GATEWAY MORTGAGE BANK LTD.

GATEWAY MORTGAGE BANK LIMITED

ANNUAL REPORT 2022

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2022

ANNUAL REPORT 2022

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2022

...making your home ownership dream a reality

VISION STATEMENT

TO BE THE DOMINANT PROVIDER OF
RETAIL MORTGAGE BANKING SERVICES IN NIGERIA

MISSION STATEMENT

TO PROVIDE UNIQUE AND EXCELLENT MORTGAGE FINANCE SERVICES TO THE ULTIMATE DELIGHT OF OUR CUSTOMERS AND NURTURING THEIR SAVINGS HABIT AND CULTURE THROUGH A SYSTEMATICALLY PLANNED APPROACH TO HOME OWNERSHIP

CORE VALUES

Professionalism
Integrity
Efficiency In Service Delivery
Dependability

His Excellency,
Prince Dapo Abiodun, CON
Governor of Ogun State


GOVERNOR
OGUN STATE

Contents

CONTENTS PAGE

CORPORATE INFORMATION

Country of incorporation and domicile:	Nigeria
Nature of business and principal activities:	Mortgage Banking

Directors:

Mr. Samuel Durojaye	Chairman
Mrs. Oluyemisi Dawodu	Independent Non-Executive Director
Otunba Adewale Jubril	Independent Non-Executive Director (Appointed wef 25th November, 2022
Mr. Adegbenga Adeshina	Independent Non-Executive Director (resigned wef 21st April, 2022)
Mr. Olaolu Olabimtan	Non-Executive Director
Mrs. Kikelomo Longe	Non-Executive Director
Jagunmolu Akande Omoniyi	Non- Executive Director
Alhaji. Hassan Adekunle	Non-Executive Director
Arc. Abiodun Fari – Arole	Non-Executive Director
Esv. Akinwale Ojo	Non-Executive Director
Chief Segun Osibote	Non-Executive Director (Appointed wef 24th August, 2022)
Hon. Adetokunbo Oshin	Non-Executive Director (Appointed wef 2nd November, 2022)
Mr. Olawale Osisanya	Managing Director/CEO
Mr. Rotimi Olashore	Executive Director
Mrs. Ronke Akinleye	Executive Director

Management Team

Names	**Designations**
Olawale Osisanya	Managing Director/CEO
Mrs. Ronke Akinleye	Executive Director, Business Development and Operations
Mr. Rotimi Olashore	Executive Director, Finance and Strategy
Mr. Kola Yekeen	Head, Internal Audit, Control & Compliance
Mr. Akinsola Adegoke	Head, Human Resources and Admin
Mrs. Olamide Ipadeola	Company Secretary and Head, Legal Unit
Mr. Akinwale Toriola	Head, Credit and Mortgage Unit
Mrs. Taiwo Oyesanya	Head, Banking Operations
Mr. Oluseyi Olayinka	Enterprise Risk Manager
Mr. Adesoji Sotola	Head, Loan Recovery Unit - resigned (19/07/2022)
Mr. Adeyemi Akanmu	Acting Head, Loan Recovery Unit
Mr. Olusola Oyeniran	Head, Information Technology Unit
Mr. Abayomi Babatunde	Head of Finance
Mr. Olayinka Bakare	Branch Manager, Mowe
Mr. Anthony Akaya	Branch Manager, Ota
Mrs. Eyinade Olusanya	Branch Manager, Sagamu
Mrs. Abimbola Akinfenwa	Branch Manager, Abeokuta - resigned (15/10/2022)
Mrs. Adenike Arifalo	Treasury Manager
Mr. Abiodun Adebiyi	Abuja Liaison Officer
Mr. Kayode Omigade	Head, Franchise Unit
Mr. Abdulafeez Ottun	Legal Officer
Mr. Yinka Samuel	Head, Information Technology - resigned (26/08/2022)
Mrs. Funmilayo Aberuagba	Head, Treasury - resigned (27/07/2022)
Mr. Adegbenga Soewu	Audit Manager
Mr. Adedotun Adebisi	Branch Manager, Abeokuta - resigned (24/02/2022)
Mr. Oguntoye Oyebanji	Compliance Manager
Mr. Kehinde Ogundare	Head, Property Unit

Banking Licence Number	000000010
Company Registration No.	RC 625383
Registered office:	Plots 10 & 11 Aderupoko Drive Ibara Housing Estate Abeokuta Ogun State.
Principal Bankers:	Access Bank Plc First City Monument Bank Plc. First Bank of Nigeria Limited Guaranty Trust Bank Plc. Polaris Bank Plc Sterling Bank Plc Wema Bank Plc
Auditors:	SIAO Partners (Chartered Accountants) 18b Olu Holloway Road Off Alfred Rewane Road Ikoyi, Lagos
Company Secretary:	Olamide Ipadeola Plots 10 & 11 Aderupoko Drive Ibara Housing Estate Abeokuta Ogun State.

NOTICE OF 6TH ANNUAL GENERAL MEETING

Notice IS HEREBY GIVEN that the 6th Annual General Meeting of Gateway Mortgage Bank Limited will be held at the Mitros Residences, Ibara Housing Estate, Abeokuta, Ogun State on Friday, 6th October 2023 at 11am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended December 31, 2022 and the reports of the Directors, the Audit Committee and the Independent Auditors thereon.
2. To approve the appointment of Directors
3. To Re-Elect Directors retiring by rotation.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.
6. To disclose the remuneration of managers of the company in line with the provision of CAMA 2020

SPECIAL BUSINESS

7. To approve the remuneration of Directors

Dated this 20th day of August , 2023.

BY THE ORDER OF THE BOARD

Olamide Ipadeola
Company Secretary
FRC/2017/NBA/00000016558

Registered Office
Plots 10 & 11 Aderupoko Drive.
Ibara Housing Estate
Abeokuta

NOTES

1. PROXY: A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy form is attached to the Annual Report.

2. VOTING: On a show of hands, every member present in person or proxy shall have one vote and on a Poll, every member shall have one vote for every share of which it is the holder.
Section 238 of Companies and Allied Matters Act 2020.

RESULT AT A GLANCE

MAJOR STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS:

	2022	2021	Absolute Change	Change
	₦	₦	₦	%
Interest income from loans	726,295,174	553,659,868	172,635,306	31
Interest income from investment in treasury bills	156,676,505	75,887,412	80,789,094	106
Total operating expenses	716,317,719	624,767,247	91,550,472	(15)
Impairment allowance reversed/(charged)	90,335,377	(27,408,595)	117,743,972	430
Profit before tax	255,454,684	152,963,907	102,490,777	67
Profit after tax	222,248,555	82,153,479	140,095,076	171
Total comprehensive income	233,359,661	82,153,479	151,206,182	184

MAJOR FINANCIAL POSITION ITEMS:

	2022	2021	Absolute Change	Change
	₦	₦	₦	%
Cash and cash equivalents	2 ,269,146,641	1,167,894,669	1,101,251,971	94
Loans and other receivables	4,871,591,827	4,397,275,125	474,316,702	11
Deposits liabilities	1,976,301,101	3,255,924,950	(1,279,623,849)	(39)
Share capital	2,790,000,000	2,790,000,000	-	-
Shareholders' fund	2,926,322,521	2,692,962,860	233,359,661	9
Total assets	8,120,954,751	7,080,519,506	1,040,435,245	15

EARNINGS PER SHARE

	2022	2021
Earnings per share	kobo	kobo
Earning	7.97	2.94
Net assets	104	97
Total assets	291	254

FROM THE TABLE OF THE CHAIRMAN

Your Excellency, Prince (DR) Dapo Abiodun, CON, our Esteemed Shareholders, Gentlemen of the Press, Distinguished Ladies and Gentlemen, it is my pleasure and honour to welcome you to the SIXTH Annual General Meeting (AGM) of your Bank - Gateway Mortgage Bank Limited and to present to you our financial score card for the year ended 31st December, 2022 as well as a review of the operating environment under which our Bank operated during the year.

On behalf of the Board and Management of the Bank, I congratulate Your Excellency on your outstanding performance in the governance of our dear state that has earned you commendations and recognitions from within and outside the shores of our country including the award of the National Honour of **COMMANDER OF THE ORDER OF THE NIGER (CON)**, by our immediate past President - Muhammadu Buhari GCFR.

As we look forward to more unprecedented achievements in your second term in office, we assure you of our unflinching support; especially in the provision of housing and new town development. We pray that, God will continue to uphold and guide you and your team members as you work to better the lot of the citizens of our dear state.

Over the last Four years, the Bank has continued to enjoy the support of the State Government, its Ministries and Agencies in terms of patronage while the Bank has also supported the Government's housing projects by extending mortgage facilities to beneficiaries of these housing schemes tailored towards the provision of affordable and qualitative housing for our citizens. We are confident that this mutually beneficial relationship between the State and the Bank will continue to promote governance objectives in the economic and social environments throughout the state.

ECONOMIC AND BUSINESS ENVIRONMENT

Nigerian economy in 2022

It is on record that the year 2022 was very challenging as the world economy was still being adversely impacted by the aftermath of the COVID 19 Pandemic. This was compounded by the Russian invasion of Ukraine with severe impact of world supply chain for commodities.

- **Gross Domestic Product (GDP)**: As of the Fourth quarter of 2022, Nigeria's GDP recorded 3.5% growth year on year to surpass =N=200 trillion in nominal terms. The growth rates for the first and second quarters were 3.11% and 3.54% respectively. Despite facing significant macroeconomic headwinds and various fiscal and monetary policy shocks, the Nigerian economy demonstrated remarkable resilience in 2022. However, several challenges hindered its growth, including macroeconomic instability, a shrinking fiscal space, high level of public debt, increasing inflationary pressures, foreign exchange illiquidity, soaring energy costs, legacy structural constraints, lingering insecurity, and crippling trade facilitation issues.

- **Inflation**: During the year, inflation was on the upward trajectory rising to 21.47 % in November 2022, but came down marginally to 21.34% by December 2022. Meanwhile, food inflation consistently outpaced headline inflation and core inflation during the year. For the basket of goods and services consumed by the average Nigerian, costs accelerated by between 50 and 80 % by the end of the year.

- **Unemployment**: Unemployment also posed a major challenge facing our economy in 2022 peaking up to 33.3% at year end.

- **Marginal Propensity to Save**: With rising inflation the capacity to save from earnings was eroded. This had a ripple effect on borrowers' capacity to service their loans and mortgages, and in turn financial institutions faced slow-down in credit growth with higher loan loss provision.

- **Naira Redesign**: The redesign of the currency negatively impacted business due to the short deadline for currency swap and non availability of the new notes.

- **2023 General Elections**: The scheduled 2023 general elections with projections of violence created an atmosphere of uncertainty and caution as both local and foreign investors suspended new projects, leading to reduced capital flow into the economy.

- **Growth in the Real Estate Sector:** According to the GDP Report for Q3 2022 published by the National Bureau of Statistics, Nigeria's real estate sector grew by 4.44%, higher than the growth recorded in the third quarter of 2021, contributing a total of 5.34% to the real GDP of the country for the period under review.

- **Economic Diversification:** Economic diversification initiatives are playing a significant role in determining the long-term health of the property market in Nigeria. This trend is expected to continue in the coming years.

- **Role of Technology:** Technology is playing a major role in improving the real estate market in Nigeria. One of the major ways technology has improved the real estate market in Nigeria is through online property listing platforms.

- **Mixed Reactions Over Performance:** Despite the global challenges and Nigeria's harsh economy, the Nigerian real estate sector performed better in 2022 than the previous year. However, practitioners lamented unfavorable government policies and actions constraining the growth of the sector.

Implications of the Current Business Environment for the Nigerian Mortgage Sector

The mortgage industry in Nigeria is currently facing several challenges such as inflationary pressures on building material costs which has increased the financing requirement for construction of housing units. Due to the dearth of long term deposits, most operators – including Gateway Mortgage Bank Limited require fresh injection of shareholder funds.

In the light of these challenges, Gateway Mortgage Bank Limited will continue to develop strategic plans anchored on the following pillars:

Diversification of Funding Sources: We aim to explore alternative sources of funding, including Shareholder diversification and Long Term Loans. This will enhance our ability to provide more funds to finance our customers at competitive interest rates.

Robust Risk Management: The Bank will continue to implement more robust risk management initiatives to ensure improvement in our regulatory risk assessment profile and the protection of both customer's and the bank's funds in our volatile operating environment.

Product Innovation: We shall refine our mortgage products to make them more accessible and affordable to potential borrowers. This includes the introduction of rent-to-own schemes and shared equity mortgages.

Collaboration: Gateway Mortgage Bank Limited will partner with developers to provide affordable housing to our citizens, with the goal of reducing the cost of mortgage loans.
We are confident that these strategic pillars will position Gateway Mortgage Bank Limited as a leading player in the Nigerian mortgage industry, with innovative products and services that meet the needs of our customers while mitigating risks and delivering value to our stakeholders.

A Peep into Year 2023 Economy

The World Bank projects that Nigeria's GDP will grow by 2.5% in 2023, which is slightly lower than the growth rate in 2022. Inflation is projected to remain high, with a current rate of 22.79% as at June 2023. Unemployment is also expected to remain high, with a rate of 33.5% projected for 2023. However, there are also opportunities for growth in the mortgage and real estate sectors, which will be key focus points for Gateway Mortgage Bank in the coming year.

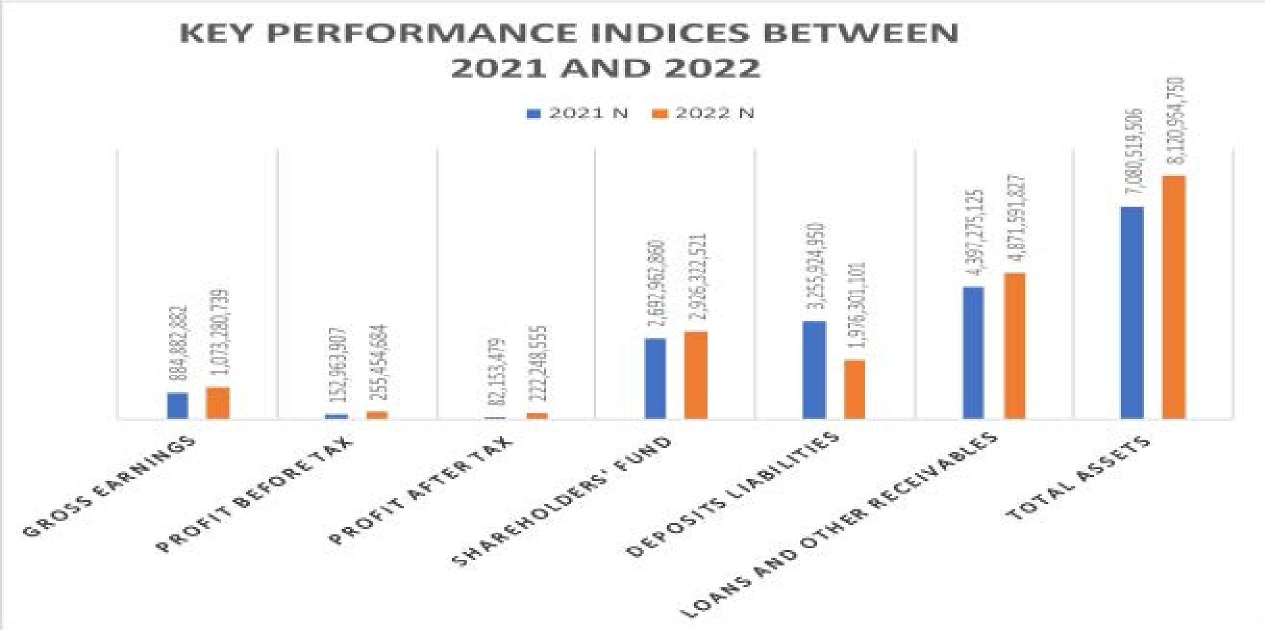
Our Financial Score Card from 2021 - 2022

It is on record that since the present board took over in October 2019, the Bank has continued to witness unprecedented growth as evidenced in its Key Performance Indices (KPI)

In the period under review, the KPIs which lend credence to this are as highlighted here-in:

Major Financial Items

YEAR	2021	2022	GROWTH
ITEM	₦	₦	%
Gross Earnings	884,882,882	1,073,280,739	21.29
Profit Before tax	152,963,907	255,454,684	67.00
Profit After tax	82,153,479	222,248,555	170.53
Shareholders' Fund	2,692,962,860	2,926,322,521	8.67
Deposits Liabilities	3,255,924,950	1,976,301,101	(39.30)
Loans and other receivables	4,397,275,125	4,871,591,827	10.79
Total Assets	7,080,519,506	8,120,954,750	14.69



Gross earnings increased from =N=884.88million in 2021 to =N=1.073billion in 2022 representing 21.29% increase. The Profit before Tax rose to =N=255.45million in 2022 scoring 67% over =N=152.96million posted in 2021. The Profit after tax also rose from =N=82.15million in 2021 to =N=222.25million representing 170.53% growth. The Shareholders Fund also grew from =N=2.69billion in 2021 to =N=2.93billion via a growth of 8.67% over that of 2021.

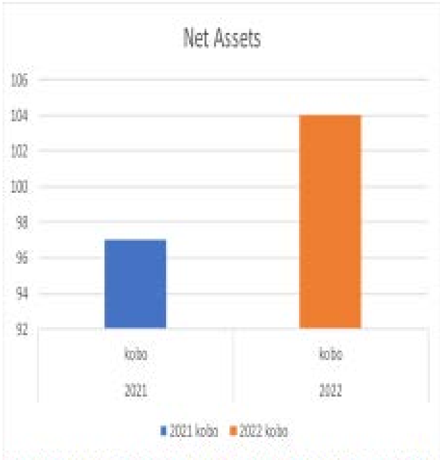
The Deposits volume, however, dipped by 39.30% from =N=3.25billion in 2021 to =N=1.976illion in 2022 due to low propensity to save by customers which was a fallout of the nation's economic downturn. The Loans and other receivables grew by 10.79% between 2021 and 2022 from =N=4.397billion in 2021 to =N=4.871billion.

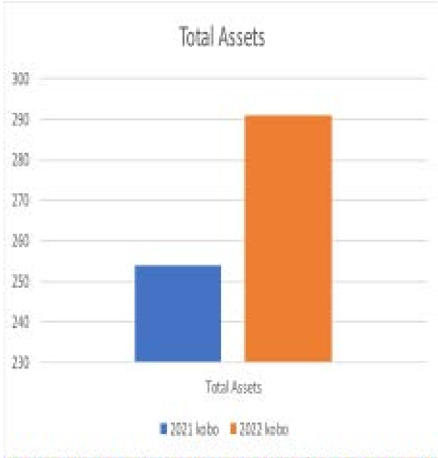
Another key performance index, Total Assets increased by 14.69% by moving from =N=7.08billion in 2021 and grew up to =N=8.12billion by the end of year 2022.

Earnings per share

Earnings per share:	2021	2022	GROWTH
	kobo	kobo	%
Earning	2.94	7.97	171.09
Net Assets	97	105	8.25
Total Assets	254	291	14.57

In terms of Earnings per share, the Bank recorded growth of 171.09% between 2021 and 2022 from 2.95k in 2021 to 7.97k in 2022. The Earnings by Net Assets also grew from 97k in 2021 to 105k in 2022 which represented a growth 8.25%, while total assets grew by 14.57% between 2021 and 2022 as it recorded 254k in 2021 and 291k in 2022.





All the above score cards are a testament to the Strategic focus of the Bank which is now paying off.

