Advances under finance leases	329,439	-	411,799	(82,360)	329,439	-
Account receivables	320,029	-	-	-	-	320,029
Investment securities HTM	1,373,957	-	-	-	-	1,373,957
Carrying amount	**4,731,789**	**-**	**1,701,183**	**(340,237)**	**1,360,946**	**3,370,843**
31 December 2020						
Cash and cash equivalents	1,547,657	-	-	-	-	1,547,657
Loans and advances	436,104	-	545,130	(109,026)	436,104	-
Advances under finance leases	382,656	-	478,320	(95,664)	382,656	-
Account receivables	333,550	-	-	-	-	333,550
Investment securities HTM	1,649,095	-	-	-	-	1,649,095
Carrying amount	**4,349,062**	**-**	**1,023,450**	**(204,690)**	**818,760**	**3,530,302**

Company	Fair value of collateral and credit enhancements held					
	Exposure to credit risk	Securities	Machineries vehicles & other	Surplus collateral	Net collateral	Net exposure
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2021						
Cash and cash equivalents	895,390	-	-	-	-	895,390
Loans and advances	10,436	-	-	-	-	10,436
Account receivables	320,029	-	-	-	-	320,029
Debt instruments at amortised cost	1,373,957	-	-	-	-	1,373,957
Carrying amount	**2,599,812**	-	**-**	**-**	**-**	**2,599,812**
31 December 2020						
Cash and cash equivalents	1,510,622	-	-	-	-	1,510,622
Loans and advances	9,635	-	-	-	-	9,635
Account receivables	328,121	-	-	-	-	328,121
Debt instruments at amortised cost	1,649,095	-	-	-	-	1,649,095
Carrying amount	**3,497,473**	-	**-**	**-**	**-**	**3,497,473**

4.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances and (as noted above) the value of the Group's investments .

At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

4.3 Liquidity risk

4.3.1 Maturity analysis for financial assets and liabilities

The table below shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial assets and liability or commitment.

The Group

31 December 2021	Carrying amount ₦'000	Less than 1 month ₦'000	1-3 Months ₦'000	3 months to 1 year ₦'000	1-5 years ₦'000	More than 5 years ₦'000
Cash and cash equivalents	1,674,347	94	1,672,057	-	-	2,196
Loans and advances	443,808	-	115,390	84,324	244,094	-
Advances under finance leases	484,760	-	14,543	145,428	324,789	
Debt instruments at amortised cost	1,373,957	-	-	-	1,373,957	
Trade and other receivables	2,428,100	-	2,428,100	-	-	-
Total assets	**6,404,972**	**94**	**4,230,090**	**229,752**	**1,942,841**	**2,196**
Borrowings	4,417,971	125,155	1,787,684	2,505,132	-	-
Clients' account	-	-	-	-	-	-
Total liabilities	**4,417,971**	**125,155**	**1,787,684**	**2,505,132**	**-**	**-**
Liquidity gap	1,987,001	(125,061)	2,442,406	(2,275,380)	1,942,841	2,196

The Group

31 December 2020	Carrying amount ₦'000	Less than 1 month ₦'000	1-3 Months ₦'000	3 months to 1 year ₦'000	1-5 years ₦'000	More than 5 years ₦'000
Cash and cash equivalents	1,545,001	74	1,544,927	-	-	-
Loans and advances	436,104	-	103,279	74,756	258,069	-
Advances under finance leases	382,656	-	16,622	167,995	198,039	-
Debt instrument at amortised cost	1,649,095	-	-	-	1,649,095	-
Trade and other receivables	450,239	-	450,239	-	-	-
Total assets	**4,463,095**	**74**	**2,115,067**	**242,751**	**2,105,203**	**-**
Borrowings	3,527,144	818,477	1,486,941	1,221,726	-	-
Clients' account	258,720	-	258,720	-	-	-
Total liabilities	**3,785,864**	**818,477**	**1,745,661**	**1,221,726**	**-**	**-**
Liquidity gap	**677,231**	**(818,403)**	**369,406**	**(978,975)**	**2,105,203**	**-**

C Liquidity risk

The Company

31 December 2021	Carrying amount ₦'000	Less than 1 month ₦'000	1-3 Months ₦'000	3 months to 1 year ₦'000	1-5 years ₦'000	More than 5 years ₦'000
Cash and cash equivalents	893,953	94	891,663	-	-	2,196
Loans and advances	10,436	-	10,436	-	-	-
Debt instruments at amortised cost	1,373,957	-	-	-	1,373,957	-
Trade and other receivables	2,442,593	-	-	2,442,593	-	-
Total assets	**4,720,939**	**94**	**902,099**	**2,442,593**	**1,373,957**	**2,196**
Borrowings	4,417,971	125,155	1,787,684	2,505,132	-	-
Clients'account	-	-	-	-	-	-
Total liabilities	**4,417,971**	**125,155**	**1,787,684**	**2,505,132**	**-**	**-**
Liquidity gap	302,968	(125,061)	(885,585)	(62,539)	1,373,957	2,196

C Liquidity risk

The Group

31 December 2020	Carrying amount ₦'000	Less than 1 month '000	1-3 Months ₦'000	3 months to 1 year ₦ '000	1-5 years '000	More than 5 years ₦'000
Cash and cash equivalents	1,507,991	68	1,507,923	-	-	-
Advances under finance leases	9,635		9,635	-	-	
Debt instruments at amortised cost	1,649,095			-	1,649,095	
Trade and other receivables	1,046,347	-	-	1,046,347	-	-
Total assets	**4,213,068**	**68**	**1,517,558**	**1,046,347**	**1,649,095**	**-**
Borrowings	3,527,144	818,477	1,486,941	1,221,726	-	-
Clients' account	258,720	-	258,720	-	-	-
Total liabilities	**3,785,864**	**818,477**	**1,745,661**	**1,221,726**	**-**	**-**
Liquidity gap	**427,204**	**(818,409)**	**(228,103)**	**(175,379)**	**1,649,095**	**-**

D Market risks

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(I) Price risk

The Group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity of other entities that are publicly traded are quoted on the Nigerian Stock Exchange and Over the Counter (OTC) market.