Collaboration with State Government

The Bank has continued to collaborate with the State Government through her housing agencies - Ministry of Housing, Ogun State Housing Corporation and Ogun State Property and Investment Corporation (OPIC). The Bank has been providing mortgage facilities to beneficiaries of the various housing estates of these agencies over the last three years.

Aside from these government owned housing estates, the bank has been providing mortgage financing to individuals in the Public and Private sectors. Special products are in place for our customers to meet their individual needs in line with permissible activities of the Bank.

King's Court Estate Phase 2, Abeokuta

King's Court Estate Phase 2 under construction in Abeokuta

***Developed by:* Ogun State Property & Investment Corporation (OPIC)**

Brains & Hammers Limited Bungalow City, Dei-Dei Niger State

Brains & Hammers Limited Life Camp, Abuja FCT.

DPR Housing Estate Projects Kaduna, Kaduna State.

Medical Estate, LUTH Annex
Developed by: Bolseg Global Resources Limited

OUR FUNDING PARTNERS:

The Nigeria Mortgage Refinance Company

To facilitate the Bank's long term mortgage financing, in year 2021, we secured a mortgage re-finance loan of =N=1.2billion from the Nigeria Mortgage Refinance Company (NMRC) - a secondary mortgage institution - for the beneficiaries of the State Government's Prince Court Estates located in Idi-Aba and Kobape Housing Estates. We are collaborating with NMRC for more long term funds to finance more mortgages in the years to come.

National Housing Fund of the Federal Mortgage Bank of Nigeria. (NHF)

The Bank is one of the primary mortgage banks accredited by the Federal Mortgage Bank of Nigeria (FMBN) to access the National Housing Fund (NHF) for contributors to the scheme to meet their demands for mortgage facilities. The FMBN also approved our Bank as one of the Mortgage Bankers to some of their funded estates in Abuja, Edo, Kaduna and Nasarawa States. Under this scheme, a total of 122 beneficiaries amounting to =N=527million was disbursed in 2022.

Support to the State Workforce.

As expected, the Bank has continued to support the State workforce and the housing agenda of the State Government through the granting of various facilities to Civil Servants in the State through various products and services. It is on record that over the last three years, the Bank has as at the end of the year 2022 granted various loan facilities valued at =N=1.274billion to 1,772 Civil Servants in the State. This year alone, a total of 674 Civil Servants were granted loans to the tune of =N=1.18billion while loans to other customers amounted to =N=3.67billion in favour of 1,214 customers covering both the private and public sectors of the country including Nigerians in diaspora.

Award of Excellence (in Year 2022)

The Bank retained its Award winning status as the Ogun State 2022 "Mortgage Finance Bank of the Year" in a ceremony organized by the Ogun Sate Branch of the Chartered Institute of Bankers of Nigeria. The award was first won in 2021 in recognition of the Bank's outstanding Mortgage Finance Services in the State.

Corporate Social Responsibilities
During the year, the Bank rendered support to some schools towards their Annual Inter-house Sports Competition as part of Corporate Social Responsibilities and also supported the Chartered Institute of Bankers, Abeokuta Branch for their 2022 Annual Bankers Week.

Staffing
During the year, as in other sectors of the economy, the Bank witnessed the exit of some key staff under the popular "Japa" syndrome in search of greener pastures overseas; however the Bank's robust succession policy and plan ensured that these vacancies were appropriately taken care-of in a seamless manner.

Training
In order to enhance the quality of the Board's statutory oversight functions and in compliance to regulatory requirements, members of our Board attended trainings organized by reputable institutions during the year.
On need basis, our Management and Staff are continuously sponsored for job specific training and workshops to enhance their knowledge and bridge skills gaps.

Upgrade of Information Technology Infrastructure

To ensure provision of quality mortgage banking facilities to the pleasure of our esteemed customers, the Bank upgraded its IT infrastructure to meet up with their demands for competitive modern banking services and the challenges of Cyber Security. More electronic business products, services and channels were introduced during the year under review.

Our Strategic Objective.

As expected, in the years to come, the Bank will continue to work within the Board approved Strategic Business Plan designed towards sustainable organic growth and appropriate Stakeholder compensation. The Bank's products and services will continually be reviewed and renewed in order to make them very robust to meet the yearnings of its teeming target market.

We shall in due cause be approaching you our esteemed shareholders for fresh capital injection into the business in line with the CBN capital plan for Primary Mortgage Banks and to also support our growth initiatives.

All these are geared towards achieving our Vision for the Bank - ***To become a leading Mortgage Banking and Allied services provider in Nigeria through unique and excellent services, driven by appropriate technology and personnel with commensurate returns to all our Stakeholders.***

The Management and Staff have continued to exhibit great commitment and dedication to our collective aspirations of building an enduring, efficient service delivery and sustainable growth-oriented institution. I want to sincerely commend their continued dedication.

I wish to commend my Colleagues on the Board for their continued commitment and steadfastness in discharging their responsibilities - particularly at Board and Committee meetings. The Good Corporate Governance structures and Risk Management Frameworks which we collectively instituted have enhanced the overall risk status of the Bank from high to moderate as at the last CBN inspection in 2022.

We are not taking for granted, the continued support of his Excellency our amiable Governor - Prince (Dr) Dapo Abiodun CON hence, on behalf of all of us at Gateway Mortgage Bank Limited, I express our sincere gratitude to him for his unflinching support and confidence in our ability to build a Sustainable Profit Oriented Financial Institution that will be a pride of all.

Above all, we give glory to the Almighty God, our creator and sustainer for the grace granted us to survive the challenging year 2022 and the successful state and national elections of 2023.

In conclusion, I thank you all for your continued support towards Gateway Mortgage Bank. As we navigate the challenges and opportunities of Nigeria's economy, we remain committed to providing our customers with the financial tools and expertise they need to plan for their tomorrow most especially in our area of specialty which is making people's home ownership dream a reality.

"Igbega Ipinle Ogun; Ajọse Gbogbo wa ni".

Thank you for your kind attention.

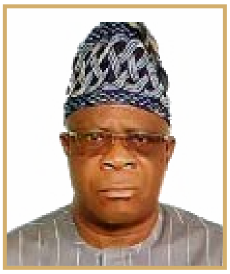
Evang. Samuel O. Durojaye
Chairman Board of Directors.
FRC/2013/ICAN/0000002

BOARD OF DIRECTORS

Evang. Samuel Durojaye
Chairman

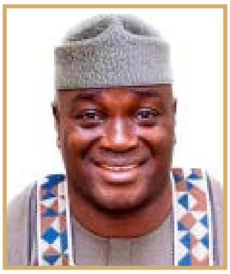
Mrs. Oluyemisi Dawodu
Independent Non-Executive Director

Olawale Osisanya
Managing Director/CEO

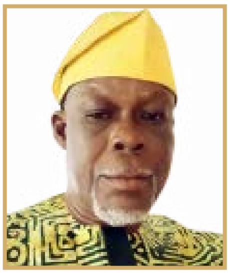


Otunba Adewale Jubril
Independent Non-Executive Director

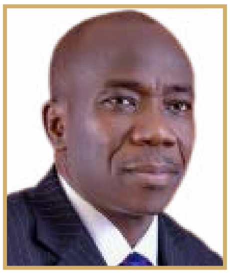
Mrs. Kikelomo Longe
Non-Executive Director



Jagunmolu Akande Omoniyi
Non-Executive Director

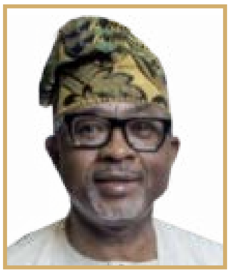


Hon. Adetokunbo Oshin
Non-Executive Director



Esv. Akinwale Ojo
Non-Executive Director

Alhaji Hassan Adekunle
Non-Executive Director



Arc. Abiodun Fari-Arole
Non-Executive Director

Chief Segun Osibote
Non-Executive Director

Mr. Olaolu Olabimtan
Non-Executive Director

Mrs. Ronke Akinleye
Exec. Director, Bus. Dev. & Operations

Mr. Rotimi Olashore
Exec. Director, Fin. & Strategy

MANAGEMENT STAFF

Rotimi Olashore
Executive Director, Finance & Strategy

Olawale Osisanya
Managing Director/CEO

Mrs. Ronke Akinleye
Exec. Director, Bus. Dev. & Operations

Olamide Ipadeola
Company Secretary / Legal Adviser

Akinwale Toriola
Head, Credit & Mortgage

Kola Yekeen
Head, Internal Audit, Control & Compliance

Akinsola Adegoke
Head, Human Resources/Admin

Abiodun Adebiyi
Abuja Liaison Officer

Oyebanji Oguntoye
Compliance Manager

Adenike Arifalo
Treasury Manager

Adegbenga Soewu
Audit Manager

Taiwo Oyesanya
Head, Banking Operation

Abayomi Babatunde
Head, Finance


Adedotun Adebisi
Branch Manager, Abeokuta


Abimbola Akinfenwa
Branch Manager, Abeokuta


Yinka Samuel
Head, Information Comm. Tech.


Adesoji Sotola
Head, Loan Recovery Unit


Funmilayo Aberuagba
Head, Treasury


Eyinade Olusanya
Branch Manager, Sagamu


Abdulhafeez Ottun
Legal Officer


Kehinde Ogundare
Head, Property Unit


Olukayode Omigade
Head, Franchise Product


Anthony Akaya
Branch Manager, Ota


Olayinka Bakare
Branch Manager - Mowe


Olusola Oyeniran
Head, Information Technology


Oluseyi Olayinka
Enterprise Risk Manager


Adeyemi Akanmu
Ag. Head, Loan Recovery Unit

DIRECTORS' REPORT

In compliance with the Companies and Allied Matters Act, 2020, the Directors hereby present their report on the affairs of the Bank, and the audited financial statements for the year ended 31st December 2022.

1. Result for the year

	2022	2021
	₦	₦
Profit before tax	2 55,454,684	152,963,907
Tax expense	(33,206,129)	(70,810,428)
Profit after tax	222,248,555	82,153,479
Statutory reserve	-	-
Retained earnings	2 22,248,555	82,153,479
	222,248,555	82,153,479

2. **Legal form**

The Bank was incorporated on 02 June 2005 as a private Bank limited by shares. It commenced operations in February 2006. The Bank was granted its banking licence with licence number 000000010, dated 18th September 2007, to carry on the business of mortgage banking.

3. **Principal activity**

The Bank is licensed by the Central Bank of Nigeria (CBN) to carry on mortgage business and it is duly accredited by the Federal Mortgage Bank of Nigeria to access National Housing Fund (NHF) scheme.

4. **Directors and the dates of their appointments**

Names of Directors	Date of appointments/re-appointments
Mr. Samuel Durojaye	30th October, 2019
Esv. Akinwale Ojo	8th December, 2019
Mr. Olaolu Olabimtan	30th October 2019
Mrs. Oluyemisi Dawodu	30th October 2019
Mrs. Kikelomo Longe	9th June, 2020
Arc. Abiodun Fari – Arole	9th March,2020
Alhaji Hassan Adekunle	7th December 2015 (Re-appointed 30th October,2019)
Mr. Adegbenga Adeshina	30th October 2019 (Resigned 21th April 2022)
Jagunmolu Akande Omoniyi	30th October,2019
Mr. Olawale Osisanya	14th October, 2015, Re-appointed 19th October, 2021
Mrs. Ronke Akinleye	14th April, 2021
Mr. Rotimi Olashore	29th July 2021
Chief Segun Osibote	24th August 2022
Hon. Adetokunbo Oshin	2nd November, 2022
Otunba Adewale Jubril	25th November, 2022

Directors re-appointed during the year

The following directors were re-appointed at the last Annual General Meeting (AGM) of the Bank which was held on 14th December 2022.

S/N	Directors
1.	Mrs. Kikelomo Longe
2.	Esv. Akinwale Ojo
3.	Arc. Abiodun Fari – Arole
4.	Alhaji. Hassan Adekunle

5. The Directors who served during the year are:

Names	Designation
Mr. Samuel Durojaye	- Chairman
Mr. Adegbenga Adeshina	-Independent Non-executive Director (Resigned wef 21th April 2022)
Mr. Olaolu Olabimtan	- Non-Executive Director
Mrs. Kikelomo Longe	- Non-Executive Director
Mrs. Oluyemisi Dawodu	- Non-Executive Director
Jagunmolu Akande Omoniyi	- Non- Executive Director
Alhaji. Hassan Adekunle	- Non-Executive Director
Arc. Abiodun Fari- Arole	- Non-Executive Director
Esv. Akinwale Ojo	- Non-Executive Director
Chief Segun Osibote	- Non-Executive Director (Appointed wef 24th August 2022)
Mr. Olawale Osisanya	- Managing Director/CEO
Mr. Rotimi Olashore	- Executive Director
Mrs. Ronke Akinleye	- Executive Director

6. Attendance of Directors at Board meetings

Name of Director	Board Credit Committe	Board Audit Committee	Board Finance & General Purpose	Board IT Steering Committee	Board Nomination & Governance Committee)	Board Enterprise Risk Management Committee	Board of Directors Meeting
Samuel Durojaye	N/M	N/M	N/M	N/M	N/M	N/M	6
Adegbenga Adeshina	N/M	2	N/M	1	1	1	2
Olaolu Olabimtan	5	4	N/M	N/M	4	N/M	6
Kikelomo Longe	N/M	N/M	5	4	4	N/M	6
Akande Omoniyi	4	N/M	N/M	4	N/M	N/M	6
Oluyemisi Dawodu	5	4	N/M	N/M	4	N/M	6
Abiodun Fari – Arole	N/M	4	5	N/M	N/M	N/M	6
Akinwale Ojo	5	N/M	N/M	4	N/M	4	6
Hassan Adekunle	N/M	N/M	5	N/M	4	4	6
Chief Segun Osibote	N/M	-	-	N/M	-	-	-
Olawale Osisanya – MD	5	N/M	5	4	N/M	4	6
Rotimi Olashore – ED	5	N/M	5	4	N/M	4	6
Ronke Akinleye – ED	5	N/M	5	4	N/M	4	6

Key
N/M – Not a member

7. I. Directors' Interests in shares

The Directors have no direct interest in the share capital of the Bank.

	Shareholders Represented	31 December 2022	31 December 2021	% Holding
		Shares of N1:00 each		
1	Gateway Holdings Limited	2,660,000,000	2,660,000,000	95.4%
2	Ogun State Property and Investment Corporation	65,000,000	65,000,000	2.3%
3	Ogun State Housing Corporation	65,000,000	65,000,000	2.3%
		2,790,000,000	2,790,000,000	100%

II Directors' interests in contracts

For the purpose of Section 303 (1) of the Companies and Allied Matters Act 2020, none of the directors had a direct or indirect interest in contracts or proposed contracts with the Bank during the year.

8. **Property, plant and equipment**
Movements in property, plant and equipment during the year are shown in Note 12 to the financial statements. In the opinion of the Directors, the market value of the Bank's property, plant and equipment is not less than the value shown in the financial statements.

9. **Donations**
During the year under review, the Bank did not make any donation to any organization or individual (2021: Nil).

10. **Compliance with the Laws and Regulations**
The Board ensures that Management complies with all laws relating to banking, especially the Anti-Money Laundering Laws, the Know Your Customer (KYC) Principles, the Code of Corporate Governance for Financial Institutions and all the guidelines of the Central Bank of Nigeria, the National Deposit Insurance Corporation (NDIC) and the Federal Mortgage Bank of Nigeria.
The Board also ensures that the Bank cooperates with all statutory agencies in the course of carrying out its responsibilities. The Directors confirm that the Bank complied fully with the above during the financial year ended 31st December 2022.

11. **Frauds and Forgeries**
Information relating to frauds and forgeries is disclosed in note 42 to the financial statements.

12. **Events after the reporting period**
As stated in note 40, there has been no material change in the Bank's financial position since 1st January 2023 that would have affected the true and fair view of the Bank's state of affairs as at that date.

13. **Employment and employees**
I. Employment of physically challenged persons
It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees are given equal opportunities for self-development. As at 31st December 2022, no physically challenged person was in the employment of the Bank.

II. **Employees' involvement and training**
The Bank is committed to keeping employees fully informed as much as possible regarding its performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees.

Management, professional and technical expertise are the Bank's major assets and investment in their further development continues.

The Bank's expanding skill base has increased through a range of training programmes provided to its employees whose opportunities for career development within the Bank have thus been enhanced.

III. Health, safety at work and welfare of employees

Health and safety regulations are in force within the Bank's premises and employees are aware of safety regulations. The Bank provides subsidies to all employees for transportation, housing and lunch.

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

14. Accounting policies

The Bank prepares its financial statements in accordance with International Financial Reporting Standards.

15. Acquisition of own shares

The shares of the Bank are held in accordance with the Articles of Association of the Bank. The Bank has no beneficial interest in any of its shares as at the financial year-end.

16. Dividend

The Board of Directors pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act 2020 did not recommend any dividend to the Bank shareholders during the year under review (2021: Nil).

17. Independent Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act, 2020, the Independent Auditors, SIAO Partners (Chartered Accountants) have indicated their willingness to continue in office as statutory auditors to the Bank.

A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

BY THE ORDER OF THE BOARD

....

Olamide Ipadeola
Company Secretary
FRC/2017/NBA/00000016558

Abeokuta, Ogun State.

Date 21st March, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of Section 377 of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020 and the Financial Reporting Council Act 2011, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Bank and of the operating result for the year ended 31st December 2022.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities;
- The Bank keeps proper accounting records which disclose with reasonable accuracy, the financial position of the Bank and which ensure that the financial statements comply with the requirements of the International Financial Reporting Standards as issued by the International Accounting Standards Board, and the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, 2020;
- The Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

The Directors accept responsibility for the year's 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 (IFRSs);
- Companies and Allied Matters Act, 2020;
- Banks and Other Financial Institution Act (BOFIA), 2020;
- Pension Reform Act, 2014; and
- Financial Reporting Council of Nigeria Act, No 6, 2011.

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 Bank and of its operating result for the year ended 31st December, 2022.

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 financial control.

Nothing has come to the attention of the Directors to indicate that Gateway Mortgage Bank Limited will not remain a going concern for at least twelve months from the date of these financial statements.

Samuel Durojaye- Chairman	Olawale Osisanya - Managing Director/CEO
FRC/2013/ICAN/00000002230	FRC/2014/ICAN/00000006024

Introduction

Gateway Mortgage Bank Limited ("the Bank") is committed to improving shareholders' value through the transparent conduct of its business. In addition to the principles of the "Code of Corporate Governance for Banks in Nigeria Post Consolidation" issued by the Central Bank of Nigeria (CBN), the Bank benchmarks itself against best global practices. The Nigerian 'Code of Corporate.
Governance provides the basis for promoting the highest standards of corporate governance in the Bank. The Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place. The Corporate Governance Practices of the Bank are designed to ensure the accountability of the Board and Management to stakeholders.

The business of the Bank is driven by the Board of Directors, which exercises its oversight function through its various committees, namely, the Board Credit Committee, the Board Audit Committee, Board IT Steering Committee, the Board Finance and General-Purpose Committee, Board Enterprise Risk Management Committee and Board Nomination and Governance Committee. Through these committees, interactive dialogue is employed to set broad policy guidelines and to ensure the proper management and direction of the Bank on a regular basis.

In addition to the Board Committees, there are four management committees: Executive Management Committee, Assets and Liability Committee, Management Credit Committee, and Management IT Steering Committee to ensure effective and good corporate governance at the management level. These committees form the bedrock for the long-term professional management of the business of the Bank.

Governance Structure

The Bank's corporate governance framework overviews the governance structures, principles, policies and practices of the Board of Directors of Gateway Mortgage Bank Limited. This enables the Bank to meet the governance expectations of the Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC) and the Financial Reporting Council of Nigeria (FRC).

The Bank's Governance structure establishes the fundamental relationships among the Board, Board Committees, Management, Shareholders and other stakeholders. The Governance Structure values set the tone of the Bank's organizational culture as well as strategic and corporate objectives, determining, achieving and monitoring the performance of the Bank.

The Board of Directors of Gateway Mortgage Bank Limited comprises Thirteen (13) members, Ten (10) Non-Executive Directors and three (3) Executives Directors including the Managing Director. The Directors are listed above in the directors' report. One (1) of the Non-Executive Directors is an "Independent Non-Executive Director", appointed based on the core values enshrined in Nigeria's. Code of Corporate Governance and the criteria laid down by the CBN for the appointment of Independent Non-Executive Directors. The Independent Non-Executive Director does not have any significant shareholding interest or any special business relationship with the Bank.

The Board is made up of a crop of seasoned professionals who have excelled in their various professions including banking and law and possess the requisite integrity, skills and experience to bring independent judgment to bear on the board's deliberations.

The primary purpose of the Board is to provide strategic direction for the Bank in order to deliver long-term value to shareholders through its oversight function of the Bank's business.

The Board meets quarterly and additional meetings are convened as required. Decisions may be taken before meetings by way of written resolution, as provided for in the Articles of Association. The Directors are provided with comprehensive information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings.

The Board members held six (6) meetings in the year under review.

Board Committees

The Board Committees that held meetings during the year were the Board Credit Committee, Board Audit Committee, Board Finance and General-purpose Committee, Board IT Steering Committee and Board Nomination & Governance Committee.

The Board met once each quarter from 1st January 2022 to 31st December 2022. The non-executive directors are provided with comprehensive information at each of the board meetings and are briefed on business developments between board meetings.

Directors and the various Board Committees they belong:

Name of Director	Board Credit Committee	General Audit Committee	Board Finance & General Purpose Committee	Board IT Steering Committee	Board Notification & Governance Committee)	Board Enterprise Risk Management Committee	Board Membership
Samuel Durojaye	N/M	N/M	N/M	N/M	N/M	N/M	C
Adegbenga Adeshina	N/M	C	N/M	M	C	M	M
Olaolu Olabimtan	C	M	N/M	N/M	AC	N/M	M
Kikelomo Longe	N/M	N/M	C	M	M	N/M	M
Akande Omoniyi	M	N/M	N/M	C	N/M	N/M	M
Oluyemisi Dawodu	M	C	N/M	N/M	M	N/M	M
Abiodun Fari – Arole	N/M	M	M	N/M	N/M	N/M	M
Akinwale Ojo	M	N/M	N/M	M	N/M	C	M
Hassan Adekunle	N/M	N/M	M	N/M	M	M	M
Segun Osibote	N/M	M	N/M	N/M	M	M	M
Olawale Osisanya - MD	M	N/M	M	M	N/M	M	MD
Rotimi Olashore – ED	M	N/M	M	M	N/M	M	ED
Ronke Akinleye – ED	M	N/M	M	M	N/M	M	ED

Key:
C – Chairman
AC – Acting Chairman
M – Member
N/M – Not a Member

The roles and responsibilities of these committees are discussed below:

Board Credit Committee
This Committee is responsible for the approval of the Bank's credit portfolio strategy and subsequent revision thereto, the approval of the Bank's credit management structure and approval limits for Management and the Board. A quarterly review of the Bank's risk asset reports, credit portfolio and loans above N10m. Also, review and recommend loans above N20m to the full Board. The Committee met five (5) times during the financial year.

Board Audit Committee
This Committee is responsible for establishing an independent internal audit functional system and ensuring regular review and appraisal of the Bank's audit system, ensuring the development and sustenance of a comprehensive internal control framework for the Bank, review of Enterprise Risks and Compliance, quarterly review and appraisal of the internal auditor's plan and audit function of the Bank, to review and appraise the annual audited financial statements and external auditors report.
The Committee met four (4) times during the financial year.

Board Nomination and Governance Committee
The Board Nomination and Governance Committee is responsible for the appointment of executive management staff and their confirmation, review of remuneration and other welfare packages for the Bank's employees, to review and approve yearly training calendar of the Bank yearly for the development of the employees, look into general staff matters, to obtain at the Bank's expense, external legal or other professional advice on any matter within its terms of reference and to call upon any employee of the Bank to be questioned at a meeting of the Committee if the need arises.
The Committee met four (4) times during the financial year.

Board Finance and General-Purpose Committee
The Committee exercises oversight responsibility with respect to the Bank's material and strategic financial matters, including those related to the funding, budgeting, expenditure and general operational and financial structure; developing the accounting and financial reporting policies and practices; overseeing the operational risk compliance programmes; and, overseeing the operational and administrative functions of the Bank.

The responsibilities of the Committee amongst others are:

- Review the Bank's proposed capital budget, including expected financing approaches, and make recommendations to the Board;
- Review management's assessment of the Bank's capital structure, including dividend policies and stock repurchase programs, debt capacity and liquidity;
- Review and monitor the Bank's debt ratings, dialogue with the credit agencies and bank credit arrangements.

The Committee also reviews and approves quarterly management report and accounting policies, approval of other investments and treasury management amongst others.
The Committee met five (5) times during the financial year.

Board Enterprise Risk Management Committee (BERMC)

The Committee is saddled with the task to oversee and advise the Board on its oversight responsibilities in relation to Firstly, the establishment of a framework, policy, standards and guidelines for risk management in the Bank; Secondly, the Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and operating procedures; and, Lastly, the Bank's compliance with legal and regulatory requirements.

The responsibilities of the Committee amongst others are:

- Help to set the tone and develop a risk culture of the enterprise, integrate risk management into the organization's goal and compensation structure;
- Review and, as applicable, approve the Bank's risk governance framework, risk assessment and risk practices;
- Approve the risk management plan and review it at least once a year;
- Monitor the Bank's risk profile;
- Periodically review and evaluate the Bank's policies and practices with respect to risk assessment and risk management;
- Review and assess the effectiveness of the Bank's enterprise-wide risk assessment processes and recommend improvement where appropriate;
- Review the Bank's activities in relation to the Code of Conduct and Ethics
- Review the scope and depth of compliance audit activities and the resulting impact audit findings have on the risk profile of the Bank, etc.

The Committee met four (4) times during the financial year.

Board IT Steering Committee

The Board IT Steering Committee is responsible for the provision of strategic guidance to Management on Information Technology issues and monitoring the effectiveness and efficiency of Information Technology within the Bank and the adequacy of IT controls.

The responsibilities of the Committee are:

- To ensure that the IT architecture of the Bank is watertight against hackers and attacks;
- To ensure alignment between IT and business strategy through enterprise IT governance;
- To provide IT insights to Board and act as subject matter experts;
- To monitor strategic IT plans with a view to cashless policy, e-banking, mobile banking and ATM;
- To monitor enterprise resource availability to support IT initiatives;
- To ensure that IT risk is mitigated;
- To give recommendations for approvals for hardware and software provider engagement;
- To give recommendations for approvals for change in independent service providers; and
- To establish a roadmap for the Banks IT

The Committee met four (4) times during the financial year.

Attendance at Board Meetings
Attendance at Board meetings are set out below:

Name of Director	Board Credit Committee	Board Audit Committee	Board Finance & General Purpose	Board IT Steering Committee	Board Nomination & Governance Committee)	Board Enterprise Risk Management Committee	Board of Directors Meeting
Samuel Durojaye	N/M	N/M	N/M	N/M	N/M	N/M	6
Adegbenga Adeshina	N/M	2	N/M	1	1	1	2
Olaolu Olabimtan	5	4	N/M	N/M	4	N/M	6
Kikelomo Longe	N/M	N/M	5	4	4	N/M	6
Akande Omoniyi	4	N/M	N/M	4	N/M	N/M	6
Oluyemisi Dawodu	5	4	N/M	N/M	4	N/M	6
Abiodun Fari – Arole	N/M	4	5	N/M	N/M	N/M	6
Akinwale Ojo	5	N/M	N/M	4	N/M	4	6
Hassan Adekunle	N/M	N/M	5	N/M	4	4	6
Segun Osibote	N/M	-	-	N/M	-	-	-
Olawale Osisanya – MD	5	N/M	5	4	N/M	4	6
Rotimi Olashore – ED	5	N/M	5	4	N/M	4	6
Ronke Akinleye – ED	5	N/M	5	4	N/M	4	6

Management Committee Meetings

Criticized Assets Committee

This Committee is responsible for the assessment of the Risk Asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the Internal and External regulatory framework and directs appropriate actions in respect of delinquent assets. The Committee ensures that adequate provisions are taken in line with the regulatory guidelines.

The Committee meets monthly.

Management Credit Committee

This Committee is responsible for ensuring that the Bank complies fully with all the provisions of the Bank's Credit Policy and as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee.

This Committee reviews and approves credit facilities to individual obligors not exceeding an aggregate sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval limit of the Managing Director as determined by the Board.

The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessments of the quality of risk assets in the Bank. It also ensures that adequate monitoring of credits is carried out. The Committee meets weekly depending on the number of credit applications to be considered.

The Committee meets frequently to review credits within its approval limits.

Management Investment Committee

The Investment Committee assist the Board in fulfilling its oversight responsibilities with respect to the identification and management of the Bank's Investment Exposures on an Enterprise-wide basis and oversee the Bank's evaluation of contemplated investments and portfolio.

The committee meets monthly.

The Asset and Liability Committee (ALCO)

The Asset and Liability Committee (ALCO) is responsible for managing and monitoring the Bank's assets and liabilities to ensure that they properly align with the Bank's business objectives and risk management policies. The primary responsibilities of ALCO include the following:

- Managing the Bank's assets and liabilities to ensure that the Bank has sufficient liquidity and capital to meet its financial obligations.
- Optimizing the Bank's balance sheet by managing the mix of assets and liabilities to maximize profitability and minimize risk.
- Managing the Bank's capital to ensure that it is sufficient to meet regulatory requirements and support the Bank's business objectives.
- Responsible for managing the Bank's exposure to interest rate risk by monitoring interest rate movements, assessing the impact of changes in interest rates on the Bank's financial position and making recommendations on interest rate risk mitigation strategies, and
- Managing the Bank's liquidity position to ensure that it has sufficient funds to meet its obligations as they come due.

The Committee meets monthly.

Management Committee meetings and attendance

The management committee meeting attendance during the year 2022 is as follows:

S/N	NAMES OF STAFF	CRITICIZED ASSET COMMITTEE MEETINGS	MANAGEMENT CREDIT COMMITTEE MEETINGS	MANAGEMENT INVESTMENT COMMITTEE MEETINGS	ALCO MEETING
1	MR. OLAWALE OSISANYA	5	7	2	2
2	MRS. RONKE AKINLEYE	5	7	2	3
3	MR. ROTIMI OLASHORE	5	7	2	2
4	MR. KOLA YEKEEN	5	7	N/M	N/M
5	MRS. ABIMBOLA AKINFENWA	5	6	1	N/M
6	MR. ADEGBENGA SOEWU	3	6	N/M	2
7	MR. OLAYINKA BAKARE	5	7	N/M	N/M
8	MR. ANTHONY AKAYA	3	3	N/M	N/M
9	MR. BANJI OGUNTOYE	5	1	2	3
10	MR. TORIOLA AKINWALE	3	6	N/M	3
11	MRS. EYINADE OLUSANYA	5	7	N/M	N/M
12	MR. TAIWO OYESANYA	5	3	1	N/M
13	MRS. OLAMIDE IPADEOLA	-	6	N/M	N/M
14	MR. OLANREWAJU OTTUN	5	7	N/M	N/M
15	MR. ADEYEMI AKANMU	5	3	N/M	N/M
16	MR. OLUSEYI OLAYINKA	-	1	2	N/M
17	MR. AKINSOLA ADEGOKE	-	N/M	N/M	2
18	MR. KEHINDE OGUNDARE	5	N/M	N/M	N/M
19	MR. OLUFEMI ADEKUNLE	-	7	N/M	2
20	MR. KAZEEM BABATUNDE	-	2	1	2
21	MRS ADENIKE ARIFALO	5	7	2	2
22	MISS. OLOLADE ADENIYI	N/M	N/M	2	2
23	MRS. MOYIN IMOHIOSEN	N/M	N/M	2	2
24	MRS FUNMI ABERUAGBA	1	1	1	1
25	MR. ADESOJI SOTOLA	5	N/M	N/M	N/M

Corporate Social Responsibility

Gateway Mortgage Bank Limited aims at developing innovative products and solutions for building a business model towards affordable and livable housing delivery nationwide. The Bank is also committed to the socio-economic benefit of the communities within which it operates. During the period under review, the Bank undertook some corporate social responsibility.

Sustainability and Environmental issues

Gateway Mortgage Bank Limited believes that as a responsible organization, it must meet the challenges of society, play an active role in the development of the Communities within which it operates and that the implementation of proactive measures in favour of sustainability to create value not only for its shareholders but also for its teams, customers and all stakeholders.

Employment and Labour Relations

At Gateway Mortgage Bank Limited, the entire workforce remains its most valued asset as efforts are always been made towards human capital development and maintaining a safe workplace. Training and re-training of Staff is a priority to the Bank for the purpose of achieving its strategic business objective. Formal and informal channels of training are employed in communication with employees with a feedback mechanism.

Human Rights

Gateway Mortgage Bank Limited is fully committed to human rights and this is properly documented in its Staff Handbook. The Bank demonstrates its respect for the rights of all people, through gender inclusive, equal opportunities and non-discriminatory workplace culture. At the Bank, the rights of everyone, men, women, old, young and physically challenged people are respected. The Bank's Human Rights procedure provides access to remedial actions on human rights abuses or violations.

Whistle Blowing Policy

Gateway Mortgage Bank Limited is committed to conducting its affairs ethically and responsibly. The bank's whistle-blowing policy outlines a procedure for the employee to report actions that he/she reasonably believes violate a law, regulation or constitute fraudulent accounting or other practices to the Bank. The policy applies to the bank's business and is not connected to staff individual's private acts in his/her private capacity other than the Bank.

Anti-Bribery and Corruption Policy

The Bank's Anti-Bribery and Corruption Policy bother on the following:

- Intended to assist all stakeholders in conducting businesses legally, ethically and with the highest sense of integrity.
- Sets employee's responsibilities in the detection and prevention of bribery in all its forms, and observing and upholding the Bank's position against bribery and corruption.
- To provide information on how to recognize and deal with bribery and corruption issues.

Complaints Management Policy

Gateway Mortgage Bank Limited's complaint management policy is designed to ensure the Bank's commitment to effective complaint handling and values feedback generated as part complaints process.

Board Evaluation

The Board Evaluation was fashioned to scrutinize Gateway Mortgage Bank Limited's Board Structure, dynamics of the Board, the Board's involvement in strategy and business as well as the Board's oversight responsibility in risk monitoring and management. The Board Evaluation Report covers the financial year ended 31st December 2022 in compliance with the Nigerian Code of Corporate Governance 2018 and the CBN Code of Corporate Governance for Primary Mortgage Banks.

Directors' Remuneration

The Bank ensures that the remuneration paid to its Directors complies with the provision of the CBN Code of Corporate Governance. In compliance with Section 34(5) of the CBN Code of Corporate Governance, the Bank makes disclosures of the remuneration paid to its Directors as follows:

Package	Types	Description
Basic salary and 13th-month salary	Fixed	This is part of the gross salary package for Executive Directors.
Sitting Allowance	Fixed	Sitting allowance is paid to Non-Executive Directors only for attending Board and Board Committee meetings.
Directors Fee	Fixed	This is paid quarterly during the year in which they serve as Directors

Olaolu Olabimtan
Chairman, Board Nomination and Governance Committee
FRC/2013/CAN/00000003917

KNN Corporate Services Ltd

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BOARD EVALUATION REPORT FOR THE BOARD OF GATEWAY MORTGAGE BANK LIMITED AS AT DECEMBER 31, 2022

EXECUTIVE SUMMARY

KNN Corporate Services Ltd. was engaged to conduct an independent evaluation/assessment of the performance of the Board of Directors (the "**Board**") of Gateway Mortgage Bank Limited ("**GMB or "the Bank**"), for the financial year ended December 31, 2022 in compliance with best practices, the Nigerian Code of Corporate Governance 2018 (the "**NCCG**"), the CBN Code of Corporate Governance for Primary Mortgage Banks in Nigeria 2019 (the "**Code**") and the Companies Allied and Matters Act ("**CAMA 2020**").

This evaluation exercise was specifically designed to scrutinize the following:

1) **GMB's** Board Structure;
2) Dynamics and Operations of the Board;
3) The Board's involvement in Strategy and Business;
4) The Board's oversight responsibility in Risk monitoring and Management;
5) Effectiveness of the Board Committees;
6) The impact of the role of the Chairman, Board of Directors on the Board's effectiveness;
7) Effectiveness of the Secretariat.

SUMMARY OF FINDINGS

Gateway Mortgage Bank Ltd. is privileged to have a diverse, committed and knowledgeable Board. The Board has continuously taken its oversight responsibility seriously and is committed to developing and implementing strategies, targeted at achieving the overall goals and objectives of the Bank.

BOARD STRUCTURE (Composition & Diversity)
During the period under review, the Board comprised twelve (12) eminent professionals, being nine (9) Non-Executive Directors (comprising one (1) Independent Non-Executive Director) and three (3) Executive Directors. The Board of GMB is diverse with respect to knowledge and skills, as the Board comprises Directors from various backgrounds such as: Finance, Accounting, Economics, Management, Banking, Law, Business Administration, Architecture as well as Real Estate Management. These collective skills and competencies have aided strategic decision making and achievement of overall objectives.

The Board is also considered diverse with respect to gender, as it comprises three female directors. During the year under review, the Board had six (6) functional Board Committees.

The Board Committees are listed below:

i) Board Audit Committee
ii) Board Credit Committee
iii) Board Finance & General Purpose Committee
iv) Board Enterprise Risk Management Committee
v) Board Nomination & Governance Committee
vi) Board Information Technology Steering Committee

DYNAMICS & OPERATIONS OF THE BOARD

The commitment of directors to the achievement of the overall objectives of the Bank was observed, flowing from the attendance and contributions at meetings during the year under review. The agenda for each meeting during the year under review was followed accordingly. It was observed that the various Board Committees worked cohesively and efficiently whilst reporting and remaining accountable to the Board.

The assessment depicted an efficient and effective Board under the leadership of a well experienced and knowledgeable Chairman.

The Directors attended trainings on Credit Analysis & Management during the year under review, to better equip themselves in discharging their oversight responsibilities.

It was also observed from the review of minutes, that the reporting obligations of Management and the Secretariat were fulfilled.

BUSINESS & STRATEGY

It was observed that the Board drives strategy development and implementation, both in the short term and long term.

During the year under review, the Band introduced innovative solutions such as downtime automation software, the GMB Prepaid Gift Card and the development of the GMB Digital Wallet Accounts.

MONITORING & RISK MANAGEMENT

The Board ensured oversight and scrutiny in respect of the accuracy of the Bank's financial reporting as well as compliance with regulatory ratios during the period under review. The Board also ensured compliance with the principles of good Corporate Governance and best practices.