The table below summarises the impact of increases/decreases of the Group's equity investments on the group's post-tax profit for the year . The analysis is based on the assumption that the equity indexes had increased/ decreased by 1   with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index:

D Market risks

(i) Price risk

For the Group and Company

	Carrying amount of quoted equity investment	Carrying amount of fair value gain/loss on FVTPL (equity investments alone)	Increase/ (decrease)	Impact on profit	Impact on equity
	₦'000	₦'000	%	₦'000	₦'000
31 December 2021					
Financial assets at Fair value through profit or loss	842,915				
OTC quoted equities	1,227,732		1%	-	12,277
				-	-
31 December 2020					
Financial assets at Fair value through profit or loss	483,967				
OTC quoted equities	959,637	-	1%	-	9,596

The difference between the amount impact on profit and on equity is the effect of tax implication at 30%

Quoted equity investments are classified as financial assets held-for-trading and OTC quoted equities are classified as hold to collect and sell.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest rate instruments expose the Group to fair value interest risk. The Group is not exposed to cash flow interest risk and the group does not have floating interest bearing financial instruments.

The Group has no significant concentration of interest rate risk.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021 and 2020.
The Company monitors capital using a gearing ratio, which is shareholders' fund divided by net debt. The Company includes within net debt, interest bearing loans and borrowing less cash and cash equivalents. The lowest acceptable target gearing ratio is negative 25%

in thousands of Nigerian Naira	GROUP 31 December 2021	GROUP 31 December 2020	COMPANY 31 December 2021	COMPANY 31 December 2020
Borrowings	4,417,971	3,527,144	4,417,971	3,527,144
Less: cash and cash equivalents	1,958,056	2,174,707	1,176,589	2,137,672
Net debt	2,459,915	1,352,437	3,241,382	1,389,472
Shareholders' fund	2,404,302	2,183,669	2,263,121	2,044,250
Gearing ratio	**102.31%**	**61.93%**	**143.23%**	**67.97%**

E Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, 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 where all significant inputs are directly or indirectly observable from market data.

Level 3:Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

31 December 2021

Description	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
For the Group and Company				
Financial assets held-for-trading	842,915	-	-	842,915
Investment securities:				
Hold to collect and sell	1,227,732	-	-	1,227,732
	2,070,647	**-**	**-**	**2,070,647**

During the reporting period ended 31 December 2020, there were no transfers between level 1 and level 2 and in and out of level 3.

31 December 2021

Description	Level 1	Level 2	Level 3	Total
	₦'000	₦'000	₦'000	₦'000
For the Group and Company				
Financial assets held for trading	483,967	-	-	483,967
Investment securities:				
Fair value through OCI	959,637	-	-	959,637
	1,443,604	**-**	**-**	**1,443,604**

During the reporting period ended 31 December 2021, there were no transfers between level 1 and level 2 and in and out of level 3.

The unquoted investment for which fair values could not be reliably estimated have been carried at cost less impairment. The assessment of their fair value requires too much judgements. They are carried at cost, being the fair value of the consideration paid for the acquisition of the investment. All transactions costs directly attributable to the acquisition are also included in the cost of the investment. The investment is in respect of privatisation of power sector by the Federal Government of Nigeria, the operation is yet to take off. There is no market for this investment and the Group intends to hold it for the long term.

5 Net interest income

in thousands of Nigerian Naira		GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
5.1 Interest and similar income					
Interest on Treasury bills and money market		150,543	225,902	110,300	225,902
Interest on loans and advances		84,497	58,814	-	-
Interest on advances under finance lease		127,781	116,931	-	-
Interest on bonds		87,270	65,942	87,270	65,942
Total interest income		**450,091**	**467,589**	**197,570**	**291,844**
5.2 Interest and similar expense					
Borrowings		(203,520)	(181,117)	(79,379)	(80,062)
Total interest expense		**(203,520)**	**(181,117)**	**(79,379)**	**(80,062)**
6 Fees and commission income					
Stockbroking commissions		52,566	52,190	2,402	52,190
Financial advisory fee		1,670	19,176	1,670	3,002
Foreign exchange trading commission		13,448	66,552	-	-
Total fees and commission income		**67,684**	**137,918**	**4,072**	**55,192**
7 Net trading income					
Held for trading-realised gain		65,061	104,067	51,918	104,067
		65,061	**104,067**	**51,918**	**104,067**
8 Other operating income					
Dividends from investments		105,518	103,956	103,075	103,957
Sundry income		10,298	-	-	-
Foreign exchange gain on Eurobond		(52,300)	24,196	(52,300)	23,378
Total other operating income		**63,516**	**128,152**	**50,775**	**127,335**
9 Net operating lease income					
Operating lease income		175,681	178,668	-	-
Depreciation - leased assets	24	(99,200)	(104,252)	-	-
Total net operating lease income		**76,481**	**74,416**	**-**	**-**

10 Fair value gain on held for trading

in thousands of Nigerian Naira	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Fair value gain: held for trading*	92,570	11,028	93,945	11,028
	92,570	**11,028**	**93,945**	**11,028**

*Fair value gain on held for trading items is fair value changes on financial assets carried at fair value through profit or loss, which is unrealised as at year end.

11 Credit loss (expense)/reversal

The table below shows the credit loss (expense)/reversal on financial instruments for the year recorded in profit or loss for the year ended 31 December 2021:

	2020	2021	2020	2021
Cash and cash equivalents	1,082	13,765	1,174	13,617
Loans and advances	4,528	(1,858)	-	-
Advances under finance lease	(46,913)	6,071	-	-
Others	21,598	2,993	21,940	(5,226)
Total credit loss reversal/(expense)	**(19,705)**	**20,971**	**23,114**	**8,391**

Group
2021
in thousands of Nigerian Naira

	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	1,082			1,082
Loans and advances	(4,295)	(40)	8,863	4,528
Advances under finance lease	(24,897)	-	(22,016)	(46,913)
Debt instruments measured at amortised costs	-	-	-	-
Impairment reversal on other assets	21,598	-	-	21,598
Total credit loss (expense)	(6,512)	(40)	(13,153)	(19,705)

2020
in thousands of Nigerian Naira

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents	13,765	-	-	13,765
Loans and advances	(108)	-	(1,750)	(1,858)
Advances under finance lease	6,071	-	-	6,071
Debt instruments measured at amortised costs	2,993	-	-	2,993
Total credit loss reversal	22,721	-		20,971

2021
in thousands of Nigerian Naira

		Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents		1,174			1,174
Intercompany receivables	22	21,940	-	-	21,940
Debt instruments measured at amortised costs	-		-	-	-
Account receivables	22	-	-	-	-
Total credit loss reversal		23,114	-	-	23,114

2020
in thousands of Nigerian Naira

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents	13,617	-	-	**13,617**
Intercompany receivables	(8,219)	-	-	**(8,219)**
Debt instruments measured at amortised costs	2,993	-	-	**2,993**
Total impairment loss	8,391	-	-	8,391

12 Personnel expenses

		GROUP		COMPANY	
in thousands of Nigerian Naira		2021	2020	2021	2020
Salaries and wages		179,057	136,903	101,661	85,143
Defined pension contribution		16,447	13,338	10,457	10,743
Staff training		4,716	4,462	2,336	4,462
		200,220	**154,703**	**114,454**	**100,348**

13 Depreciation

Depreciation		20,232	8,929	8,882	4,273
		20,232	**8,929**	**8,882**	**4,273**

14 Other operating expenses

Auditors remuneration		17,450	14,500	8,500	8,500
Directors fees and expenses		37,043	38,699	19,072	19,644
Others	14.1	545,099	230,915	432,441	154,607
		599,592	**284,114**	**460,013**	**182,751**

14.1 Others

Advertising		9,004	2,130	5,182	705
Bank charges		2,552	5,351	758	2,826
Consultancy fee		7,774	2,446	-	519
Insurance		7,125	7,123	3,954	1,114
Legal and secretarial fees		17,052	10,164	11,588	7,181
Light and power		16,649	4,551	16,649	4,551
Medical and welfare		55,282	68,279	39,063	59,294
Motor running		6,904	9,478	6,904	5,866
Other office expenses		24,421	9,850	-	-
Postage and telephone		6,156	7,942	4,592	5,835
Printing and stationery		17,911	12,026	13,000	7,399
Rates and licenses		17,185	5,627	16,363	5,627
Rent		14,814	15,981	6,658	9,987
Repair and maintenance		54,745	58,818	24,988	38,744
Subscriptions and donations		5,525	6,154	1,863	4,959
Traveling and hotel accommodation		2,000	4,995	879	-
Penalties*		280,000	-	280,000	-
		545,099	**230,915**	**432,441**	**154,607**

* Provision for fine of N280 million imposed on Capital Bancorp plc due to non-compliance with extant FX regulations by CBN in 2021

15 Taxation

in thousands of Nigerian Naira		GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
a ***Recognised in profit and loss***		(12,509)	(11,625)	(815)	(5,094)
b ***Current tax liability***		11,854	25,510	793	3,496
c ***Deferred tax assets***		463	463	-	
15.1 ***Income tax expense***					
15.2 ***current income tax:***					
Company income tax		8,669	18,238	-	-
Minimum tax		845	1,214	793	1,214
Education tax		2,167	3,300	-	-
Info. Tech. Dev. Levy (NITDA)		171	2,618	-	2,271
Police fund		1	14	-	11
Prior year under provision		655	1,598	22	1,598
		12,509	26,982	815	5,094
15.3 ***Deferred tax expenses***					
Origination of temporary differences	15.6	-	(15,357)	-	-
Total income tax expense		**12,509**	**11,625**	**815**	**5,094**

15.4 *Reconciliation of effective tax rate*

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
(Loss)/Profit before income tax	(227,864)	315,278	(241,333)	230,423
income tax rate @ 30%	(68,359)	94,583	(72,400)	69,127
Disallowable expenses	196,435	20,137	131,407	7,107
Minimum tax	845	1,214	793	1,214
Education tax rate @ 2% at assessable profit	2,167	3,300	-	-
Info. Tech. Dev. Levy (NITDA)	171	2,618	-	2,271
Police fund	1	14	-	11
Effect of non taxable income	(119,644)	(112,205)	(59,245)	(76,598)
Impact of minimum tax	238	364	238	364
Prior year under provision	655	1,598	22	1,598
Total income tax expense	**12,509**	**11,625**	**815**	**5,094**

15.5 Income tax payable

in thousands of Nigerian Naira	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
At the beginning of the year	25,510	**16,345**	3,496	**1,953**
Charged for the year	12,509	**25,384**	793	**3,496**
Payments during the year	(26,165)	**(17,817)**	(3,518)	**(3,542)**
Overprovision for prior years	-	**-**	-	**-**
Under provision for prior years	-	**1,589**	22	**1,589**
At the end of the period	**11,854**	**25,510**	**793**	**3,496**

15.6 Deferred tax asset/(liability)

in thousands of Nigerian Naira	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Balance, beginning of year	463	(14,895)	-	-
Credits in income statement for the year	-	15,357	-	-
Balance at the end of the year	463	463	-	-

Deferred tax relates to:	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Impairment allowance	198	198	-	-
Property and equipment	265	265	-	-
	463	463	-	-

Unrecognised deferred tax assets
Deferred tax assets of 0.463 million in respect of the group have not been recognised, which relates to unrecouped capital allowance on property, plant and equipment and impairment allowance as it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

16 (Loss)/ Earnings per share

(Loss)/earnings per share is disclosed on the basis of the consolidated information and also on the separate financial statements. Basic and diluted (loss)/earnings per share amounts is calculated by dividing the net earnings/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.
There are no diluting instruments in the book of the Company and the group for the year ended 31 December 2021.

The following reflects the income and share data used in the basic earnings/(loss) per share computations:

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Net (loss)/ earnings attributable to ordinary shareholders for basic and diluted loss (=N='000)	(240,373)	303,653	(242,148)	225,329
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	766,345	766,345	766,345	766,345
Basic and diluted (loss)/ earnings per ordinary share (kobo)	(31)	40	(32)	29

17 Cash and cash equivalents

in thousands of Nigerian Naira	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Cash in hand	94	74	94	74
Balance with CBN	-	2,196	-	2,196
Cash in bank	1,676,857	508,947	895,390	471,913
Short-term deposits	-	1,036,514	-	1,036,513
	1,676,951	**1,547,731**	**895,484**	**1,510,696**
Less: Allowance for ECL	(2,603)	(2,730)	(1,531)	(2,705)
	1,674,348	**1,545,001**	**893,953**	**1,507,991**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The carrying amounts of cash and cash equivalents as disclosed above approximate their fair value at the reporting date. In the current year, treasury bills were reclassified to debt instruments at amortised cost.

17.1 Impairment allowance for cash & cash equivalents

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to cash & cash equivalents is as follows:

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Group				
Gross carrying amount as at 1 January 2021	1,547,731	-	-	1,547,731
New assets originated or purchased	129,220	-	-	129,220
Assets derecognized or repaid (excluding write offs)		-	-	-
At 31 December 2021	**1,676,951**	**-**	**-**	**1,676,951**

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2021	2,730	-	-	2,730
New assets originated or purchased	(127)	-	-	(127)
	-	-	-	-
At 31 December 2021	**2,603**	**-**	**-**	**2,603**

Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2021	1,510,696			1,510,696
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(615,212)	-	-	(615,212)
At 31 December 2021	**895,484**	**-**	**-**	**895,484**

Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2021	2,705	-	-	2,705
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(1,174)	-	-	(1,174)
At 31 December 2021	**1,531**	**-**	**-**	**1,531**