The following strengths have been identified:

- *Strong & knowledgeable board.*
- *Commitment of directors to the achievement of the Bank's goals and objectives.*
- *Leadership strength exhibited by the Chairman, Board of Directors.*
- *IT enabled system.*
- *Industry presence.*

Areas Needing Improvement/Recommendations

- *It is recommended that the Board Enterprise Risk Management Committee, in line with* ***principle 11 of the NCCG****, reviews and recommends to the Board for approval, the IT data governance framework of the Bank, to ensure that IT data risks are adequately mitigated and relevant assets are managed effectively.*

- *The Board is encouraged to document its Board approved succession plan.*

- *A more effective shareholder/stakeholder management/engagement is encouraged.*

- *It is recommended that the Board complies with* ***principle 27.4 of the NCCG*** *which provides that the Board should establish an investors' portal on the Bank's website, where the communication policy as well as the Bank's annual reports for a minimum of five immediately preceding years and other relevant information about the Bank be published and made accessible to the public in downloadable format.*

- *The Company Secretary is encouraged to improve on the timely circulation of notices and Board packs, so as to ensure directors are adequately prepared for meetings.*

Overall, the Board of GMB has proven its commitment to achieving the Bank's goals and objectives, through the effective discharge of its duties and oversight responsibility. The Board's commitment to growth and innovation as well as compliance with the principles and practice of good Corporate Governance is highly commendable.

For: KNN CORPORATE SERVICES LIMITED

KENECHI NWAGBO

MD/CEO

FRC/2014/ICSAN/00000006045

REPORT OF THE AUDIT COMMITTEE

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, 2020, the members of the Audit Committee of Gateway Mortgage Bank Limited hereby report as follows:

- We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act 2020 and acknowledged the cooperation of management and staff in the conduct of these responsibilities;

- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31st December 2022 were satisfactory and reinforced the Bank's internal control systems;

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that the insider related credits of the Bank are as analyzed in the financial statements as at 31st December 2022.
  The status of the performance of insider-related credits is as disclosed in Note 38.2; and

- We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Dated this 21ST day of MARCH 2023

Oluyemisi Dawodu
Chairman, Audit Committee

FRC/2023/PRO/003/085282

Other members of the Audit Committee are:
Mr. Olaolu Olabimtan
Arc. Abiodun Fari-Arole
Chief Segun Osibote

CERTIFICATION PURSUANT TO SECTION 405 OF CAMA 2020

We, the undersigned, hereby certify the following with regard to our Audited Financial Statements for the period ended 31st December 2022:

a. We have reviewed the report and to the best of our knowledge:

- the report does not contain any untrue statement of a material fact, or omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made.

- the financial statement and other financial information included in this report are fairly present in all material respects the financial condition and results of operation of the Bank as of, and for the periods presented in this report.

b. We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Bank is made known to such officers by others within the Bank, particularly during the period in which the periodic reports are being prepared.
- have evaluated the effectiveness of the Bank's internal controls as of a date within 90 days prior to the date of the report.
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date.

c. We have disclosed to the auditors of the Bank and the Audit Committee all significant deficiencies in the design or operation of internal controls which would adversely affect the Bank's ability to record, process, summarize and report financial data and have identified for the Bank's auditors any material weakness in internal controls.

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Olawale Osisanya	Rotimi Olashore
Managing Director/CEO	Executive Director Finance & Strategy
FRC/2014/ICAN/00000006024	FRC/2014/ICAN/00000006940

INDEPENDENT
AUDITOR'S
REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **GATEWAY MORTGAGE BANK LIMITED** which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **GATEWAY MORTGAGE BANK LIMITED** as at 31 December 2022 and of its financial performance and cash flows for the year ended on that date in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act, No.6, 2011 and relevant circulars issued by the Central Bank of Nigeria.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of **GATEWAY MORTGAGE BANK LIMITED** in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditors' responsibilities for the Audit of the Financial Statements section of our report, including relation to these matters. The audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment of loans and other receivables

Loans and advances to customers make up a significant portion of the total assets of the Bank, and the impairment charge is also significant. The allowance for impairment of loans and advances to customers is a key judgmental area of our audit due to the level of our subjectivity inherent in estimating the impact of key assumptions on the recoverability of loan balances.

The Bank has adopted the International Financial Reporting Standards (IFRS 9) — Financial Instruments recognition and measurement which became effective 1 January 2018 and introduced the expected credit loss model [ECL) for recognizing the impairment of financial instruments.

The use of the ECL model for the computation of impairment allowance requires the application of certain parameters which are estimated from historical financial data within and outside the Bank, this includes;

- the determination of criteria for a significant increase in credit risk (S I CR) for staging purposes. (At origination, the loan is classified as stage 1, when there is a significant increase in credit risk the loan is migrated to stage 2 and subsequently to stage 3 when there is a default;
- assessing the relationship between the quantitative factors incorporated in determining the Probability of Default (PD], the Loss Given Default (LGD), Recovery Rate and the Exposure at Default (EAD);
- factors considered in cashflow estimation including timing and amount; and
- factors considered in the collateral valuation.

Given the level of complexity and judgement involved in the determination of the ECL, and the material balance of the provision, we considered the impairment of loans and advances as a key audit matter in the financial statements.

How the matter was addressed in the Audit

Our audit procedures with respect to the audit included but were not limited to the following:

- We checked and understood the key data sources and assumptions used in the Expected Credit Loss model used by the Bank to determine impairment allowance;
- We checked the reasonableness of the Bank's ECL methodology by considering whether it reflects unbiased and probability-weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of the future economic condition, information considered include: industry historical default rates, foreign exchange rate, inflation rate and Gross Domestic Product (GDP) growth rates;
- For forward-looking assumptions used by the Bank in its ECL calculations, we held meetings with management and assessed the assumptions using publicly available information comprising foreign exchange rate, inflation rate and Gross Domestic Product (GDP) growth rate;
- We evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate;
- For the Probability of Default (PD) used in the ECL calculations, we checked the historical movement in the balances of facilities between default and non-default categories;
- We checked the calculation of the Loss Given Default (LGD) used by the Bank in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations;

- We re-performed the calculations of impairment allowance for loans and other receivables using the Banks impairment model and assessed key inputs. For loans and other receivables which have shown a significant increase in credit risk, the recalculation was based on the amount which the Bank may not recover throughout the life of the loans while for loans and advances that have not shown a significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year.

The Bank's accounting policy on impairment and related disclosures on credit risk are shown in note 5.3.1 to note 5.3.4 to the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Board Audit Committee's Report as required by the Companies and Allied Matters Acts, 2020 which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Going Concern

The Bank's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly, none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Bank's ability to continue as a going concern.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Acts 2020, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

SIAO

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.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

I. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

II. the Bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from all the branches;

III. the Bank's statement of financial position, statement of profit or loss and other comprehensive income are in agreement with the books of account;

IV. The Bank did not contravene any laws and regulations during the year under review as disclosed in Note 41 to the financial statements;

V. related party transactions and balances are disclosed in Note 38 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004 on insider-related credits; and

VI. the Bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Compliance with Section 4.3 of the Revised Guidelines for Primary Mortgage Banks in Nigeria 2011.

We report that nothing has come to our attention to indicate that the Bank will not remain in business for at least twelve months from the date of this report.

....

Abiodun Ariyibi, FCA
FRC/2013/ICAN/00000001548

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0621901

For: SIAO Partners (Chartered Accountants)

Date: 21st March 2023

Lagos, Nigeria.

Annual Financial Statements

- Statement of Financial Position
- Statement of Profit or Loss And Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes To The Financial Statements

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

	Notes	2022	2021
ASSETS	₦	₦	₦
Cash and cash equivalents	6	2,269,146,641	1,167,894,669
Financial asset measured at fair value through profit or loss	7	1,337,204	1,492,869
Financial Asset designated as fair valued through OCI	8	111,111,106	100,000,000
Loans and other receivables	9	4,871,591,827	4,397,275,125
Other assets	10	278,934,464	787,765,671
Inventories	11	5,076,194	5,428,623
Property, plant and equipment	12	554,073,670	609,682,357
Intangible assets	13	7,408,776	10,980,192
Deferred tax assets	18.9	22,274,868	-
TOTAL ASSETS		8,120,954,750	7,080,519,506
LIABILITIES			
Customers' Deposits and Current Accounts	14	1,976,301,101	3,255,924,950
Due to the Federal Mortgage Bank of Nigeria	15	1,449,730,077	164,859,426
Due to Nigeria Mortgage Refinancing Company Plc	16	1,075,941,301	3,575,954
Other liabilities	17	585,235,269	900,658,373
Income tax payables	18.1	107,424,480	62,537,943
TOTAL LIABILITIES		5,194,632,229	4,387,556,646
NET ASSETS		2,926,322,520	2,692,962,860
EQUITY			
Share capital	20.1	2,790,000,000	2,790,000,000
Statutory Reserve	21	321,732,846	321,732,846
Regulatory risk reserve	22	134,633,564	33,870,541
Fair value reserve	23	11,111,106	-
Non-Distributable Regulatory Reserve	25	-	15,500,000
Accumulated loss	26	(331,154,995)	(468,140,527)
TOTAL EQUITY		2,926,322,521	2,692,962,860
TOTAL LIABILITIES AND EQUITY		8,120,954,750	7,080,519,506

The financial statements were approved by the Board of Directors on 21st March, 2023 and were signed on its behalf by:

Samuel Durojaye - FRC/2013/ICAN/00000002230 — Chairman

Olawale Osisanya - FRC/2014/ICAN/00000006024 — Managing Director

Rotimi Olashore- FRC/2014/ICAN/00000006940 — Executive Director - Finance & Strategy

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	2022	2021
		₦	₦
Interest income from loans and advances	27	726,295,174	553,659,868
Interest income from investment in treasury activities	27.1	156,676,505	75,887,412
		882,971,679	629,547,279
Interest expenses	28	(183,184,760)	(64,680,827)
Net Interest income		699,786,919	564,866,453
Impairment allowance reversed/(charged) - Loans and advances	29.1	18,351,282	(115,531,460)
Impairment allowance reversed/(charged) - others	29.2	76,214,319	88,122,865
Net interest income after impairment allowance		794,352,519	537,457,858
Fee and commision income	30	122,180,358	163,455,757
Fee and commision expenses	31	(11,162,349)	(15,062,307)
Net fee and commision income		111,018,009	148,393,450
Other income	32	68,128,702	91,879,845
Personnel expenses	33	320,950,610	265,207,084
General and administrative expenses	34	311,511,530	279,790,443
Depreciation and amortisation expense	35	85,582,407	79,769,720
Total operating expenses		718,044,546	624,767,247
Profit before tax		255,454,684	152,963,907
Income tax expense	18.2	(33,206,129)	(70,810,428)
Profit for the year		222,248,555	82,153,479
Other Comprehensive Income	23		
Items that will not be reclassified to profit/loss			
Net gain/(loss) on investment in Equity Instrument designated at Fair Value through other comprehensive income	23.1	11,111,106	-
Other Comprehensive Income for the year		11,111,106	-
Total Comprehensive Income for the year		233,359,661	82,153,479
Earnings per share - basic and diluted (kobo):			
Basic earning	44	7.97	2.96
Diluted earning	44	7.97	2.96

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

STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2022

	Issued share capital	Fair Value Reserve	Statutory reserve	Regulatory risk reserve	Non-Distributable Regulatory Reserve	Accumulated loss	Total equity
Balance as at I January 2021	2,790,000,000	-	321,732,846	35,333,897	15,500,000	(551,757,362)	2,610,809,381
Profit for the year	-	-	-	-	-	82,153,479	82,153,479
Other comprehensive income for the year	-	-	-	-	-	-	-
Transfers from Regulatory risk reserve	-	-	-	(1,463,356)	-	1 ,463,356	-
Increase from Statutory Reserve	-	-	-	-	-	-	-
Balance as at 31 December 2021/ 1 January 2022	**2,790,000,000**	**-**	**321,732,846**	**33,870,541**	**15,500,000**	**(468,140,527)**	**2,692,962,860**
Profit for the year	-	-	-	-	-	222,248,555	222,248,555
Other comprehensive income for the year	-	11,111,106	-	-	-	-	1 1,111,106
Transfers to Regulatory risk reserve	-	-	-	85,263,023	-	(85,263,023)	-
Balance as at 31 December 2022	**2,790,000,000**	**11,111,106**	**321,732,846**	**119,133,563**	**15,500,000**	**(331,154,994)**	**2,926,322,521**

No transfer was made to statutory reserve in compliance with Section 5.4(C) of the CBN Revised Guidelines for Primary Mortgage Banks in Nigeria which states that "no transfer to Reserve Fund shall be made untill all identiable losses have been made good".

The accompanying notes form an integral part of this financial statement

STATEMENT OF CASH FLOWS
AS AT 31ST DECEMBER 2022

	Notes	2022	2021
		₦	₦
Profit before tax		255,454,684	152,963,907
Adjustment for non-cash items:			
Depreciation and Amortisation	35	85,582,407	79,769,720
Impairment allowance charged - Loans and advances	29	(18,351,282)	1 15,531,460
Correction of			
Impairment allowance written back/(charged) - others	28.1	(76,214,319)	(88,122,865)
Fair value loss/(gain) on financial assets fair valued through profit or loss	7	155,665	(190,275)
Profit on sale of Property, plant and equipment	31	(2,656,063)	(59,860)
Dividend income	31	(7,834,454)	(13,439,999)
Operating profit before changes in assets/liabilities		236,136,639	246,452,087
Tax paid	18.1	(10,594,460)	(15,235,394)
		225,54,180	231,216,694
Changes in Operating assets/liabilities			
Net change in loans and other receivables	9	(455,965,420)	(2,368,165,174)
Net change in inventory	11	3 52,430	(526,313)
Net change in other assets	10	585,045,525	60,466,738
Net change in customers' deposits and current accounts	14	(1,279,623,849)	1,423,492,412
Net change in due to FMBN	15	1,284,870,651	(5,781,038)
Net change in due to NMRC Plc	16	1,072,365,347	(1,075,826)
Net change in other liabilities	17	(315,423,104)	214,032,561
Net cash (outflows)/inflows from operating activities		1,117,163,759	(446,339,946)
Cash Flows from investing activities			
Additions to property, plant and equipment	12	(26,406,251)	(112,286,190)
Additions to Intangible assets	13	-	(4,952,379)
Proceeds from sale of PPE		2 ,660,009	50,484
Dividend income	31	7 ,834,454	13,439,999
Net cash inflows/(outflows) from investing activities		**(15,911,788)**	**(103,748,086)**
Cash Flows from financing activities			
Net cash (outflows) from financing activities		-	-
Net increase in cash and cash equivalents for the year		1,101,251,971	(550,088,031)
Cash and cash equivalents as at 1 January		1,167,894,669	1,717,982,700
Cash and cash equivalents as at 31 December	6	2,269,146,641	1,167,894,669
Represented by:			
Cash at hand		23,561,030	25,001,025
Bank balances		300,871,475	189,235,371
Fixed placements with banks		1,882,049,561	890,993,699
Cash Reserve with the CBN		62,664,574	62,664,574
	6	2,269,146,641	1,167,894,669

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

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

1.1 Description of business

Gateway Mortgage Bank Limited ('Bank') is a Bank domiciled in Nigeria. It was incorporated as a Private Limited Liability Bank in Nigeria under the Companies and Allied Matters Act on the 2nd day of June 2005. The Bank changed its name to Gateway Mortgage Bank Limited on 27th April 2017 following the Central Bank of Nigeria (CBN) approval.
The Bank's registered office address is Plots 10 &11 Aderupoko Drive, Ibara Housing Estate,Abeokuta Ogun State.

Principal activities

The principal activity of the Bank is mortgage business and disbursement of the National Housing Fund (NHF) to Contributors.

1.2 Composition of financial statements

The financial statements comprise a Statement of profit or loss and other comprehensive income, a Statement of financial position, a Statement of changes in equity, and a Statement of cash flows and Notes to the financial statements.

1.3 Financial period

These financial statements cover the financial year ended 31st December 2022, with comparative figures for the year ended 31st December 2021.

1.4 Basis of measurement

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

- Financial asset measured at fair value through profit or loss;
- Financial Asset designated as fair value through OCI;
- Loans and receivables are measured at amortised cost; and
- Financial liabilities are measured at amortised cost

1.5 Functional Currency

These financial statements are presented in Naira, the Bank's functional and presentation currency.

1.6 Statement of Compliance

These financial statements of the Bank are general-purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Additional information required by provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria ("FRCN") Act No. 6, 2011 and relevant Central Bank of Nigeria circulars, is included where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE REPORTING PERIOD

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

1. Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the amendment is for years beginning on or after 1st January 2022.

This amendment has no impact on the financial statements.

2. Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of the acquiree's share not be recognised as part of the business combination.

The effective date of the amendment is for years beginning on or after 1st January 2022.

This amendment has no impact on the financial statements.

3. Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for the derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the amendment is for years beginning on or after 1st January 2022.

The impact of this amendment is immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

4. **Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37**
The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the amendment is for years beginning on or after 1 January 2022.

The impact of this amendment is immaterial.

5. **Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16**
The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset isfunctioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the amendment is for years beginning on or after 1st January 2022.

The impact of this amendment is immaterial.

STANDARDS AND INTERPRETATIONS ISSUED/AMENDED BUT NOT YET EFFECTIVE

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022:

1. **Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**
The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1st January 2023.

The impact of this amendment is currently being assessed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Bank and to all periods presented in the financial statements.

3.1. Financial Instruments

Initial recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. The Bank uses trade date accounting for regular way contracts when recording financial assets transactions. At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities caned at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:
(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the 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, for financial assets, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition - the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:
(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Financial Assets
(I) Classification and subsequent measurement

From 1 January 2018, the Bank has applied IFRS 9 and classified its financial assets into the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:
(i) the Bank's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in `Net investment income'. Interest income from these financial assets is included in Interest income' using the effective interest rate method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows, with sales of loans only being made internally to a consolidated SPV for the purposes of collateralising notes issued, with no resulting derecognition by the Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold-to-collect-and-sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other business model and measured at FVPL.

Sole Payment of Principal and Interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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

The Bank reclassifies debt investments 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 none occurred during the period.

Fair value option for financial assets

The Bank may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss.

(ii) Impairment

The Bank assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
• The time value of money; and
• Reasonable and supportable information that is available without undue cost or ffort at the reporting date about past events, current conditions and forecasts of future economic conditions.
Credit risk policy provides more detail about how the expected credit loss allowance is measured.

(iii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:
• If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
• Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
• Significant extension of the loan term when the borrower is not in financial difficulty.
• Significant change in the interest rate.
• Change in the currency the loan is denominated in.
• Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognizes a `new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit impaired financial assets).

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives,

financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The terms are substantially different if 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% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. 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, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

3.2 Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and net realisable value on a first-in-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Bank; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount only when it is probable that the future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Land is not depreciated as it appreciates in value.
The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Building	50 years
Plant and machinery	5 years
Furniture and fittings	6.67 years
Motor vehicles	4 years
Office equipment	6.67 years
IT equipment	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in the accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.
The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.4 Intangible assets

Intangible assets consist of computer software and costs associated with the development of software for internal use. Computer software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development.Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. The Internally developed software is stated at capitalized cost less accumulated amortization and impairment.
Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure isexpensed as incurred.
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. These costs are amortised on the basis of the expected useful lives of the software which range from three to five years.