17.2 Impairment allowance for cash & cash equivalents

2020
Group

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2020	950,805	-	-	950,805
New assets originated or purchased	596,926	-	-	596,926
	-	-	-	-
At 31 December 2020	**1,547,731**	**-**	**-**	**1,547,731**

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2020	16,495	-	-	16,495
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(13,765)	-	-	(13,765)
At 31 December 2020	**2,730**	**-**	**-**	**2,730**

Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2020	938,693	-	-	938,693
New assets originated or purchased	572,003	-	-	572,003
Assets derecognized or repaid (excluding write offs)	-		-	-
At 31 December 2020	**1,510,696**		**-**	**1,510,696**

Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2020	16,322	-	-	16,322
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(13,617)		-	(13,617)
At 31 December 2020	**2,705**	-	**-**	**2,705**

18 Financial assets held for trading

in thousands of Nigerian Naira	Note	GROUP 31 Dec 2021	GROUP 31 Dec 2020	COMPANY 31 Dec 2021	COMPANY 31 Dec 2020
Equities:					
Proprietory trading		991,250	483,967	842,915	483,967
		991,250	**483,967**	**842,915**	**483,967**

19 Loans and advances

		1,031,507	**436,104**	**10,436**	**9,635**
Gross amount	19.1	1,049,132	458,257	10,436	9,635
*Less:*Allowance for ECL:	19.1	(17,625)	(22,153)	-	-
		1,031,507	**436,104**	**10,436**	**9,635**

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

Group

	in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
19.1	**Gross carrying amount as at 1 January 2021**	267,888	-	190,370	458,257
	New assets originated or purchased	590,875	-	-	590,875
	Assets derecognized or repaid (excluding write offs)	-	-	-	-
	Transfer to stage 3	-		-	-
	At 31 December 2021	**858,763**	**-**	**190,370**	**1,049,132**

Group

	in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
19.1	**ECL allowance as at 1 January 2021**	987	-	21,166	22,153
	New assets originated or purchased	4,295	40	-	4,335
	Assets derecognized or repaid	-	-	(8,863)	(8,863)
	Transfers to Stage 3	-	-	-	-
	At 31 December 2021	**5,282**	**40**	**12,303**	**17,625**

Group

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2021	165,069	-	167,398	332,467
New assets originated or purchased	274,232	-	-	274,232
Assets derecognized or repaid (excluding write offs)	(36,110)	-	(112,332)	(148,442)
Transfer to stage 3	(135,304)		135,304	-
At 31 December 2021	**267,888**	**-**	**190,370**	**458,257**

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2020	254	-	20,041	20,295
New assets originated or purchased	2,483	-	-	2,483
Assets derecognized or repaid (excluding write offs)	-	-	(625)	(625)
Transfers to Stage 1	-		-	-
Transfers to Stage 3	(1,750)	-	1,750	-
At 31 December 2020	**987**	**-**	**21,166**	**22,153**

Company
The outstanding balance of N10.436 million being upfront payments paid to staff of the company. This is subsequently deducted monthly from the staff's gross payroll.

in thousands of Nigerian Naira	Note	GROUP 31 Dec 2021	31 Dec 2020	COMPANY 31 Dec 2021	31 Dec 2020
20 Advances under finance leases					
Gross amount		399,599	405,903	-	-
Less Allowance for ECL	20.1	(70,160)	(23,247)	-	-
		329,439	**382,656**	**-**	**-**

20.1 Impairment allowance for advances under finance lease

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to advances under finance lease is as follows:

2021
Group

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2021	341,203	-	64,700	405,903
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(6,304)	-	-	(6,304)
At 31 December 2021	**334,899**	**-**	**64,700**	**399,599**

Group

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2021	529	-	22,718	23,247
New assets originated or purchased	24,897	-	22,016	46,913
Assets derecognized or repaid (excluding write offs)	-	-	-	-
At 31 December 2021	**25,426**	**-**	**44,734**	**70,160**

2020
Group

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
Gross carrying amount as at 1 January 2020	178,375	-	265,839	444,214
New assets originated or purchased	183,232	-	-	183,232
Assets derecognized or repaid (excluding write offs)	(20,405)	-	(201,138)	(221,543)
At 31 December 2020	**341,203**	**-**	**64,700**	**405,903**

Group

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2020	24,429	-	4,889	29,318
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	(23,900)	-	17,829	(6,071)
At 31 December 2020	**529**	**-**	**22,718**	**23,247**

21. Investment Securities

Financial investments other than those measured at FVTPL

in thousands of Nigerian Naira	Note	GROUP 31 Dec 2021	GROUP 31 Dec 2020	COMPANY 31 Dec 2021	COMPANY 31 Dec 2020
A **Debt instruments at amortised costs:**					
Fidelity Bank Eurobond	21.1	1,107,858	1,034,929	1,107,858	1,034,929
Treasury bills		281,105	629,172	281,105	629,172
		1,388,963	1,664,101	1,388,963	1,664,101
Less: Allowance for ECL		(15,006)	(15,006)	(15,006)	(15,006)
Total debt instruments at amortised costs		**1,373,957**	**1,649,095**	**1,373,957**	**1,649,095**
B **Equity instrument measured at FVOCI:**					
OTC quoted equities*		1,227,733	959,637	1,227,732	959,637
		1,227,733	**959,637**	**1,227,732**	**959,637**
Net investment securities		**2,601,690**	**2,608,732**	**2,601,689**	**2,608,732**

*Some of these investments securities have been pledged to third party as collateral. The securities were pledged with GTbank as collateral for the overdraft obtained in 2019. However as at 31 December 2021 the overdraft has been fully settled but the entity still have access to it and can draw down on the facility at any time.

21.1 Impairment allowance for debt instruments at amortised cost

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to debt instruments at amortised costs is as follows:

Group and Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2021	1,664,101	-	-	1,664,101
New assets originated or purchased	354,034	-	-	354,034
Assets derecognized or repaid (excluding write offs)	(629,172)	-	-	(629,172)
At 31 December 2021	**1,388,963**	**-**	**-**	**1,388,963**

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2021	15,006	-	-	15,006
New assets originated or purchased	-	-	-	-
Assets derecognized or repaid (excluding write offs)	-	-	-	-
At 31 December 2021	**15,006**	**-**	**-**	**15,006**

2020

Group and Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2020	2,233,354	-	-	2,233,354
New assets originated or purchased	1,446,726	-	-	1,446,726
Assets derecognized or repaid (excluding write offs)	(2,016,839)	-	-	(2,016,839)
Foreign exchange adjustments	860	-	-	860
At 31 December 2020	**1,664,101**	**-**	**-**	**1,664,101**

21.1 Impairmentallowancefor debt instrumentsat amortisedcost- continued

2020
Group and Company

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
ECL allowance as at 1 January 2020	17,999	-	-	17,999
New assets originated or purchased	14,994	-	-	14,994
Assets derecognized or repaid (excluding write offs)	(17,999)	-	-	(17,999)
Foreign exchange adjustments	12			12
At 31 December 2020	**15,006**	**-**	**-**	**15,006**

21.2 This is an investment in Fidelity Bank EuroBond Series 1 with coupon rates of 10.50% payable semi-annually with maturity dates of 16 October 2022 . The bond is carried at amortised cost using the effective interest method and is considered fully recoverable.