The maximum useful life of software is five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.5 Impairment of non-financial assets

The Bank assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the Bank also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluat ion decrease.
An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.6 Non-current Assets held for sales

Classification

A non-current asset must be classified as held for sale if most of its carrying amount is expected to be recovered via future cash flows from the sale of the asset rather than future cash flows from use. IFRS 5 will not apply to a non-current asset that is going to be abandoned, as the carrying amount of an abandoned asset will be recovered through future use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

To classify an asset as held for sale, the asset or disposal group must be available for immediate sale in its present condition and the sale must be highly probable. IFRS 5 sets out criteria for the sale to be highly probable:

- Management must be committed to a plan to sell the asset;
- An active program to find a buyer must be initiated;
- The asset must be actively marketed for sale at a price that is reasonable to its current fair value;
- The sale must be completed within one year from the date of classification;
- Significant changes to be made to the plan must be unlikely.

Measurement
Immediately before the asset is classified as held for sale, it should be measured under its applicable IFRS. Subsequently, after it has been classified as held for sale it must be measured at the lower of its carrying amount or fair value less costs to sell.

3.7 Employee benefits

Defined contribution plans
A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
For defined contribution plans, the Bank pays contributions to privately administered Pension Funds Administrators (PFA) on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the Statements of Comprehensive Income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The defined contribution plans comply with the provision of the Pension Reform Act 2014. The Company contributes 10% while the employees contribute 8% of employees' total emolument. The Company's contribution of 10% of employees' emolument is charged to the statement of profit or loss accounts.

Defined benefit plans
A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The Bank does not have defined benefit plans as a pension plan.

Termination Benefits
Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits at the earlier of the following dates: (a) when the Bank can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash award or profit-sharing plans if the Bank 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.

3.8 Income Taxation

Current tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and it consists of the Company Income Tax, the Tertiary Education Fund tax, the NITDA levy and the NPTF levy. Company Income tax is assessed at a statutory rate of 30% of total profit. Tertiary Education Fund tax is computed as 2% of assessable profit, the NITDA levy is a 1% levy on Profit before tax of the Bank while the NPTF levy is 0.005% of net profit.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. However, the deferred income tax is not recognized for temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting or taxable profit or loss.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. The tax effects of carry forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Where the Bank has tax losses that can be relieved only by carrying them forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position. The Bank evaluates positions stated in tax returns; ensuring information disclosed is in agreement with the underlying tax liability, which has been adequately provided for in the financial statements.

3.9 Provisions and contingencies

Provisions are recognised when:

- the Bank has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.
Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constr uctive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditure that will be undertaken; and
  - when the plan will be implemented; and

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognized but disclosed as a note.

3.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

3.11 Equity reserve

The reserves recorded in equity on the Bank's statement of financial position include:

i. Regulatory risk reserve details the difference between the impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines compared with the expected credit loss model used in calculating the impairment under IFRS 9.

ii. Statutory reserve details un-distributable earnings required to be kept by the nation's central bank in accordance with national law. The national law requires every Primary Mortgage Bank (PMB) to maintain a reserve fund and shall out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserves as follows:

a) Where the reserve fund is less than the paid-up share capital, a minimum of 20% of the net profit; or

b) Where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 10% of net profit;

c) No transfer to the reserve fund shall be made until all identifiable losses have been made good.

3.12 Revenue recognition

Interest income and expense

Interest income and expense are recognised in profit or loss 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, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses. The calculation of the effective interest rate includes contractual 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Interest income and expenses presented in the Income Statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including loan account servicing fees, commitment and arrangement fees, investment management and other fiduciary activity fees, sales commission and placement fees. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Dividend income

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on long term equity investments is recognised as a component of other operating income.

3.13 Earnings per Share

The Bank presents Basic Earnings per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for effects of all dilutive potential ordinary shares.

4.0 Significant judgements, estimates and assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying the Bank'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 Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Going Concern

The financial statements have been prepared on a going concern basis and there is no intention to curtail business operations. The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank 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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

i. Useful lives and carrying value of property and equipment and intangible assets

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

ii. Determination of impairment of property and equipment, and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

The Bank applies the impairment assessment to its separate cash-generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash-generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed. No property and equipment or intangible asset were impaired at the year end.

iii. Fair value measurement of financial instruments

For disclosure purposes, the determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, the uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Bank measures fair values using the following hierarchy of methods.

- Level 1: Quoted market price in an active market for an identical instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- 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 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: This includes financial instruments, the valuation of which incorporates significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product.

These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes investment securities.

iv. Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies (See Note 18.6). Unrelieved tax losses can be used indefinitely.

v. Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost.
The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on the expectation of potential credit losses at the time of initial recognition.
The Company does not originate or purchase credit-impaired loans or receivables.
The determination of whether a financial asset is credit-impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when the Company considers the obligor is unlikely to pay its credit obligations to the company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company 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 portfolio by the Company's ECL model for homogenous portfolios. Forecasts of future economic conditions when calculating ECLs are considered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 Company under the contract; and
2) The cash flows that the Company expects to receive.

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

- The Company's criteria for assessing if there has been a significant increase in credit risk and 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 lifetime of a financial asset is a key factor in determining the lifetime expected credit losses. Lifetime expected credit losses represent default events over the expected life of a financial asset. The company 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.

vi. Determination of regulatory risk reserves
Provisions under prudential guidelines are determined using the time base provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines for Primary Mortgage Institutions. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.
By CBN (OFISD) circular letter to All Other Financial Institutions dated October 11, 2013, impairment for loans recognised in the statement of comprehensive income account is determined based on the requirements of IFRS. However, the IFRS impairment is compared with provisions determined under prudential guidelines and the expected impact/changes are recognised in the general reserve as follows:

- If a prudential provision is greater than IFRS impairment; the excess provision resulting therefrom is transferred from the general reserve account to a "regulatory risk reserve".
- If a prudential provision is less than IFRS impairment; IFRS determined impairment is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

The regulatory risk reserve is considered a non-distributable reserve and classified under Tier 1 as part of the core capital. The Bank has complied with the requirements of the guidelines.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5.0 Risk management framework

The primary objective of Gateway Mortgage Bank's risk management framework is to protect the Bank's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The Bank has established risk management functions with clear terms of reference from the Board of Directors, its Committees and the Management Committees.
This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

Gateway Mortgage Bank's principal significant risks are assessed and mitigated under three broad headings:

1. Strategic risks
This specifically focused on the economic environment, the products offered and the market. The strategic risks arise from a Bank's ability to make appropriate decisions or implement appropriate business plans, strategies, decision-making, resource allocation and its inability to adapt to changes in its business environment.

2. Operational Risks
These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

3. Financial Risks
The risk associated with the financial operation of the Bank, including pricing of loans and advances, operational expenses, capital management, investments, liquidity and credit.
The Board of Directors approves the Bank's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Bank's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

5.1 Strategic risks

5.1.1 Capital management policies, objectives and approach
The following capital management objectives, policies and approaches to managing the risks which affect its capital position are adopted by Gateway Mortgage Bank Limited:

- To maintain the required level of financial stability thereby providing a degree of security to customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

- To retain financial flexibility by maintaining strong liquidity.

- To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.

- To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

Gateway Mortgage Bank's operations are also subject to regulatory requirements of the CBN and NDIC. In addition, annual returns must be submitted to CAC, FIRS and other regulatory authorities on a regular basis.

5.1.2. Approach to capital management

The Bank seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.
The Bank's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis.

5.1.3. Regulatory capital

The Central Bank of Nigeria, sets and monitors capital requirements for the Bank. In implementing current capital requirements, the Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory capital is analysed into two tiers:

I. Tier 1 capital: includes share capital, share premium, retained earnings and reserves created by appropriations, statutory reserve and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

II. Tier 2 capital: includes qualifying subordinated liabilities, debentures, Loan stocks and unconsolidated debentures.

The Bank's primary source of capital used is the equity shareholders' funds.

There are no significant changes to its capital structure during the year under review.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5.1.4 Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's riskweighted asset base.

The capital adequacy ratio is computed as follows:

SHAREHOLDERS' FUND	2022	2021
Tier 1 Capital	₦	₦
Ordinary share capital	2,790,000,000	2,790,000,000
Non-Distributable Regulatory Reserve	15,500,000	15,500,000
Statutory reserve	321,732,846	321,732,846
Regulatory risks reserve	119,133,563	33,870,541
Retained earnings	(331,154,995)	(468,140,527)
Fair value reserve	11,111,106	-
Intangible Assets	(7,408,776)	(10,980,192)
Total Tier 1	2,918,913,745	2,681,982,668
Tier 2 Capital	-	-
Risk weighted assets		
On balance sheet	6,253,632,479	6,112,261,835
Off balance sheet	-	-
Total risk weighted assets	6,253,632,479	6,112,261,835
Bank's risk-weighted capital adequacy ratio	47%	44%
Minimum Regulatory requirement ratio	10%	10%

5.2. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors such as regulatory levies, fees and prompt loan repayment. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- training and professional development; and
- Ethical and business standards.

5.3. Financial risks

The Bank has exposure to the following risks from financial instruments:
- Credit risks
- Liquidity risks
- Market risks

Financial risk management

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practices. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. Risk management is carried out by a central Risk Management Department under policies approved by the Board of Directors. The Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Bank's operating units. The risks arising from financial instruments to which the Bank is exposed are financial risks, which include credit risk, liquidity risk and market risk (which are discussed below).

5.3.1 Credit risk

Mortgage lending and other financial activities form the core business of the Bank. The Bank recognises this and has placed great emphasis on the effective management of its exposure to credit risk. The Bank defines credit risk as the risk of counterparty failure to meet the terms of any lending contract with the Bank or otherwise to perform as agreed.

Credit risks arise any time the Bank's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.
The Bank's specific credit risk objectives as contained in the risk management framework are:
- Effective evaluation of portfolio for efficiency;
- Establishment of a credit culture that reflects the Bank's risk tolerance limits;
- Establishment of formal underwriting standards for on-balance sheet assets; and
- Development of a standard best practice process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The Product and Marketing department is required to implement credit policies and procedures in line with the credit approval authorities granted by the Board. The Product and Marketing department is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio, including those subject to Management

Credit Committees' approval.

The Internal Audit and Risk Management units respectively undertake regular audits of the department and credit quality reviews. The Bank continues to focus attention on intrinsic and concentration risks inherent in its business to manage the Bank's portfolio risk. It sets portfolio concentration limits that are measured under the following parameters; concentration limits per obligor, industry, and rating grade. The limits reflect the risk appetite of the Bank.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate Management credit committee reporting to the Board Credit Committee is responsible for the oversight of the Bank's credit risk.

5.3.2(a) Credit risk measurement

In measuring the credit risk of loans and advances to customers, the Bank reflects the following components:

- The character and capacity to pay off the customer on its contractual obligations;
- Current exposures to the counter party and its likely future development; and
- The likely recovery ratio in the case of default obligations – value of collateral and other ways out.

The Banks rating scale reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.
The rating tools are reviewed and upgraded when necessary.
The Bank regularly validates the performance of the rating and its predictive power with regard to default events.

Collateral Risk Rating (CRR) Facility Risk Rating (FRR)

- The bank does not lend to speculative obligors on an unsecured basis. The Facility Risk Rating (FRR) is different from the Obligor Risk Rating (ORR) to the extent of the perceived value of enhancement provided; and
- The collateral risk rating grid indicates the acceptable collateral types rated 1.10 from best to worst in order of liquidity.

The Bank's rating grades reflect the range of parameters developed to predict the default probabilities of each rating class. In line with International best practices and in compliance with BASEL II requirements, the Bank standardised its rating grades. The rating is handled by the Risk Management Department.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Models have been used to estimate a number of credit exposures, as the value of a product varies with changes in market variables, expected cash flows and time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between parties. Ratings and scoring models are in use for all key credit portfolios and form the basis for measuring default risks.

In measuring the credit risk of loans and advances at a counterparty level, the Bank considers three components:

1. The probability of default (PD)
2. Exposure to the counterparty and its likely future development, from which the Bank derive the 'exposure at default' (EAD); and
3. The likely recovery ratio on the defaulted obligations (the "loss given default") LGD.

The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

These credit risk measurements, which reflect expected loss (the "expected loss model"), are required by the Basel Committee on Banking regulations and the Supervisory Practices and are embedded in the Bank's daily operational management. The operational measurement can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the date of preparation of the statement of financial position (the "incurred loss model") rather than expected losses (IFRS 9 expected losses model is to take effect in 2018 with early adoption permitted).

1. Probability of Default

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to various categories of the counterparty. They have been developed internally and combined statistical analysis with the Risk Management officer's judgment.

The rating template combines both qualitative and quantitative factors to arrive at a rating which is comparative to internationally available standards.

The rating methods are subject to semi-annual validation and recalibration so that they reflect the latest projection in light of all actually observed defaults.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The rating grid with description is as follows:

Rating Grade	Description	Scoring	Group Description
1	Exceptional Capacity	AAA	
2	Very Strong Capacity	AA	
3	Strong Repayment Capacity	A	
4	Good Credit Quality &		
	Adequate Repayment	BBB	Performing
5	Possibility that Credit		
	Risk may occur	BB	
6	Significant Credit Risk		
	may occur but meets all	B	
7	Default is a real possibility	CCC	Watchlist
8	Default is probable	CC	
9	Default is imminent	C	Non-performing
10	Default/Loss	D	

The first six ratings apply to active credits or newly proposed credits while the last four ratings apply to watchlist and delinquent credits, which are due to be called in or already handed over to debt collectors.

Performing (Rating 1-6) – Facility has a strong tendency of repayment within the approved tenor; interest and principal are being repaid as and when due.

Watchlist (Rating 7) – Facility demonstrates some early warning signals of deficiency and has a tendency to default either in respect of the principal or accrued interest.

Substandard and Doubtful – (Ratings 8 & 9) – this rating is applied where a strong doubt exists that full repayment of principal and interest will occur. The exact extent of the potential loss is not, however, certain at the time of classification.

Loss (Rating 10) – Facility is actually in default and principal and or interest overdue remain unpaid for more than 365 days for legacy loans, (i.e. Commercial loans existing before the Revised Guidelines for Primary Mortgage Banks in Nigeria), 2 years from the due date for Mortgage Loans and more than 3 years for Commercial Real Estate Finance.

2. Exposure at Default (EAD)

EAD is the amount the Bank expects to be owed at the time of default or reporting date. For example, for a loan, this is the face value (principal plus interest). The Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default should it occur.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Loss Given Default (LGD)

LGD represents the Bank's expectation of the extent of loss on a claim should a default occur. It is expressed as a percentage loss per unit of exposure. It typically varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure to default and loss given default is based on the risk parameters standard under Basel II.

The general approach

At each reporting date, we recognise a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.
Essentially, the bank applied the following assessment at each reporting date:

Stage 1 - For credit exposures where there have not been significant increases in credit risk since initial recognition, an entity is required to provide for 12-month ECLs, i.e., the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12- months after the reporting date.

Stage 2 - For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis, a loss allowance is required for lifetime ECLs, i.e., ECLs that result from all possible default events over the expected life of a financial instrument.

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

Staging

When applying IFRS 9 principles, there are three different stages of measuring impairment. Most exposures will initially be in Stage 1. The bank recognises only the credit loss associated with the probability of default within the next 12 months as a provision against the asset.
However, as soon as the exposure has suffered a significant increase in credit risk ('Stage 2), the bank recognises an allowance equal to expected credit losses over the lifetime of the loan. IFRS 9 does not specify what constitutes a significant increase in credit risk.
The bank established its own policies for what it considers as default and apply that definition consistently with that used for internal credit risk management purposes. They should consider qualitative factors (e.g. financial covenants) when appropriate. Transfers between Stages 1 and 2 are based on relative movement in credit risk since origination rather than based on the absolute level of risk. The expected loss over the lifetime of a loan is likely to be significantly higher than the expected loss for the next 12 months.

The standard includes a rebuttable presumption that a default does not occur later than when a loan asset is 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

IFRS 9 also presumes that there is a significant increase in credit risk since initial recognition if the loan facility is more than 30 days past due.

Prudential Index	Days Due	Stage Allocation
Normal	0 – 30	Stage 1
Watchlist	31 – 90	Stage 2
Substandard	91 – 180	Stage 3
Doubtful	Over 180	Stage 3
Loss	Considered Uncollectible	Stage 3

(b) Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified - in particular, to individuals and corporate bodies.
The Bank structures the level of the credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review when considered necessary.

Lending limits are reviewed in light of changing market and economic conditions and periodic credit reviews and assessments of the probability of default.

(c) Collateral

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

- Mortgages over residential properties/commercial properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.
- Undertakings/ guarantees of the lenders and guarantors

Longer-term finance and lending to corporate entities are generally secured by any of the security type stated above.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Credit risk exposures relating to financial assets are as follows:

	Maximum Exposure	
	2022	2021
Loans and other receivables:	₦	₦
Mortgage loans	4,669,205,994	4,337,477,259
Overdraft	445,766,3203	17,445,199
Staff loans	20,136,090	24,220,527
Financial asset measured at fair value through profit or loss	1,337,204	1,492,869
Other assets	287,306,831	299,916,610
	5,423,752,439	4,980,552,463

The above table represents a worst-case scenario of credit risk exposure of the Bank as at 31 December 2022 and 2021, without taking into account any collateral held or other credit enhancements attached. The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 94% of the total maximum exposure is derived from loans and other receivables from customers and staff (2021: 97%); nil% represents investments in government debt securities (2021: nil%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- Mortgage loans, which represents the Bank's biggest portfolio, are backed by collateral;
- 91% of the loans and other receivables portfolio is considered to be not past due but impaired (2021: 97%);
- The Bank has introduced a more stringent selection process for granting loans and advances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5.3.4 Loans and other receivables

Loans and other receivables are summarized as follows:

	Mortgage Loans	Staff Loans	Overdraft	Commercial and other loans	Total
	₦	₦	₦	₦	₦
Not Past due but impaired	4,378,996,102	19,337,083	263,688,528	438,473	4,662,460,185
Past due and impaired	209,316,105	-	164,020,874	16,657,047	389,994,026
Individually impaired	63,798,267	799,008	18,056,919	-	82,654,194
Gross	4,652,110,473	20,136,090	445,766,320	17,095,520	5,135,108,405
Less: allowance for Impairment	(242,685,172)	(992,379)	(20,693,804)	854,776	(263,516,578)
	4,409,425,312	19,143,712	425,072,516	17,950,296	4,871,591,827

5.4 Market Risk

The Bank 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. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

5.5 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from commitments and other cash outflows. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments.