22 Trade and otherreceivables

		GROUP		COMPANY	
in thousands of Nigerian Naira	Note	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Account receivables		334,921	446,060	334,921	440,631
Prepayments		22,185	21,816	16,518	18,420
Others		264,468	116,689	1,785	1,980
Dividend receivable		-	-	-	-
Intercompany receivable		1,863,349	-	2,129,521	799,714
Impairment Allowance on account receivable	22	(34,477)	(112,510)	(14,892)	(112,510)
Impairment Allowance on intercompany	22	(161)	-	(8,742)	(30,681)
		2,450,285	**472,055**	**2,459,111**	**1,117,554**

Account receivables are non-interest bearing and have no collateral and are generally on 30-90 day terms. The carrying amounts disclosed above approximate fair value at the reporting date.

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Balance, begining of the year	112,510	112,723	112,510	112,723
Addition/(recovery) for the year	97,618	(213)	(97,618)	(213)
At 31 December 2021	**34,477**	**112,510**	**14,892**	**112,510**

22.2 Impairment allowance on Intercompany receivables

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
31 December 2021				
Gross amount	2,129,521	-	-	2,129,521
Less: impairment allowance	(8,742)	-	-	(8,742)
At 31 December 2021	**2,120,779**	**-**	**-**	**2,120,779**

in thousands of Nigerian Naira	Stage1 individual	Stage 2 individual	Stage 3	Total N
31 December 2020				
Gross amount	799,714	-	-	799,714
Less: Impairment allowance	(30,681)	-	-	(30,681)
At 31 December 2020	**769,033**	**-**	**-**	**769,033**

ECL Allowance				
1 January 2021	(30,682)	-	-	(30,682)
Charge for the year	21,940	-	-	21,940
At 31 December 2021	(8,742)	-	-	(8,742)
1 January 2020	(22,462)	-	-	(22,462)
Charge for the year	(8,219)	-	-	(8,219)
At 31 December 2020	(30,681)	-	-	(30,681)

23 Investment in subsidiaries

in thousands of Nigerian Naira	Note	GROUP 31 Dec 2021	GROUP 31 Dec 2020	COMPANY 31 Dec 2021	COMPANY 31 Dec 2020
Bancorp Finance Limited		-	-	150,000	150,000
Bancorp Bureau De Change Limited		-	-	35,000	35,000
Bancorp Securities Limited		-	-	350,000	-
		-	-	535,000	185,000

Bancorp Bureau De Change Limited

Bancorp Bureau De Change Limited (Bancorp BDC) Limited is a wholly owned subsidiary of the Company. Bancorp BDC was incorporated in 20 February 2008 and commenced operation in February 2010. Bancorp BDC engages in the buying, selling and dealing in foreign currencies (convertible currencies) to end users for purposes stipulated by CBN which include Business Travel Allowance (BTA), Personal Travel Allowance (PTA), payment of school fees, mortgage bill payment, payment of utility and medical bills, credit card, life insurance premium payment etc.

Central Bank of Nigeria increased the minimum capital of Bureau De Change from 10,000,000 (Ten Million Naira) to 35,000,000 (Thirty Five Million Naira) in 2014 and in compliance of the directive, Bancorp Bureau De Change Limited increased their authorised shares capital to 35 million and consequently additional 25 million shares were issued at 1 each which was fully paid for by the parent company (Capital Bancorp Plc).

Bancorp Finance Limited

Bancorp Finance Limited (BFL) is wholly owned subsidiary of Capital Bancorp Plc. This entity was incorporated on 25 November 2002 as Capfin Nigeria Limited. It had its name changed on 6 November 2003 and this was duly registered with the Corporate Affairs Commission on 29 August 2007. The finance house license of Capital Bancorp Plc was transferred to the Company as a result of a CBN directive and after approval for same was gotten from the CBN in July 2014. It fully began operations as a stand alone company on 1 January 2015. Its authorized share capital is 150,000,000 shares.

Bancorp Securities Limted

Bancorp Securities Limited (BFL) is wholly owned subsidiary of Capital Bancorp Plc. This entity was incorporated on 10 October 1988. It was duly registered with the Securitis and Exchange Commission on 13 September 2008. The Nigerian Stock Exchange license was issued to the Company on 19 March 1999. It fully began operations as a stand alone company in April 2021. Its authorized share capital is 350,000,000 shares.

24. Property & Equipment

		GROUP		COMPANY	
in thousands of Nigerian Naira	Note	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Property & equipment Cost		926,538	666,396	430,751	213,625
Accumulated depreciation		(508,707)	(389,277)	(124,647)	(115,832)
Net Book Value		417,831	277,119	306,104	97,793

24.1 **Property & equipment**

December 31, 2021 *in thousands of Nigerian Naira*	GROUP Furniture & Equipment	Motor Vehicles	Operating Lease assets	Land	Total	COMPANY Furniture & Equipment	Motor Vehicles	Land	Total
Cost:									
At 1 January 2021	98,534	67,937	416,800	83,125	666,396	93,713	36,787	83,125	213,625
Additions	2,999	87,595	-	169,548	260,142	2,450	72,095	169,548	244,093
Transfer/Disposal	-	-	-	-	-	(3,135)	(23,767)		(26,902)
At 31 December 2021	**101,533**	**155,532**	**416,800**	**252,673**	**926,538**	**93,028**	**85,115**	**252,673**	**430,817**
Accumulated depreciation:									
At 1 January 2021	82,907	63,835	242,535	-	389,277	79,045	36,787	-	115,832
Charged for the year	4,736	15,495	99,200	-	119,431	3,906	4,975	-	8,881
At 31 December 2021	**87,642**	**79,330**	**341,735**	**-**	**508,708**	**82,951**	**41,762**	**-**	**124,713**
31 December 2020									
Cost:									
At 1 January 2020	91,514	67,937	416,800	63,673	639,924	87,053	36,787	63,673	187,513
Additions	7,020	-	-	19,452	26,472	6,660	-	19,452	26,112
At 31 December 2020	**98,534**	**67,937**	**416,800**	**83,125**	**666,396**	**93,713**	**36,787**	**83,125**	**213,625**
Accumulated depreciation:									
At 1 January 2020	78,173	59,640	138,283	-	276,096	74,772	36,787	-	111,559
Charged for the year	4,734	4,195	104,252	-	113,181	4,273	-		4,273
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2020	**82,907**	**63,835**	**242,535**	**-**	**389,277**	**79,045**	**36,787**	**-**	**115,832**
Carrying amount:									
At 31 December 2021	13,891	76,201	75,065	252,673	417,831	10,076	43,354	252,673	306,104
At 31 December 2020	15,628	4,102	174,265	83,125	277,119	14,668	(0)	83,125	97,793