The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters

(a) Maturity Profiling
Maturity profiles of the Bank's financial instrument liabilities

2022

The table below summarises the maturity profile of the financial liabilities of the Bank based on the remaining undiscounted
contractual obligations:

	On demand	Less than a year	Between 1 and 5 years	Above 5 years	Total
Deposit from Customers	901,874,439	1,073,426,662	1,000,000	-	1,976,301,101
Due to the Federal Mortgage Bank of Nigeria	-	35,539,063	177,695,316	1,236,495,698	1,449,730,077
Due to Nigeria Mortgage Refinancing Company Plc	-	43,208,28	216,041,440	816,691,573	1,075,941,301
Company income tax Payables	107,424,480	-	-	-	107,424,480
Deferred tax liabilities		-	-	-	-
Contributory pension payable	1,703,361	-	-	-	1,703,361
	1,011,002,280	1,152,174,014	394,736,756	2,053,187,271	4 ,611,100,321

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2022

Maturity profiles of the Bank's financial assets

	On demand	Less than a year	Between 1 and 5 years	Above 5 years	Total
	₦	₦	₦	₦	₦
Cash and cash equivalent	324,432,505	1,882,049,561	62,664,574	-	2,269,146,641
Financial asset measured at fair value through profit or loss	1,337,204	-	-	-	1,337,204
Loans and other receivables	405,744,592	313,254,601	4,416,109,211	-	5,135,108,405
	731,514,301	2,195,304,163	4,478,773,785	-	7,405,592,249

2021

The table below summarizes the maturity profile of the financial liabilities of the Bank based on the remaining undiscounted contractual obligations:

	On demand	Less than a year	Between 1 and 5 years	Above 5 years	Total
	₦	₦	₦	₦	₦
Deposit from Customers	1,170,524,671	2,085,400,279	-	-	3,255,924,950
Due to the Federal Mortgage Bank of Nigeria	-	9,814,176	49,070,879	105,974,371	164,859,425
Due to Nigeria Mortgage Refinancing Company Plc	-	1,680,556	1,895,398	-	3,575,954
Company income tax Payables	6,962,909	-	-	-	6,962,909
Deferred tax liabilities	-	-	-	-	-
Contributory pension payable	25,600	-	-	-	25,600
	1,173,413,408	647,478, 85	18,529,254	-	3,431,348,838

Maturity profiles of the Bank's financial assets

	On demand	Less than a year	Between 1 and 5 years	Above 5 years	Total
	₦	₦	₦	₦	₦
Cash and cash equivalent	324,616,571	780,613,524	62,664,574	-	1,167,894,669
Financial asset measured at fair value through profit or loss	1,492,869	-	-	-	1,492,869
Loans and other receivables	21,583,667	193,239,238	676,213,126	3,688,106,954	4,679,142,985
	447,502,832	1,547,777,763	715,040,730	329,684,809	5,848,530,523

(b) Liquidity risk management process

The Bank' s liquidity management process, as carried out within the Bank and monitored by Bank Treasury's department, includes:

• Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;

• Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

• Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and

• Managing the concentration and profile of debt maturities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

(c) Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality and highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with correspondent Banks;
- Government Treasury bills

5.6 Fair Value measurement of financial assets and liabilities

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These three types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is,
  as prices) or indirectly (that is, derived from prices).
  This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like the London Inter-bank Offered Rate (LIBOR) yield curve or counter party credit risk are Bloomberg and Reuters.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
6	CASH AND CASH EQUIVALENTS	₦	₦
	Vault Cash	23,561,030	25,001,025
	Balances with Banks (Note 6.1)	300,871,475	189,235,371
	Placement with banks/other financial Institutions (Note 6.2)	1,882,049,561	890,993,699
	Cash Reserve with the CBN	62,664,574	62,664,574
	Cash and Cash equivalents	2,269,146,641	1,167,894,669
	Balance for statement of cash flows purposes at 31st December	2,269,146,641	1,167,894,669

		2022	2021
6.1	Balances with Banks		
	Access Bank Plc	40,289,597	34,919,225
	First Bank of Nigeria Limited	17,084,326	3,700,805
	First City Monument Bank Plc	164,110,446	73,630,019
	Keystone Bank Limited	8,329,735	15,066,503
	Eco Bank Nigeria Limited	-	31,982
	Zenith Bank Plc	42,682	191,921
	Guaranty Trust Bank Limited	9,437,275	634,819
	Sterling Bank Plc	33,233,176	57,170,695
	United Bank for Africa Plc	6,233,791	1,233,966
	Wema Bank Plc	186,607	2,655,436
	Lotus Bank Limited	9,388,398	-
	Globus Bank Limited	4,695,569	-
	Polaris Bank Limited	7,839,872	-
		300,871,475	189,235,371

		2022	2021
6.2	Placement with Banks/Other Financial Institutions		
	First City Monument Bank Plc	5,000,000	500,000,000
	Globus Bank Limited	410,257,188	-
	Keystone Bank Limited	8,888,969	100,993,699
	Parallex Bank Limited	430,460,922	-
	Sterling Bank Plc	646,442,481	270,000,000
	Unity Bank Plc	300,000,000	-
	Wema Bank Plc	-	20,000,000
	Zenith Bank Plc	81,000,000	-
		1,882,049,561	890,993,699

		2022	2021
7	FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		
	As at 1st January	1,492,869	1,302,594
	Fair value gain on investment	(155,665)	190,275
	As at 31st December	1,337,204	1,492,869

7.1 This represents the investment of the Bank in shares of publicly quoted Companies. The movement in the financial asset fair valued through profit or loss arose from the decrease in the valuation using the market prices ruling at the close of business on 31st December 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7.2 Valuation of Investments in Quoted shares as at 31/12/202

Stocks	Unit	Bonus	Total	Market Value 31/12/21	Mkt Price 31/12/22	Market Value 31/12/2022	Inc./Dec.in Value
	Units	Units	Units	₦	₦	₦	₦
First Bank of Nigeria Limited	45,410	13,750	59,160	674,424	10.90	644,844	(29,580)
Sovereign Trust Insurance	12,000	-	12,000	3,600	0.28	3,360	(240)
Mutual Benefit Assurance	10,000	-	10,000	3,400	0.29	2,900	(500)
ECO	321	429	750	4,500	6.00	4,500	-
NASCON	60,000	-	60,000	792,000	11.10	666,000	(126,000)
LAFARGE	-	624	624	14,945	25.00	15,600	655
				1,492,869		1,337,204	(155,665)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
		₦	₦
8	**FINANCIAL ASSET DESIGNATED AS FAIR VALUED THROUGH OCI** As at 1st January	100,000,000	100,000,000
	Changes in fair value value of equity instrument	11,111,106	-
	As at 31st December	111,111,106	100,000,000

8.1 This represents the Bank's investment in the Nigeria Mortgage Refinance Company Plc (NMRC) ordinary sharesof N1.00 each having been allotted 16,000,000 units at N6.25 per share. This investment is not an interest yielding one except dividend. The Bank received 1,777,777 bonus shares in 2019, which increased its holding in NMRC to 17,777,777 units. The NMRC shares are quoted in the Secondary market through the National Association of Securities Dealers (NASD) Over-the-Counter (OTC) of the NASD Plc. The quoted name of the shares in the NASD OTC is SDNMRCPLC. The shares were traded at N6.25 as at 31st December 2022 (2021: N6.25).

Share held in:	Number of shares	Share price	Value of shares
	₦		₦
Nigeria Mortgage Refinance Company Plc	17,777,777	6.25	111,111,106

		2022	2021
9	**LOANS AND OTHER RECEIVABLES**		
	Loans to customers	4,669,205,994	4,337,477,259
	Overdraft facilities	445,766,320	317,445,199
	Staff loan	20,136,090	24,220,527
		5,135,108,405	4,679,142,985
	Less: Impairment of loans and other receivables (note 9.1.1)	(263,516,578)	(281,867,860)
		4,871,591,827	4,397,275,125
9.1	**Impairment of Loans and other receivables**		
	ECL-Stage 1 (Note 9.4)	135,722,412	147,391,383
	ECL- Stage 2 (Note 9.4)	113,827,991	64,277,545
	ECL-Stage 3 (Note 9.4)	13,966,175	70,198,932
		263,516,578	281,867,860
9.1.1	**Expected Credit Losses**		
	Balance as at 1st January	281,867,860	166,382,590
	Impairment written back	(67,901,728)	(46,190)
	Expected credit loss charged for the year (note 9.4)	49,550,446	115,531,460
	Balance as at 31st December	263,516,578	281,867,860
9.2	**Analysis of Loans by Expected Credit Loss**		
	Stage 1	4,941,636,307	4,523,240,660
	Stage 2	151,770,654	85,703,393
	Stage 3	41,701,444	70,198,932
	Total loans	5,135,108,405	4,679,142,985
9.3	**Analysis by type of loans**		
	Residential Mortgage loan	4,652,110,474	4,337,477,259
	Overdraft facilities	445,766,320	317,445,199
	Staff loan	20,136,090	24,220,527
	Commercial and other loans	17,095,520	-
	Total loans	**5,135,108,405**	**4,679,142,985**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9.4 Loan impairment computation and analysis of inputs to the ECL model shown below:

Description	Stage 1	Stage 2	2022 Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	₦	₦	₦	₦	₦	₦	₦	₦
ECL Allowance as at 1st January	147,391,383	64,277,545	70,198,932	281,867,860	116,571,910	3,153,810	46,656,870	166,382,590
New originated	-	49,550,446	-	49,550,446	30,819,473	61,123,735	23,588,252	115,531,460
Asset derecognised or repaid	(11,668,971)	-	(56,232,757)	(67,901,728)	-	-	(46,190)	(46,190)
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Asset written-off	-	-	-	-	-	-	-	-
Total IFRS loan Impairment as at 31st December	135,722,412	113,827,991	13,966,175	263,516,578	147,391,383	64,277,545	70,198,932	281,867,860

Refer to Note 5.3.1on Credit risk management for the basis of computation of the ECL.

9.5 Analysis of Loans and other receivables as per CBN Prudential Guideline provisioning

Class	Construction loan	2022 Residential Mortgage Loans	Overdraft	Staff loans	Commercial and other loans	Total
	₦	₦	₦	₦	₦	₦
Performing	-	4,378,996,102	263,688,528	19,337,083	438,473	4 ,662,460,185
Watch list	-	116,409,126	56,840,558	-	-	173,249,685
Substandard	-	92,906,979	44,465,584	-	16,657,047	154,029,611
Doubtful	-	63,778,939	62,714,731	-	-	126,493,670
Lost	-	19,328	18,056,919	799,008	-	18,875,254
Total	**-**	**4,652,110,474**	**445,766,320**	**20,136,090**	**17,095,520**	**5 ,135,108,405**

Class	2021 Construction loan	Residential Mortgage Loans	Overdraft	Staff loans	Total
	₦	₦	₦	₦	₦
Performing	-	4,313,901,180	193,239,238	23,649,692	4,530,790,110
Watchlist	-	4,620,125	-	-	4,620,125
Substandard	-	2,179,645	-	-	2,179,645
Doubtful	-	-	-	-	-
Lost	-	16,776,310	124,205,961	570,834	141,553,105
Total	**-**	**4,337,477,260**	**317,445,199**	**24,220,527**	**4 ,679,142,985**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9.6 Provision per CBN Prudential Guidelines

	2022 Gross loans ₦	2022 Provision ₦	2021 Gross loans ₦	2021 Provision ₦
Performing: 1% (2021: 1%)	4,679,117,233	46,791,172	4 ,530,790,110	45,307,901
Pass and Watch: 1% (2021: 1%)	173,249,685	1,732,497	4 ,620,125	46,201
Substandard (Mortgage loans): 10% (2021: 10%)	137,372,563	13,737,256	2 ,179,645	217,965
Substandard (Commercial loans) 25% (2021: 25%)	-	-	-	-
Doubtful: 50% (2021: 50%)	126, 493, 670	63,246,835	-	-
Very doubtful: 75% (2021: 75%)	-	-	-	-
Lost: 100% (2021: 100%)	18,875,254	18,875,254	1 41,553,105	141,553,105
Total Provision	**5,135,108,405**	**144,383,015**	**4,679,142,986**	**187,125,172**

9.7 Analysis of Loans and other receivables by maturity

	0-90 Days ₦	91-180 Days ₦	181 - 365 Days ₦	Above 365 Days ₦	TOTAL ₦
Mortgage Loan	30,363,472	49,361,665	174,089,058	4 ,270,850,512	4,524,664,707
Overdraft	228,882,724	87,610,398	-	-	316,493,122
Staff	707,783	216,375	1,538,633	1 44,321,271	146,784,063
Others	145,790,613	438,473	-	937,428	147,166,513
TOTAL	**405,744,592**	**137,626,911**	**175,627,691**	**4,416,109,211**	**5,135,108,405**

9.8 Analysis of Loans and other receivables by security

	Secured	**Unsecured**	**Total**
Mortgage Loan	4,524,664,707	-	4,524,664,707
Overdraft	316,493,122	-	316,493,122
Staff	1 46,784,063	-	146,784,063
Others	119,761,735	27,404,779	1 47,166,513
TOTAL	**5 ,107,703,626**	**2 7,404,779**	**5,135,108,405**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2022	2021
	₦	₦
10 OTHER ASSETS		
Prepayments (Note 10.1)	13,476,311	16,484,758
Remita wallet	193,928	8,675,600
Receivable on properties in GRA, Abeokuta (Note 10.2)	-	31,000,000
Account receivable (Note 10.3)	8,500,000	234,779
Credit Life Insurance receivable of NMRC	-	8,187,934
Asset Revaluation (Note 10.7)	-	55,338,192
Revenue collection for Ogun State Government (POP)	23,226,821	24,236,937
Presidential Mandate Housing estate	23,986,080	26,426,932
Laderin Workers Housing estate	14,301,096	15,412,814
Senior Staff Fund	-	425,634,319
Interest receivable from fixed deposit	10,210,823	6,636,569
Perfection fee receivable on NHF Loans	17,703,250	-
Gateway Holdings Limited	18,056,831	18,056,831
Stock of Housing Properties at OPIC's MTR Gardens, Isheri, Ogun State- net of impairment allowance (Note 10.5)	260,750,000	281,625,000
Investment in TASUED (Note 10.3)	-	8,500,000
	390,405,139	926,450,664
Less: Impairment allowance on other assets (Note 10.4)	(111,470,675)	(138,684,994)
	278,934,464	787,765,671
10.1 Prepayments		
Prepaid Insurance	4,553,890	4 ,087,708
Prepaid rent	-	4 69,780
Prepaid cheque book	4,399,463	3 ,489,700
Prepaid airtime	707,683	129,517
Prepayment for financial report software installation	-	1 ,346,000
Subscription for Broadbank internet	-	930,000
Subscription for MPLS-VPN	-	540,000
Prepayment for Metre Installation	-	500,000
Prepaid subscriptions and licences	3,815,276	4 ,992,053
	13,476,311	16,484,758

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10.2 Receivable on properties in GRA, Abeokuta

Included in account receivables is 8405.596 sqm of landed property located at 15 Adetokunbo Ademola Crescent, GRA, Ibara, Abeokuta Ogun State acquired by the Bank in 2021 at a cost price of N270.92 million including the cost of improvement to the land. The landed property was divided into 12 plots and sold for N306million.
The amount has been fully received in the year 2022.

10.3 Account Receivable

This relates to the amount due from Tai Solarin University of Education (TASUED). The balance has been fully impaired.

10.4 Allowance for Impairment of other assets

	2022 ₦	2021 ₦
As at 1st January	138,684,994	35,915,160
Impairment allowance (written back)/charged	(27,214,319)	102,769,834
As at 31st December	111,470,675	138,684,994

Other assets inherently expose the Bank to credit risk, being the risk that the Bank will incur a financial loss if customers fail to make payments as they fall due. It is required by the prudential guidelines issued by the CBN, for banks to make a 1% general loss allowance for total other assets.
The Bank also make specific provision for loss allowance where appropriate.

10.5 Stock of Housing Properties at OPIC's MTR Gardens, Isheri, Ogun State

	2022 ₦	2021 ₦
As at 1st January (Split as stated below:)	354,232,300	432,000,000
Rent-to-own	281,625,000	312,000,000
Outstanding units from the MTR Gardens yet unsold	72,607,300	120,000,000
Additional improvement on the properties	3,125,000	13,232,300
Total balance of Properties	**354,232,300**	**445,232,300**
Rent received from rent-to-own	(24,000,000)	(43,000,000)
Properties sold	(49,000,000)	(48,000,000)
	284,357,300	**354,232,300**
Specific allowance for stock of housing properties	(23,607,300)	(72,607,300)
As at 31st December	260,750,000	281,625,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

In 2018, the Ogun State Property and Investment Corporation (OPIC) initially issued Twenty-four (24) units of 3 Bedroom type B Shell apartments issued at N24million each, to Gateway Mortgage Bank Limited in full and final settlement of N576,000,000 balance of their loan with the Bank. The Bank sold out six (6) units in 2020 to buyers leaving out a balance of eighteen (18) units. During the year under review, the Bank sold 2 units of 3 Bedrooms, on a cash basis, out of the 18 units for N48,000,000.00. Thirteen (13) units were converted to rent-to-own properties, a product designed to dispose off the properties. The units outstanding as at 31st December 2022 were two (2).

10.6 Specific allowance for stock of housing properties

	2022	2021
	₦	₦
As at 1st January	72,607,300	263,500,000
Impairment allowance (written back)	(49,000,000)	(230,562,500)
Impairment allowance charged	-	39,669,800
As at 31st December	23,607,300	72,607,300

10.7 Asset Revaluation

This represents the surplus portion of the asset revaluation exercise carried out by the Bank in October 2018. This shall be warehoused in other assets until approval is obtained from the necessary regulator of the Bank. The Bank has decided to reverse the revaluation surplus due to failure to get approval from the CBN.

11 INVENTORIES

Inventories (Note 11.1)	5,076,194	5,428,623

11.1 Inventories comprise cheque booklets, stationeries, computer comsumables and diesel.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Plant and machinery	Furniture & Fittings	Office equipment	IT Equipment	Motor Vehicles	Total
Cost	₦	₦	₦	₦	₦	₦	₦	₦
As at 1st January 2022	156,385,000	260,453,451	52,654,414	40,812,924	117,609,630	45,816,660	187,836,706	861,568,785
Additions	1,550,251	-	5,966,500	2,121,000	2 ,907,500	8,361,000	5 ,500,000	26,406,251
Transferred	-	-	-	-	-	-	-	-
Derecognition/disposal	-	-	(280,500)	-	-	-	(11,950,000)	(12,230,500)
Balance as at 31st December 2022	157,935,251	260,453,451	58,340,414	42,933,924	120,517,130	54,177,660	181,386,706	875,744,536
Accumulated Depreciation								
Balance as at 1st January 2022	-	35,535,054	29,928,250	12,714,380	46,758,867	29,174,242	97,775,635	251,886,428
Charge for the year	-	6,256,053	9,337,444	5,538,561	17,904,276	7,930,747	35,043,909	82,010,991
Transferred	-	-	-	-	-	-	-	-
Derecognition/disposal	-	-	(276,604)	-	-	-	(11,949,950)	(12,226,554)
Balance as at 31st December 2022	-	41,791,107	38,989,090	18,252,941	64,663,143	37,104,989	120,869,594	321,670,865
Carrying Amount								
Balance as at 31st December 2022	157,935,251	18,662,343	19,351,324	24,680,982	55,853,987	17,072,671	60,517,112	554,073,670
Balance as at 31st December 2021	*156,385,000*	*224,918,397*	*22,726,164*	*28,098,544*	*70,850,763*	*16,642,417*	*90,061,071*	*609,682,357*

12.1 The Bank has no capital commitment as at 31st December 2022 (2021: Nil).

12.2 No leased assets are included in the above schedule of property, plant and equipment.

12.3 There was no capitalised borrowing cost relating to the acquisition of property, plant and equipment during the year under review.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2021

	Land	Building	Plant and machinery	Furniture & Fittings	Office equipment	IT Equipment	Motor Vehicles	Total
Cost	₦	₦	₦	₦	₦	₦	₦	₦
As at 1st January 2021	155,635,000	236,812,979	52,082,414	25,132,190	111,536,575	51,048,570	141,114,206	773,361,934
Transfer between PPE	-	-						
Additions	750,000	23,676,000	572,000	18,716,950	13,487,300	8,361,440	46,722,500	112,286,190
Transferred to intangible asset	-	-	-	-	(753,225)	-	-	(753,225)
Derecognition/disposal	-	-	-	(3,036,216)	(6,661,020)	(13,593,350)	-	(23,290,586)
2021	156,385,000	260,453,451	52,654,414	40,812,924	117,609,630	45,816,660	187,836,706	861,568,785
Accumulated Depreciation								
Balance as at 1st January 2021	-	29,430,042	21,425,500	11,781,084	35,040,286	36,106,180	65,282,321	199,065,413
Charge for the year	-	6,105,012	8,502,750	3,969,283	18,592,726	6,660,692	32,493,314	76,323,777
Transferred to intangible asset	-	-	-	-	(213,405)	-	-	(213,405)
Reversal of Depreciation on Asset Revaluation	-	-	-	-	-	-		--
Derecognition/disposal	-	-	-	(3,035,986)	(6,660,740)	(13,592,630)	-	(23,289,356)
Balance as at 31st December 2021	**-**	**35,535,054**	**29,928,250**	**12,714,380**	**46,758,867**	**29,174,242**	**97,775,635**	**251,886,428**
Carrying Amount								
Balance as at 31st December 2021	**156,385,000**	**224,918,397**	**22,726,164**	**28,098,544**	**70,850,763**	**16,642,418**	**90,061,071**	**609,682,357**
Balance as at 31st December 2020	*155,635,000*	*207,382,936*	*30,656,914*	*13,351,106*	*76,496,289*	*14,942,390*	*75,831,885*	*574,296,521*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
13	INTANGIBLE ASSET	₦	₦
	Computer Software		
	Cost:		
	Balance as at 1st January	19,972,304	16,324,700
	Additions during the year	-	4,952,379
	Transferred from PPE	-	753,225
	Disposal	-	(2,058,000)
	Balance as at 31st December	19,972,304	19,972,304
	Amortisation		
	Balance as at 1st January	8,992,112	7,390,705
	Charge for the year	3,571,416	3,445,942
	Transferred from PPE	-	213,405
	Disposal	-	(2,057,940)
	Balance as at 31st December	12,563,528	8,992,112
	Carrying Amount		
	Balance as at 31 December	**7,408,776**	**10,980,192**

13.1 The Management of the Bank carried out a review of intangible assets for possible impairment during the year under review. The Management is of the opinion that there are no indicators of impairment on the assets reviewed.