a. There were no capitalised borrowing costs related to the acquisition of property and equipment during the years.
b. In the opinion of the directors, the market value of the Group's property and equipment is not less than the value shown in the financial statements.
c. The Group had no capital commitments as at the reporting date.
d. None of the assets were pledged as collateral.
e. No leased assets are included in the above property and equipment, the Group had no capital commitments as at 31 December 2021.
f. The Land is the Nine Wesley Development purchased in prior years. It was previously classified as other assets as it was not available for use and now appropriately transferred to Land

25. Borrowings

in thousands of Nigerian Naira	Note	GROUP 31 Dec 2021	GROUP 31 Dec 2020	COMPANY 31 Dec 2021	COMPANY 31 Dec 2020
Commercial paper		4,417,971	3,527,144	4,417,971	3,527,144
Analysis by maturity					
0 - 30 days		125,155	818,477	125,155	818,477
1 - 3 months		1,787,684	1,486,941	1,787,684	1,486,941
3 - 6 months		1,804,931	964,176	1,804,931	964,176
6 months and above		700,201	257,550	700,201	257,550
		4,417,971	**3,527,144**	**4,417,971**	**3,527,144**

Borrowings consist of short-term instruments - usually less than a year commercial papers issued by Capital Bancorp at an average range of 1% - 10% per annum; the majority of which is rolled over on expiration of the initial contract period. The carrying amounts disclosed above approximate fair value at the reporting date.

26. Trade and Other Payeable

in thousands of Nigerian Naira	Note	GROUP 31 Dec 2021	GROUP 31 Dec 2020	COMPANY 31 Dec 2021	COMPANY 31 Dec 2020
Accrued expenses		113,494	129,925	103,952	94,859
Clients' account		203,443	258,720	-	258,720
Dividend payable		22,281	11,382	22,281	11,382
Statutory deductions		11,618	13,825	11,618	11,104
Intercompany		1,966,922	5,807	524,820	22,752
Others*		344,925	50,115	304,651	36,965
		2,662,683	**469,774**	**967,322**	**435,782**

The carrying amounts disclosed above approximate fair value at the reporting date.
Clients' account represents the money collected from client to buy shares or proceeds from the disposal of shares on behalf client but yet to be remitted as at year end. This also includes investment in FGN Treasury Bills by various Clients. Capital Bancorp liases between the Primary Dealer and the Clients. The corresponding asset is included in the Cash and cash equivalent balance.

* Others comprise sundry creditors, dividend/client nominees and pension obligation

27 Capital and reserves

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
a Share capital				
Authorised share capital:				
1,000,000,000 Ordinary share of 50 Kobo each (2020: 1,000,000,000 Ordinary share of 50 Kobo each)	500,000	500,000	500,000	500,000
Ordinary share issued and fully paid:				
766,345,021 Ordinary share of 50 Kobo each (2020: 766,345,021 Ordinary share of 50Kobo each)	383,173	383,173	383,173	383,173

All shares rank equally. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company.

b Share premium

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

c Retained earnings

Retained earnings is the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

d Fair value reserves

The fair value reserve shows the effects from the fair value measurement of equity instruments classified as fair value through other comprehensive income. Any gains or losses recognised are non-recycling when the assets are derecognised.

e Statutory reserve

Nigerian banking regulations require banks and other financial institutions to make an annual appropriation to a statutory reserve.

As stipulated by S.16 (1) of the Banks and Other Financial Institution Act CAP B3 Laws of the Federations of Nigeria 2004 and Central Bank of Nigeria guidelines, an appropriation of 30 of profit after taxation is made, if the statutory reserve is less than the paid-up share capital and 15 of profit after tax, if the statutory reserve is greater than the paid-up share capital. Since the finance business for which this reserve has been built has been transferred to Bancorp Finance Limited, this reserve has been duly transferred to retained earnings.

f Regulatory reserve

The regulatory credit risk reserve warehouses the difference between the impairment on loans and advances determined using the Central Bank of Nigeria prudential guidelines, compared with the expected credit loss model used in determining the impairment loss under IFRS.

Where the loan loss impairment determined using the Central Bank of Nigeria prudential guidelines is higher than the loan loss impairment determined using the incurred loss model under IFRSs, the difference is transferred to regulatory credit risk reserve and it is non-distributable to owners of the Financial Institution.

28 Contingent liabilities

Litigation and claims
There were no contingent liabilities at 31 December 2021 (31 December 2020: Nil).

Capital commitments

There were no material commitment for capital expenditures at 31 December 2020 (31 December 2020: Nil).

29 Related parties

Key management personnel
Key management personnel is defined as members of the Board of Directors of the Capital Bancorp Plc, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in the dealings with Capital Bancorp Plc and its subsidiaries.

Key management personnel and their immediate relatives engaged in the following transactions with the Company during the year:

in thousands of Nigerian Naira	Note	31 December 2021	31 December 2020
Commercial paper		125,847	103,555
Interest expenses during the year		6,544	4,547

29 **Related parties - continued**

Compensation *in thousands of Nigerian Naira*	31 December 2021	31 December 2020
Aggregate remuneration paid to key management staff during the year is as follows:		
Short-term employee benefits	31,676	31,676
Post employment pension and medical	5,818	5,771
	37,494	**37,447**
Bancorp Bureau De Change Limited (subsidiary)*	48,615	29,711
Bancorp Securities Limited (subsidiary)**	116,805	-
Bancorp Finance Limited (subsidiary)**	1,763,420	799,863

* The amount is outstanding payable balance in respect of purchase of foreign currency on behalf of the Clients of Capital Bancorp Plc by the Bancorp Bureau De Change Limited. The transactions were done at arm's length at ruling rates were being charged.

** The amount is outstanding receivable balance in respect of loan and lease repayments made by customers of Bancorp Finance Limited into the accounts of Capital Bancorp Plc and also loans and lease balances transferred to Bancorp Finance Limited. The transactions were done at arm's length at ruling rates were charged.