		2022	2021
		₦	₦
14	CUSTOMER DEPOSITS AND CURRENT ACCOUNTS		
	Current accounts	901,874,439	1,170,524,671
	Savings accounts	629,952,126	570,165,492
	Fixed deposits	444,474,536	1,515,234,788
		1,976,301,101	3,255,924,950
14.1	Analysis by Maturity		
	Maturity under 1 month	901,874,439	1,170,524,671
	Maturity between 1 - 3 months	759,146,588	903,192,349
	Maturity between 3 - 6 months	297,762,142	1,161,006,330
	Maturity between 6 - 12 months	16,517,932	21,201,600
	Over 1 year	1,000,000	-
		1,976,301,101	3,255,924,950

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
		₦	₦
15.	**DUE TO FEDERAL MORTGAGE BANK OF NIGERIA (FMBN)**		
	As at 1st January	164,859,426	170,640,464
	Amount received during the year	1,305,309,200	19,300,000
	Amount repaid during the year	(28,818,549)	(25,081,038)
	As at 31st December	1,449,730,077	164,859,426
	Analysed into:		
	Current	35,539,063	9,814,176
	Non-current	1,414,191,014	155,045,250
		1,449,730,077	**164,859,426**

15.1 The funds are obtained from the Federal Mortgage Bank of Nigeria ("FMBN") for the purpose of on-lending this fund to qualifying members of the National Housing Fund loan scheme. The funds are obtained at 4% per annum from FMBN and issued to customers at 6% per annum.

		2022	2021
		₦	₦
16	DUE TO NIGERIA MORTGAGE REFINANCING COMPANY PLC (NMRC)		
	As at 1st January	3,575,954	4,651,780
	Amount received during the year	1,100,000,000	-
	Amount repaid during the year	(27,634,653)	(1,075,826)
	As at 31st December	1,075,941,301	3,575,954
	Analysed into:		
	Current	43,208,288	1,680,556
	Non-current	1,032,733,013	1,895,398
		1,075,941,301	**3,575,954**

16.1 To facilitate the Bank's long-term mortgage financing, we secured, during the year, a mortgage refinance loan of N1.2 billion from the Nigeria Mortgage Refinance Company (NMRC) - a secondary Mortage Institution, for the beneficiaries of the State Government's Prince Court Estates located in Idi-Aba and Kobape. The tenor is 15 years at an 11% interest rate.

Out of the N1.2 billion, N1.1 billion was received to refinance existing customers' loans. The repayments is being made monthly based on the loan repayment plan of customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
		₦	₦
17	OTHER LIABILITIES		
	Interest payable	18,903,523	26,204,143
	Account Payables	33,270,856	7,915,400
	Revaluation Surplus on PPE (Note 10.7)	-	55,338,192
	VAT Payable	1,602,883	1,574,102
	Presidential Mandate Housing estate	18,815,582	20,789,434
	Laderin Workers Housing estate	12,109,044	12,781,042
	Senior Staff Fund	-	425,527,440
	PAYE payable	1,304,150	-
	NHF contribution - Staff	136,762	-
	Legal Mortgage perfection deposits	45,881,332	22,311,016
	Perfection/search fee accrued	2,678,000	1,896,000
	Contributory pension payable (Note 19)	1,703,361	-
	LUTH Medical Estate (Note 17.4)	9,939,766	41,314,168
	Private and Ogun State workers NHF contributors	63,352	63,352
	Other payables (Note 17.1)	47,758,479	75,885,194
	Withholding tax payable (Note 17.2)	15,593,055	8,435,322
	Accrued expenses	13,122,535	23,743,110
	Sundry payables (Note 17.3)	208,292,506	89,681,781
	Deposits for forms on Presidential Mandate Estates & HOC	145,740	349,626
	Documentation deposits on Laderin Estate	20,933,175	20,933,175
	Net of Interbranch balances	27,400	27,400
	Provision for ITF and NSITF (Note 17.5)	22,837,165	18,271,497
	Provision for business development	5,000,000	-
	Provision for staff performance bonus	34,384,258	-
	CBN NIPOST Stamp duty (Note 17.6)	16,118,499	14,880,300
	Unearned fees and commissions	48,984,062	28,594,019
	Unearned income	5,629,783	4,142,659
		585,235,269	900,658,373

		2022	2021
17.1	Other payables		
	Revenue collection for Ogun State Government (POP)	19,903,025	33,983,734
	Life Insurance deposit	14,406,328	31,598,527
	Credit rating	9,136,495	8,277,081
	NHF documentation and service charge deposit	4,312,631	2,025,853
		47,758,479	75,885,194

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17.2 Withholding tax

Withholding taxes due to the State and Federal Government are remitted within 21 days after deductions in line with the relevant laws

	2022	2021
	₦	₦
Balance as at 1st January	8,435,322	3,189,906
Addition during the year	13,536,154	5,845,124
Remittances during the year	(6,378,421)	(599,708)
Balance as at 31st December	15,593,055	8,435,322

17.3 Sundry payables

	2022	2021
Treasury uncleared balances	22,864,193	15,927,906
E-channels settlement balances	169,221,782	63,728,638
Loan accounts uncleared balances	8,018,402	2,822,750
Card maintenance fee	6,892,130	5,864,230
Valuation, pre-qualification form and Bill of quantity deposit	1,296,000	866,000
Business promotion	-	472,257
	208,292,506	89,681,781

17.4 LUTH Medical Estate

This is made up of upfront interest received, insurance deposits, infrastructure deposits and construction deposits.

	2022	2021
	₦	₦
17.5 Provision for ITF and NSITF		
Balance as at 1st January	18,271,497	13,200,240
Provision during the year (Note 33)	4,565,668	5,071,257
Remittances during the year	-	-
Balance as at 31st December	22,837,165	18,271,497
17.6 CBN NIPOST Stamp duty		
Balance as at 1st January	14,880,300	12,886,550
Provision during the year (Note 33)	1,343,350	1,995,300
Remittances during the year	(105,150)	(1,550)
Balance as at 31st December	16,118,500	14,880,300

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
		₦	₦
18	TAX		
18.1	INCOME TAX PAYABLE		
	As at 1st January	62,537,943	6,962,909
	Charge for the year	55,480,997	70,810,428
	Payment made during the year	(10,594,460)	(15,235,394)
	As at 31st December	107,424,480	62,537,943
18.2	INCOME TAX EXPENSE		
	Underprovision resulting from tax audit (2017 to 2019)	-	15,231,249
	Under provision of income tax in 2021 YOA	-	11,144,068
	NITDA Levy over provision in 2021 YOA	-	(8,372)
	Company Income tax	42,499,215	36,549,993
	Capital gain tax (Note 18.12)	55,000	-
	Tertiary Education Fund tax (Note 18.5)	9,726,583	5,973,793
	NITDA Levy (Note 18.3)	2,549,959	1,529,639
	NPTF Levy (Note 18.6)	12,750	7,648
	Science & Engineering Levy (S&EL) (Note 18.7)	637,490	382,410
		55,480,997	70,810,428
	Deferred tax (Note 18.9)	(22,274,868)	-
		33,206,129	70,810,428

18.3 Nigeria Information Technology Development Levy (NITDA)

The Nigeria Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act stipulates that specified companies contribute 1% of their profit before tax to the Nigerian Information Development Agency. In line with the Act, the Bank has provided for NITDA Levy at the specified rate.

18.4 Minimum Tax

The Finance Act, 2021 stipulates that the minimum tax to be levied and paid shall be 0.25% of the gross earnings of the company less franked investment income
This was applied in the minimum tax computation included in these financial statements.

This was applied in the minimum tax computation included in these financial statements.

18.5 Tertiary Education Trust Fund Tax

The Tertiary Education Trust Fund (Establishment) Act 2011 as amended repealed the Education tax Act Cap E4 LFN 2004 and the Education Tax Fund (Amendment) Act No 17, 2003. Section 2 of the Act stipulates that the tax at the rate of 2% shall be charged on the assessable profit of a company registered in Nigeria.

18.6 Nigeria Police Trust Fund Levy (NPTF)

The Nigeria Police Trust Fund (Establishment) Act 2019 was signed into law on 24 June 2019. Section 4(1)(b) of the Act provides various sources of funding for the Trust Fund which include a levy of 0.005% of the Net Profit of companies operating in Nigeria.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18.7 Science and Engineering Levy

The 2021 Finance Act imposed a Science and Engineering Levy (S&EL) of 0.25% on profit before tax payable by companies engaged in banking, mobile telecommunication, ICT, aviation, maritime, and oil & gas with a turnover of N100m and above.

18.8 RECONCILIATION OF STATUTORY TAX RATE

	2022	2021
	₦	₦
Reasons for differences between tax expense for the year and expected income taxes based on statutory tax rate of 30% are as follows:		
Profit before tax	255,454,684	152,963,907
Income tax expense for the year based on tax rates of 30%	76,636,405	45,889,172
Adjusted for effects of expected taxes based on statutory tax rates of 30%:		
Effect of additional tax for prior years	-	26,366,945
Effect of Disallowable expenses	43,948,028	32,730,657
Effect of balancing charge	593,691	(17,958)
Effect of capital allowance	(74,813,466)	(42,435,806)
Effect of Non-taxable incomes	(3,865,443)	-
Tertiary Education tax	9,726,583	5,973,793
Originating from temporary difference	(22,274,868)	-
NPTF Levy	12,750	7,648
NITDA Levy	2,549,959	1,529,639
Science & Engineering Levy (S&EL)	637,490	382,410
Capital gain tax	55,000	383,928
Income tax expense for the year	33,206,129	70,810,428
Effective tax rate	13%	46%

18.9 Deferred Tax Assets

	2022	2021
As at 1st January	-	-
Tax credit charged for the year	(22,274,868)	-
As at 31st December	(22,274,868)	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2022	2021
	₦	₦
Deferred tax liability (Note 18.10)	109,303,100	-
Deferred tax asset (Note 18.10)	(131,577,968)	-
Total net deferred tax assets	(22,274,868)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18.10 The approximate tax effect of each item that gives rise to the Bank's deferred tax assets and liabilities are as follows:

	Opening balance as at 1 Jan. 2022	Recognised in net income	Recognised in other comprehensive income	Closing balance as at 31 Dec. 2022
Deferred tax Assets	₦	₦	₦	₦
Impairment allowance	-	(119,715,991)	-	(119,715,991)
Provisions	-	(11,815,277)	-	(11,815,277)
Loss on financial assets FVTPL	-	(46,700)	-	(46,700)
		(131,577,968)	-	(131,577,968)
Deferred tax liabilities				
Property, plant and equipment	-	107,080,467	-	107,080,467
Intangible Assets	-	2,222,633	-	2,222,633
	-	109,303,100	-	1 09,303,100

18.11 Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition ,

when:

- ☐ the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- ☐ the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the

18.12 Capital gain tax

In accordance with the Capital Gains Tax Act Cap C1, LFN 2004 (as amended), Capital Gains Tax is charged at a flat rate of 10% of chargeable gains.

	2022	2021
19 CONTRIBUTORY PENSION PAYABLE	₦	₦
As at 1st January	-	25,600
Accrued Pension during the year	21,923,658	18,281,317
Paid during the year	(20,220,298)	(18,306,916)
As at 31st December	1,703,361	-

19.1 Pension contributions of a percentage of employees' emoluments (10% by the employer and 8% by the employees) are made in accordance with the Pension Reform Act, 2014. The Bank and its employees make a joint contribution relating to basic salary, housing and transport allowance to each employee's Retirement Savings Account (RSA) maintained with their nominated Pension Fund Administrators (PFAs). The Bank's liabilities in respect of the defined contribution scheme are charged against the profit or loss of the year in which they become payable.

	2022	**2021**
20 MINIMUM SHARE CAPITAL	₦	₦
3,000,000,000 ordinary shares of N1.00 each	3,000,000,000	3,000,000,000
20.1 Issued and Fully paid		
2,790,000,000 ordinary shares of N1.00 each	2,790,000,000	2,790,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21 STATUTORY RESERVE

As at 1st January	321,732,846	321,732,846
Addition to the reserve during the year (Note 26)	-	-
As at 31st December	321,732,846	321,732,846

The Central Bank of Nigeria (CBN) Guidelines on PMIs requires that every Primary Mortgage Institution shall maintain a reserve fund and shall out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserve: where the reserve fund is less than the paid-up share capital, a minimum of 20% of the net profit, or where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 10% of net profit. Section 5.4(C) of the CBN Revised Guidelines for Primary Mortgage Banks in Nigeria states that no transfer to reserve funds shall be made until all identifiable losses have been made good.

22 REGULATORY RISK RESERVE

	2022	2021
	₦	₦
As at 1st January	33,870,541	35,333,897
Transferred from retained earnings	85,263,023	(1,463,356)
As at 31st December	119,133,564	33,870,541
Non-Distributable Reguatory Reserve	15,500,000	-
	134,633,564	33,870,541

The Central Bank of Nigeria Prudential Guidelines for Deposit Money Banks in Nigeria requires Banks to create a nondistributable credit reserve to account for the difference between impairment/provisioning for loans and receivables in line with the requirements of IFRS and the CBN guideline. Where:

i. Prudential provision is greater than IFRS provision; transfer the difference from retained earnings to a non distributable regulatory reserve.

ii. Prudential provision is less than IFRS provision; the excess charges resulting should be transferred from the regulatory reserve account to the retained earnings to the extent of the non-distributable reserve previously recognised

23 OTHER COMPREHENSIVE INCOME

23.1 Fair Value Reserve

	2022	2021
	₦	₦
As at 1st January	-	-
Fair value gain in equity instrument fair valued through OCI	11,111,106	-
As at 31st December	11,111,106	-

The details of the fair valuation resulting in the gain above are stated in note 8.1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
24 STATEMENT OF PRUDENTIAL ADJUSTMENTS		₦	₦
(A) Impairment- IFRS 9			
	Loans and other receivables		
	Expected credit Loss (Note 9.4)	263,516,578	281,867,860
(B)	**Provisioning- Prudential guidelines**		
	Loans and other receivables:		
	Provision (Note 9.6)	144,383,015	280,404,504
	Regulatory risk reserve (A-B)	**119,133,563**	**1,463,356**
	Movement in regulatory risk reserve		
	As at 1 January	33,870,541	35,333,897
	Movement during the year	85,263,023	(1,463,356)
	As at 31st December	119,133,563	33,870,541
25	NON-DISTRIBUTABLE REGULATORY RESERVE		
	As at 1st January	-	15,500,000
	Movement during the year	-	-
	As at 31st December	-	15,500,000

25.1 This represents the difference to meet up with the recommended provision of N292.179 million from the report of the Bank Examiners in the year 2019.

25.2 This account has been merged with Regulatory Risk Reserve account on the advice of the CBN.

		2022	2021
26	RETAINED EARNINGS		
	As at 1st January	(468,140,527)	(551,757,362)
	Transfers to Regulatory risk reserve	(85,263,023)	1,463,356
	Transfer from profit or loss	222,248,555	82,153,479
	As at 31st December	(331,154,995)	(468,140,527)

26.1 Retained earnings are the carried forward recognised profit plus current year profit attributable to shareholders.

		2022	2021
27	INTEREST INCOME FROM LOANS AND ADVANCES		
	The analysis by source is as follows:		
	Interest income on loans & advances	726,295,174	553,659,868

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022 ₦	2021 ₦
27.1	INTEREST INCOME FROM INVESTMENT IN TREASURY ACTIVITIES		
	Interest on placement	127,290,338	43,145,322
	Interest on treasury bills and Bankers Acceptance	29,386,168	32,742,090
		156,676,505	75,887,412
28	INTEREST EXPENSES		
	Interest paid on Savings Account	34,264,873	6 ,331,932
	Interest paid on Deposits Account	81,881,807	58,348,895
	Interest paid on NMRC deposits	67,038,080	-
		183,184,760	64,680,827
29	IMPAIRMENT ALLOWANCE		
29.1	Impairment charged/(reversed) - Loans and advances		
	Loans and receivables allowance no longer required (Note 9.1.1)	(67,901,727)	-
	Loans and receivables impairment charged (Note 9.1.2)	49,550,446	115,531,460
		(18,351,282)	115,531,460
29.2	Impairment charged/(reversed) - Other assets		
	Impairment (reversed)/charged on MTR Properties (Note 10.6)	(49,000,000)	(190,892,700)
	Impairment (reversed)charged on other assets (Note 10.4)	(27,214,319)	102,769,835
		(76,214,319)	(88,122,865)
30	FEE AND COMMISSION INCOME		
	Commission on turnover	11,845,057	39,281,519
	Processing fees	62,946,624	89,343,971
	Management fees	38,460,355	27,893,529
	Service fees	8,928,322	6,936,737
		122,180,358	163,455,757
31	FEE AND COMMISSION EXPENSE		
	Bank charges	11,162,349	15,062,307
		11,162,349	15,062,307

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
32	OTHER INCOME	₦	₦
	Rental income	1,775,000	1,258,333
	Income from investments (Note 32.1)	11,493,500	57,588,300
	ATM Maintenance Fee income	591,000	565,630
	Search fee income	478,500	521,500
	Valuation proceeds	610,000	1,054,000
	Dividend income	7,834,454	13,439,999
	Income from life and property insurance	15,185,286	-
	Income from documentations, legal search and others	3314,106	3,014,889
	Minimum withdrawal, e-reference and application fees, Account statements and Account opening charges	480,350	505,900
	SMS charges	15,395,974	3,469,506
	Income from sale of cheque book	624,756	999,826
	Gain from sale of PPE	2,656,063	59,860
	Gain on Financial Assets at FVTPL	-	1 90,275
	Income from e-channels	7,689,715	9 ,211,827
		68,128,702	91,879,845
32.1	Income from investments		
	Income from Investments	-	3,500,000
	Property Trading Income	3,733,500	46,168,300
	Income from Rent-to-Own	7,760,000	7,920,000
		11,493,500	57,588,300
33	PERSONNEL EXPENSES		
	Staff salaries and allowances	167,753,963	151,822,230
	Other Employees Benefits	89,097,952	79,642,076
	Staff productivity bonus	8,311,769	8,095,354
	Staff Pension: Employer's contribution	11,582,941	9,769,702
	Staff medical expenses	9,819,726	8,201,299
	Staff prior year performance bonus	34,384,258	7,676,421
		320,950,610	265,207,084