30 Compensation to employees and directors

The number of persons in the employment of the Group as at year-end is as follows:

	GROUP		COMPANY	
in absolute number	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Junior staff	37	37	23	24
Senior staff	19	16	9	11
	56	**53**	**32**	**35**
Compensation for above staff				
Salaries and wages	179,057	136,903	101,661	85,143
Defined pension contribution	16,447	13,338	10,457	10,743
	195,504	150,241	112,118	95,886

31 Approval of the financial statements

These financial statements have been approved by the Board of Directors and authorised for issue on 28 March 2022.

32 Events after reporting date

There were no events after the reporting date which require adjustment to, or disclosure in, these financial statements.

Statement Of Value Added

For the year ended 31 december 2021

	GROUP				COMPANY			
in thousands of Nigerian Naira	**2021**	**%**	**2020**	**%**	**2021**	**%**	**2020**	**%**
Gross earnings	754,531		912,327		252,417		474,371	
Interest expense	(203,520)		(181,117)		(79,379)		(80,062)	
Credit loss (expense)/reversal	(19,705)		20,971		23,114		8,391	
	531,306		752,181		196,152		402,700	
Bought in material and services	(439,518)		(153,662)		(314,150)		(67,656)	
Value added	**91,788**	**100**	**598,519**	**100**	**(117,998)**	**100**	**335,044**	**100**
Applied as follow:								
To employees:								
Employee benefits expense	200,221	218	154,703	26	114,454	(97)	100,348	30
To government:								
As income tax	12,509	14	26,982	5	815	(1)	5,094	2
Retained for the Company's future:								
- Depreciation	119,431	130	113,181	19	8,881	(8)	4,273	1
- (Loss)/Profit for the year	(240,373)	(262)	303,653	51	(242,148)	205	225,329	67
Value added	**91,788**	**100**	**598,519**	**100**	**(117,998)**	**100**	**335,044**	**100**

Value added statement represents the wealth created by the efforts of the company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

Five Year Financial Summary

For the year ended 31 december 2021

Group

As at *in thousands of Nigerian Naira*	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Assets					
Cash and cash equivalents	1,674,347	1,545,001	934,310	97,568	2,232,821
Financial assets held for trading	991,250	483,967	363,356	177,575	199,396
Investment securities	2,601,689	2,608,732	2,906,296	3,262,522	1,098,407
Loans and advances	1,031,507	436,104	312,172	386,343	443,808
Advances under finance lease	329,439	382,656	414,896	459,872	484,760
Trade and other receivables	2,450,284	472,055	292,175	351,909	48,789
Intangible asset	-	-	-	-	2,700
Property and equipment	417,831	277,119	363,828	321,793	94,040
Deferred tax asset	463	463	-	-	-
Total assets	**9,496,810**	**6,206,097**	**5,587,033**	**5,057,582**	**4,604,721**
Liabilities					
Borrowing	4,417,971	3,527,144	3,118,496	2,382,641	1,611,632
Trade and other payables	2,662,683	469,774	744,188	929,465	1,231,855
Income tax payable	11,854	25,510	16,345	28,673	24,858
Deferred tax liability	-	-	14,895	14,895	2,449
Total liabilities	**7,092,508**	**4,022,428**	**3,893,924**	**3,355,674**	**2,870,794**
Capital and reserves					
Share capital	383,173	383,173	383,173	383,173	383,173
Share premium reserve	17,867	17,867	17,867	17,867	17,867
Retained earning	1,097,969	1,203,521	992,193	926,534	1,054,105
Available for sale reserve	877,232	510,613	251,186	326,377	273,011
Statutory reserve	22,515	20,421	5,741	5,741	3,306
Regulatory reserve	5,546	48,074	42,949	42,216	17,332
Total equity	**2,404,302**	**2,183,669**	**1,693,109**	**1,701,908**	**1,748,794**
Total liabilities and equity	**9,496,810**	**6,206,097**	**5,587,033**	**5,057,582**	**4,619,588**
Profit and loss: *For the year ended*					
Gross earnings	578,850	733,659	672,796	665,837	644,074
(Loss)/Profit before income tax	(227,864)	315,278	96,373	8,689	202,337
(Loss)/Profit after income tax	(240,373)	303,653	66,392	(9,344)	184,501
(Loss)/Earnings per share (kobo) - Basic and diluted	(31)	40	9	(1)	24

Five Year Financial Summary

For the year ended 31 december 2021

Company

As at *in thousands of Nigerian Naira*	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Assets					
Cash and cash equivalents	893,953	1,507,991	922,371	84,632	2,212,460
Financial assets held for trading	842,915	483,967	363,356	177,575	199,396
Investment securities	2,601,689	2,608,732	2,906,296	3,262,522	1,098,407
Investment in subsidiary	535,000	185,000	185,000	185,000	185,000
Loans and advances	10,436	9,635	43,357	39,510	37,423
Trade and other receivables	2,459,111	1,117,554	976,973	1,090,543	782,932
Property and equipment	306,104	97,793	75,954	70,070	71,080
Total assets	**7,649,208**	**6,010,672**	**5,473,307**	**4,909,852**	**4,586,698**
Borrowing	4,417,971	3,527,144	3,118,496	2,382,641	1,611,632
Trade and other payables	967,323	435,782	732,056	890,219	1,243,652
Income tax payable	793	3,496	1,953	9,229	11,181
Total liabilities	**5,386,087**	**3,966,422**	**3,852,505**	**3,282,089**	**2,866,465**
Equity					
Share capital	383,173	383,173	383,173	383,173	383,173
Share premium reserve	17,867	17,867	17,867	17,867	17,867
General reserve	984,849	1,132,597	968,576	900,346	1,046,182
Available for sale reserve	877,232	510,613	251,186	326,377	273,011
Total equity	**2,263,121**	**2,044,250**	**1,620,802**	**1,627,763**	**1,720,233**
Total liabilities and equity	**7,649,208**	**6,010,672**	**5,473,307**	**4,909,852**	**4,586,698**
Profit and loss: *For the year ended*					
Gross earnings	252,417	474,371	414,802	340,013	365,158
(Loss)/Profit before income tax	(241,333)	230,423	83,943	(6,964)	169,187
(Loss)/Profit after income tax	(242,148)	225,329	68,230	(16,193)	158,006
(Loss)/Earnings per share (kobo) - Basic and diluted	(32)	29	9	(2)	21

Proxy Form

For the year ended 31 december 2021

CAPITAL BANCORP PLC
[RC: 114135]

ANNUAL GENERAL MEETING of Capital Bancorp Plc (the "Company") to be held at Lagos Resource Centre, 9 Anifowose Street, Victoria Island Lagos on Thursday, 26th January 2023 at 12 noon prompt.

I/We……………………………………………………being member/ members of the CAPITAL BANCORP PLC. hereby hereby appoint……………………………………..………………...of…………………… ………………………or failing him, the Chairman of the meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held at tthe Lagos Resource Centre, 9 Anifowose Street, Victoria Island Lagos on Thursday, 26th January 2023 at 12 noon prompt and at any adjournment thereof.

Dated this………………day of……………………2023

Member's Signature ______________________

Please sign the Proxy Form and deliver it to reach the office of the Registrars, Lighthouse Registrars Limited at 2nd Floor, 39 Adeola Odeku Street, Victoria Island, Lagos not less than forty-eight (48) hours before the time fixed for the meeting.

Resolution	For	Against
To lay before the Members, the Report of the Directors and the Audited Financial Statements together with the Auditors and Audit Committee Reports for the year ended 31st December, 2021		
To declare a Dividend		
To elect /re-elect Director: • Mr. Aigboje Higo • Mr.Akinsola Ale		
To accept the resignation of Mrs. Olamide Fadipe		
To authorize the Directors to fix the remuneration of the Auditors.		
To elect/re-elect members of the Statutory Audit Committee		
SPECIAL BUSINESS		
To approve the remuneration of Directors for the year 2022		
Please indicate with an "x" in the appropriate box how you wish your votes to be cast on te resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

FOR COMPANY USE
Full Name and Address of Shareholder
Numbers of Shares held

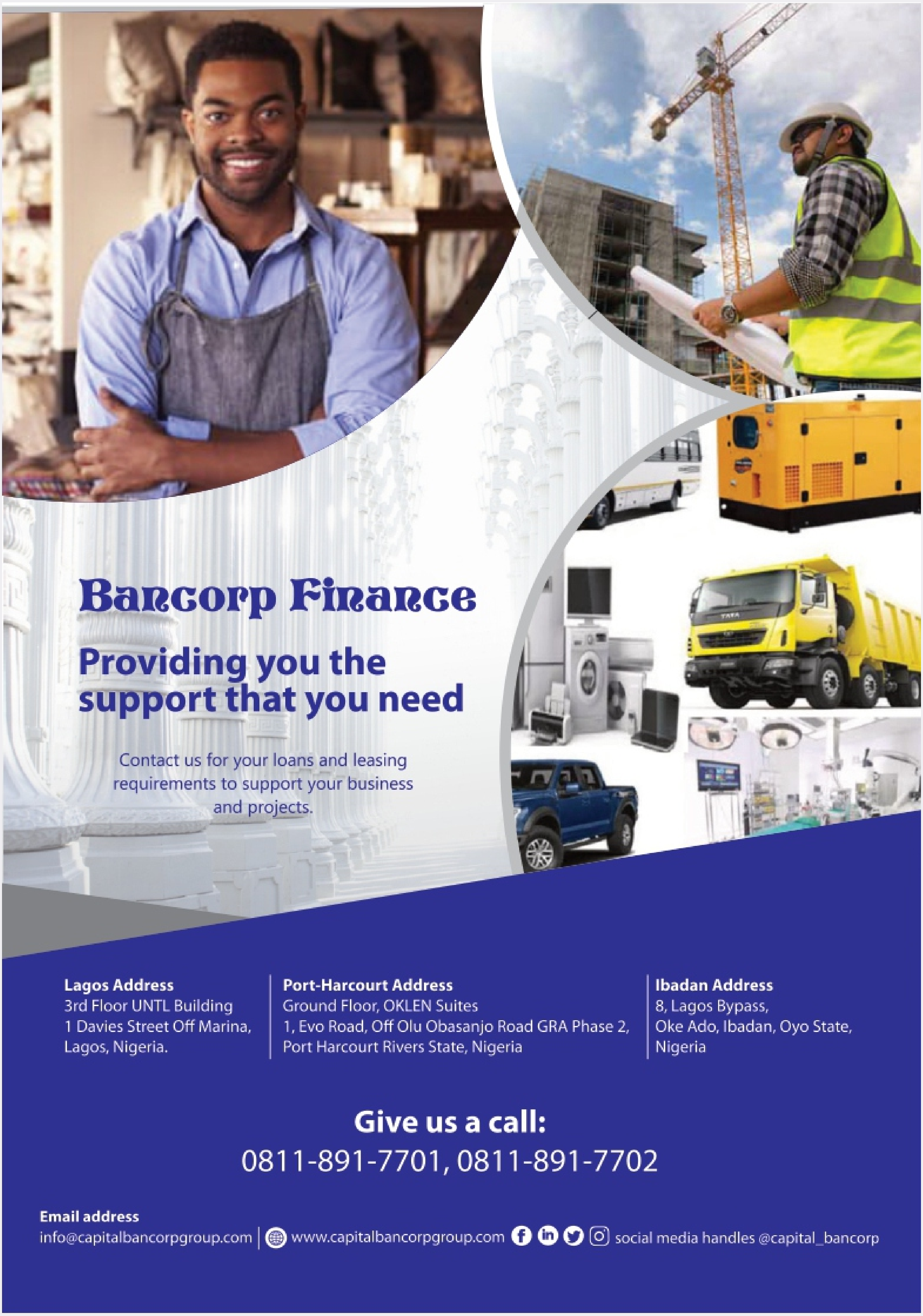
ADMISSION FORM

Please admit the Shareholder named on this Card or his/her duly appointed proxy to the 34th Annual General Meeting of CAPITAL BANCORP PLC. to be held at Lagos Resource Centre, 9 Anifowose Street, Victoria Island Lagos on Thursday, 26th January 2023 at 12 noon

Signature of the person attending: ………………………………………………………………………………………………

Notes

1. A member (shareholder) who is unable to attend the Annual General Meeting is allowed to appoint a proxy to attend and vote instead of him/her. The Proxy Form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. In case of Joint Shareholders, any of such may complete the forms, but the names of all Joint Shareholders must be stated.
3. If the Proxy Form is executed by a corporation, it should be sealed with the Common Seal or under the hand and seal of its Attorney.
4. It is the requirement of the law that any instrument of Proxy to be used for purpose of voting by any persons entitled to vote at any meeting of shareholders must bear a stamp duty at the appropriate rate.
5. This Admission Form must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
6. Shareholders or their Proxies are required to sign the Admission Form before attending the Meeting.


Bancorp Finance
Providing you the support that you need
Contact us for your loans and leasing requirements to support your business and projects.
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3rd Floor UNTL Building
1 Davies Street Off Marina,
Lagos, Nigeria.
Port-Harcourt Address
Ground Floor, OKLEN Suites
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Port Harcourt Rivers State, Nigeria
Ibadan Address
8, Lagos Bypass,
Oke Ado, Ibadan, Oyo State,
Nigeria
Give us a call:
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www.capitalbancorpgroup.com
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