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022	2021
34	GENERAL AND ADMINISTRATIVE EXPENSES	₦	₦
	Repairs & maintenance of power generating set	24,039,983	14,205,044
	Computer repairs & Maintenance	2,324,937	2 ,756,193
	Motor Vehicle running expenses	15,737,631	16,476,684
	Repairs and maintenance of premises and residence	3,824,950	4,331,250
	Printing & stationeries	5,686,200	4 ,665,767
	Audit fees	3,762,500	3,762,500
	Consulting/ & Other Professional fees	19,544,301	25,307,126
	Legal fees	2,560,000	1,429,200
	Advertisement expenses	652,500	1,546,000
	Public Relations	26,320,645	28,368,135
	Telephone and postages	2,829,459	1,742,630
	Industrial Training Fund - ITF	2,282,179	2,533,556
	Security expenses	10,394,420	10,278,856
	Insurance	6,777,280	6,713,538
	Rent	1,882,280	660,220
	Computer consumables	4,009,300	3,139,100
	Transport and traveling	11,770,821	16,103,267
	Directors' sitting allowances	56,507,165	22,225,000
	Directors' fees	35,666,667	38,000,000
	Annual General Meeting expenses	3,117,000	3,765,250
	Electricity and water	5,991,647	5,786,551
	Subscription for professional membership	4,963,350	7,399,581
	Software licence and internet subscription	21,181,599	20,920,819
	Office entertainment	9,084,070	8,423,215
	Newspapers and periodicals	104,600	116,000
	Bad debt written-off	1,726,828	-
	Office expenses	12,419,195	12,314,780
	Point of payment expenses	115,000	7,719,008
	NSITF	,282,179	2,533,556
	NDIC Insurance Premium	13,797,181	6 ,567,617
	Loss on Financial Assets at FVTPL	55,665	-
		311,511,530	279,790,443

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2021	2020
		₦	₦
35	**DEPRECIATION AND AMORTISATION**		
	Depreciation of PPE (Note 12)	82,010,991	76,323,777
	Amortisation of Intangible assets (Note 13)	3,571,416	3 ,445,942
		85,582,407	79,769,720
36	**PROFIT BEFORE TAX**		
	Profit before tax for the year is stated after charging (crediting) the following, amongst others:		
	Depreciation	82,010,991	76,323,777
	Directors' fees & allowances	92,173,832	60,225,000
	Auditors' remuneration	3,762,500	3,762,500
	Impairment (reversed)/charged on Loans and advances, and other assets (Note 28.1 and 28.2)	(94,565,600)	(191,499,999)

36.1 SIAO Partners did not render any other services to the Bank during the year.

37 **DIRECTORS' EMOLUMENTS**

The remuneration paid to the directors of the Bank was:

Executive Compensation	29,589,253	11,553,845
Executive Director other allowances	60,108,318	23,869,587
Non-Executive Directors' Sitting Allowances	56,507,165	50,481,550
Non-Executive Directors' Fees	35,666,667	38,000,000
	181,871,403	123,904,982

Fees and emoluments disclosed above includes amount paid to:

The Chairman	10,575,000	15,900,000
The highest paid Executive Director	35,858,759	25,790,813

The number of directors who received fees and other emoluments (excluding pension,
contributions and reimbursable expenses) in the following ranges was:

	Number	Number
N1,000,000 - N8,000,000	9	9

37.1 **BOARD OF DIRECTORS PERFORMANCE EVALUATION**

The new Board Performance Evaluation for the year ended 31st December 2021 was carried out in 2022, while that of the year 2022 is in progress.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37.2 Employees

a Employees remunerated at higher rates:

The number of employees in receipt of emoluments, excluding allowances, within the following range were:

		2022	2021
₦	₦	Number	Number
200,001	500,000	44	35
500,001	900,000	56	52
900,001	1,300,000	6	-
1,300,001	1,600,000	-	7
1,600,001	1,900,000	8	31
1,900,001	2,200,000	1	11
2,200,001	2,500,000	8	1
2,500,001	2,800,000	1	5
2,800,000	3,100,000	-	-
3,100,001	3,400,000	-	-
3,400,001	3,700,000	-	4
3,700,001	4,000,000	1	-
4,000,001	4,300,000	-	5
4,300,001	4,600,000	-	-
4,600,001+		3	5
		128	156

b The number of persons employed during the year and the related staff costs were as follows:

	2022	2021
Management staff	17	17
Others	111	139
	128	156

c The related staff costs amounted to :

	₦	₦
Staff salaries and allowances	167,753,963	151,822,230
Other Employees Benefits	89,097,952	79,642,076
Staff productivity bonus	8,311,769	8,095,354
Staff Pension: Employer's contribution	11,582,941	9,769,702
Staff medical expenses	9,819,726	8,201,299
Staff prior year performance bonus	34,384,258	7,676,421
	320,950,610	265,207,084

In line with the Pension Reform Act, 2014, the Bank and its employees contribute to the pension scheme at the rate of 10% for the employer's contribution and 8% for employees' contribution of the employees' total annual emoluments. Remittance of contributions is made monthly to PFA chosen by the staff.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38 RELATED PARTY DISCLOSURES

A related party is a person or an entity that is related to the reporting entity.

38.1 TRANSACTION WITH KEY MANAGEMENT PERSONNEL AND DIRECTORS

Key management personnel and directors transactions

The Bank has related party transactions as one or more of its key management personnel and other related parties were also those whose facilities were outstanding at year end. Such loans are secured and have the same interest rate as the regular mortgage loans.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have significant control or influence are as follows:

38.2 Insider Related Credit

	Relationship	Type of Facility	Amount ₦	Status
Osisanya Olawale Ebenezer	Managing. Director	Mortgage Loan	16,552,743	Performing
Ojo Michael Akinwale	Director	Mortgage loan	1,426,948	Performing
Omoniyi Akande Jamiu	Director	Mortgage loan	218,426	Performing
Hassan Taiwo Adekunle	Director	Mortgage loan	25,119,754	Performing
Olabimtan Olaolu Akanbi	Director	Mortgage loan	36,630,515	Performing
Adeshina Adio Adegbenga	Director	Mortgage loan	39,764,558	Performing
Samuel Oladipupo Durojaye	Director	Mortgage loan	26,945,979	Performing
Akinleye Ronke	Executive Director	Mortgage loan	8,106,563	Performing
Olashore Rotimi Moses	Executive Director	Mortgage loan	4,634,904	Performing
Modupe Mujota	Ex-Director	Mortgage loan	23,510,035	Performing
Gateway Trading Company Limited	Common Shareholder	Consumer Loan	11,763,691	Lost
Gateway Printing Company Limited	Common Shareholder	Consumer Loan	2,864,615	Lost
			197,538,730	

Loans granted to related parties are secured over real estate and other assets of the respective borrowers. Loans granted to related parties are performing except for those categorised as lost. Lifetime expected credit loss allowance has been recognised in respect of loans granted to related parties categorised as lost.

38.3 Other related party balances as at 31st December 2022

	₦
Rent due from Gateway Holdings Limited	18,056,831

38.4 Net due from the beneficiaries of Ogun State Government Housing Estate:

Laderin Workers Housing Estate Scheme	14,301,096
Presidential Mandate Housing Estate Scheme	23,986,080
Balance at end of the year	38,287,176

38.5 Income from related party

Point of payment income of Ogun State Government Revenue	2,136,717
	2,136,717

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39 CONTINGENCIES AND COMMITMENTS

a. **Legal proceedings and regulations**

Engineer Victor Babakemi, the Agent who facilitated the Abeokuta GRA land transaction, sued the bank for an agency fee of N10,000,000 plus 5% interest on the amount. No provision has been made in these financial statements for the contingent liability.

b. **Capital Commitments**

There are no material commitments for capital expenditure that has not been provided for in these financial statements.

40 EVENTS AFTER THE REPORTING PERIOD

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

41 CONTRAVENTION OF LAWS AND REGULATIONS

41.1 The Bank did not contraven any laws and regulations during the year under review.

42 FRAUDS AND FORGERIES

a. There were three cases of some staff of the bank, in connivance with some Ogun State revenue officers, who were involved in revenue collection through the point of payment collection of the State Government. They failed to remit the monies collected by them during the Covid-19 lockdown. The total amount involved is N24,144,213.99. The three cases were reported to the Nigeria Police Force and they are helping in the recovery of the amount from the suspects. The total amount recovered from them during the year was N1,784,230.30 and there is the likelihood that they will be charged to court

b. Another case involved an ad-hoc staff colluding with Ogun State Revenue personnel. They diverted the total sum of N77,600,000.00 the money meant for the State Government. The total sum of N2,156,128.94 has so far been recovered and the case is now in the Magistrate Court, Ijebu - Ode, Ogun State, State but it has been transferred to Multi-Door Arbitration Court at Ijebu Ode for settlement by the parties, at the instance of the accused solicitors.

c. There was an alleged conversion of Ogun State Government cheques/Bank drafts to cash at the Bureau of Lands and Survey. A former staff of the Bank was alleged to be one of the syndicates of the suspected fraud. The Ogun State Government had reported the case to various investigation agencies in Nigeria and also set up two panels of inquiry to investigate the alleged fraud. The investigation is still ongoing and not yet conclusive.

43 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in line with the presentation in the current year for a more meaningful comparison and in line with the IFRS requirement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44 EARNINGS PER SHARE

44.1 Basic earnings per share

Basic earning per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue.

	2022	2021
	₦	₦
Profit after tax	222,248,555	82,153,479
Weighted average number of shares in issue	2,790,000,000	2,790,000,000
Basic earning per share (kobo)	7.97	2.94
Diluted earning per shares (kobo)	7.97	2.94

44.2 Diluted earning per share

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earning per share is the same as basic earnings per share.

At the reporting date, the Bank did not have any convertible shares or any instruments that give the holder the right to any equity instrument in issue (31 December 2021: Nil). Consequently, no diluted earning per share was reported.

45 SEGMENT REPORTING

Nigeria is the Bank's primary geographical segment as all income is generated in Nigeria. Accordingly, no further business or geographical segment information is required.

46 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 21st March, 2023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED

	2022		2021	
	₦	%	₦	%
Gross earnings	1,073,280,739		884,882,882	
Interest and Similar charges	(183,184,760)		(64,680,827)	
	890,095,978		820,202,054	
Overheads and payments for other services- Local	(255,849,273)		(410,384,209)	
Write back of impairment of Loans and other receivables	94,565,600		88,730,165	
Value Added	728,812,305	100	4,987,940,710	100
Applied as Follows:				
In payment to Employees:				
Salaries, Wages and other benefits	320,950,610	44	265,207,084	53
In Payments to Government:				
Income Tax	55,480,997	8	70,810,428	14
Retained for Bank's Maintenance and Future growth:				
Depreciation	85,582,407	12	79,769,720	16
Retained profit	222,248,555	30	82,153,479	17
Deferred tax	22,274,868	3	-	-
Value Added	728,812,305	100	497,940,710	100

Value added represents the additional wealth the Bank has been able to create through its own and its employees' efforts. The statement shows the allocation of the wealth between employees, the government and that retained for the future creation of more wealth.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

OTHER NATIONAL DISCLOSURE
STATEMENT OF FIVE-YEAR FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
	₦	₦	₦	₦	₦
ASSETS					
Non current assets	583,757,314	620,662,549	583,230,516	451,098,743	358,272,556
Current assets	7,537,197,435	6,459,856,957	4,728,892,369	3,947,505,900	3,816,830,306
Liabilities	(5,194,632,229)	(4,387,556,645)	(2,701,313,504)	(1,864,559,477)	(1,656,081,025)
NET ASSETS	2,926,322,520	2,692,962,860	2,610,809,381	2,534,045,166	2,519,021,837
Share capital	2,790,000,000	2,790,000,000	2,790,000,000	2,790,000,000	2,790,000,000
Retained loss	(331,154,995)	(468,140,527)	(551,757,362)	(633,863,736)	(656,745,377)
Fair value reserve	11,111,106	-	-	-	(19,111,115)
Statutory reserve	321,732,846	321,732,846	321,732,846	321,732,846	321,732,846
Regulatory risk reserve	134,633,564	33,870,541	35,333,897	40,676,056	83,145,483
Non-Distributable Regulatory Reserve	-	15,500,000	15,500,000	15,500,000	-
TOTAL EQUITY	2,926,322,520	2,692,962,860	2,610,809,381	2,534,045,166	2,519,021,837

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2022	2021	2020	2019	2018
	₦	₦	₦	₦	₦
Operating income	1,073,280,739	884,882,882	595,097,800	601,307,304	484,693,102
Profit before tax	255,454,684	152,963,907	83,727,124	(1,081,250)	834,217,733
Tax	(33,206,129)	(70,810,428)	(6,962,909)	(3,006,536)	(38,994,964)
Profit after tax	2 22,248,555	82,153,479	76,764,215	(4,087,785)	795,222,769
Other comprehensive income	11,111,106	-	-	19,111,115	(19,111,115)
Total comprehensive income	233,359,661	82,153,479	76,764,215	15,023,329	776,111,655

PER SHARE DATA

Based on the total number of ordinary shares of N1 each in issue at the end of each year.

	kobo	kobo	kobo	kobo	kobo
Earning	7.97	2.94	2.75	(0.15)	28.50
Net Assets	104.89	96.52	93.58	90.83	90.29

GATEWAY MORTGAGE BANK LIMITED

JOURNEY SO FAR

Abeokuta Branch Commissioned on February 2nd, 2006

Ota Branch Commissioned on July 2nd, 2009

Mowe Branch Commissioned on Monday July 23rd, 2018

Sagamu Branch Commissioned on Wednesday 18th November, 2020

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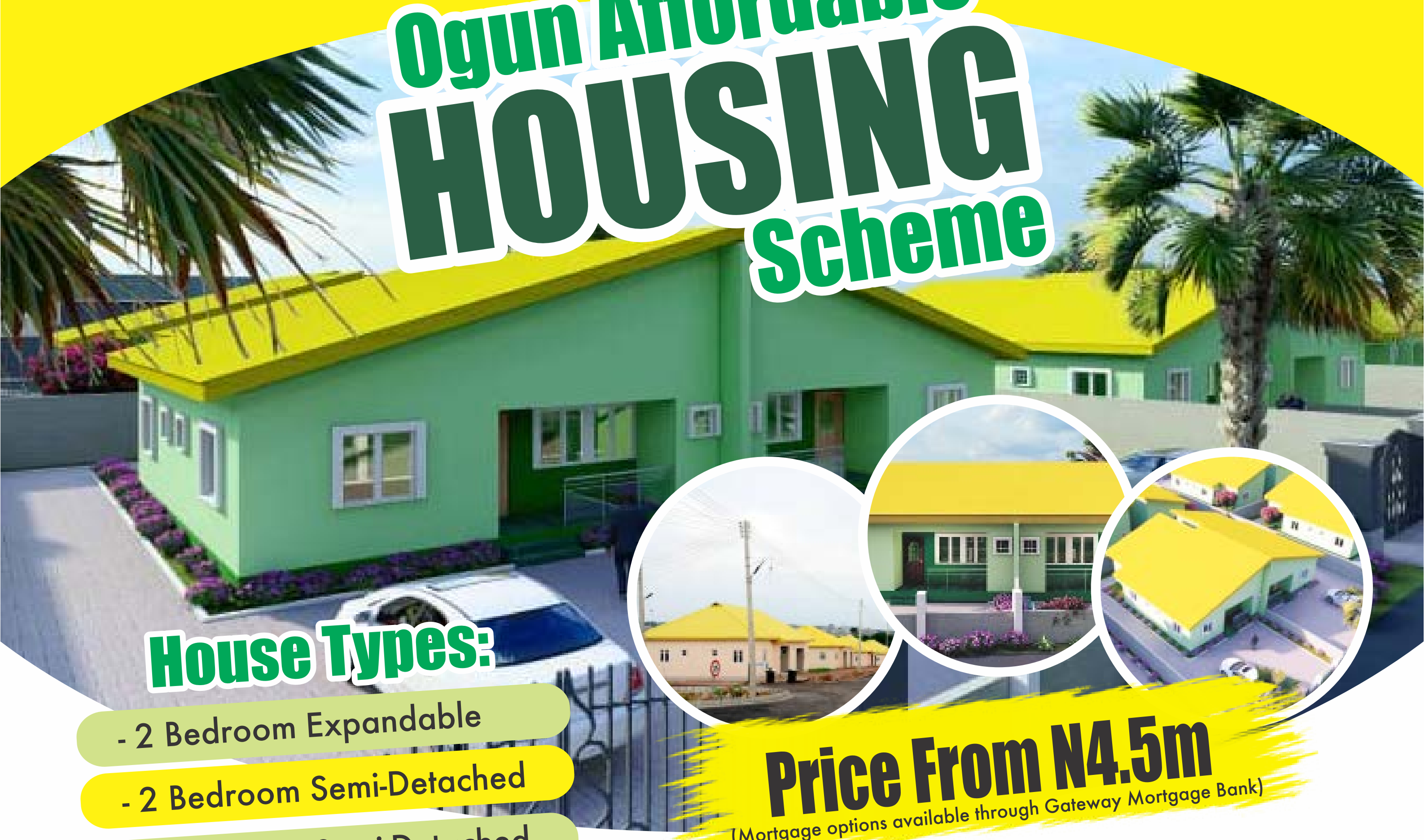

House Types:

- 2 Bedroom Expandable
- 2 Bedroom Semi-Detached
- 3 Bedroom Semi-Detached
- 3 Bedroom fully Detached
- 4 Bedroom Terrace Duplex
- 3 Bedroom Block of flats

Price From N4.5m

(Mortgage options available through Gateway Mortgage Bank)

LOCATIONS

ABEOKUTA I - Prince Court Estate	ABEOKUTA II - Kemta Idi-Aba II
IJEBU-ODE - Itanrin	SAGAMU - WAPCO
IPERU	KOBAPE
IFO	ILARO
OTA	FLOWER GATE - Sagamu Interchange

OGUN STATE GOVERNMENT

AFFORDABLE HOUSING PROJECT

(An Initiative of Prince Dapo Abiodun's Administration)

MINISTRY OF HOUSING
Block C, Secretariat Complex, Oke-Mosan, Abeokuta.
Tel: 0803 057 8101, 0805 292 9206
E-mail:ministryofhousingogunstate@gmail.com

OGUN STATE HOUSING CORPORATION
Ebenezer Obey Fabiyi Road, Ibara Housing Estate, P.M.B. 2077, Abeokuta
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OTA BRANCH OFFICE:
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Onipanu Bus-Stop, Idi-Iroko Road, Sango Ota, Ogun State.
Tel:0802 662 4615, 0813 382 4145, 0803 258 8522.

MOWE BRANCH OFFICE:
09 Junction, Osholewa Street, Mowe, Ogun State.
Tel: 0803 306 7563, 0803 284 9505, 0803 603 8439.

SAGAMU BRANCH OFFICE:
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24 MILLION

2 BEDROOM COMPLETED
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2 BEDROOM COMPLETED SHELL
14 MILLION


3 BEDROOM DETACHED 15 MILLION

2 BEDROOM DETACHED 7 MILLION
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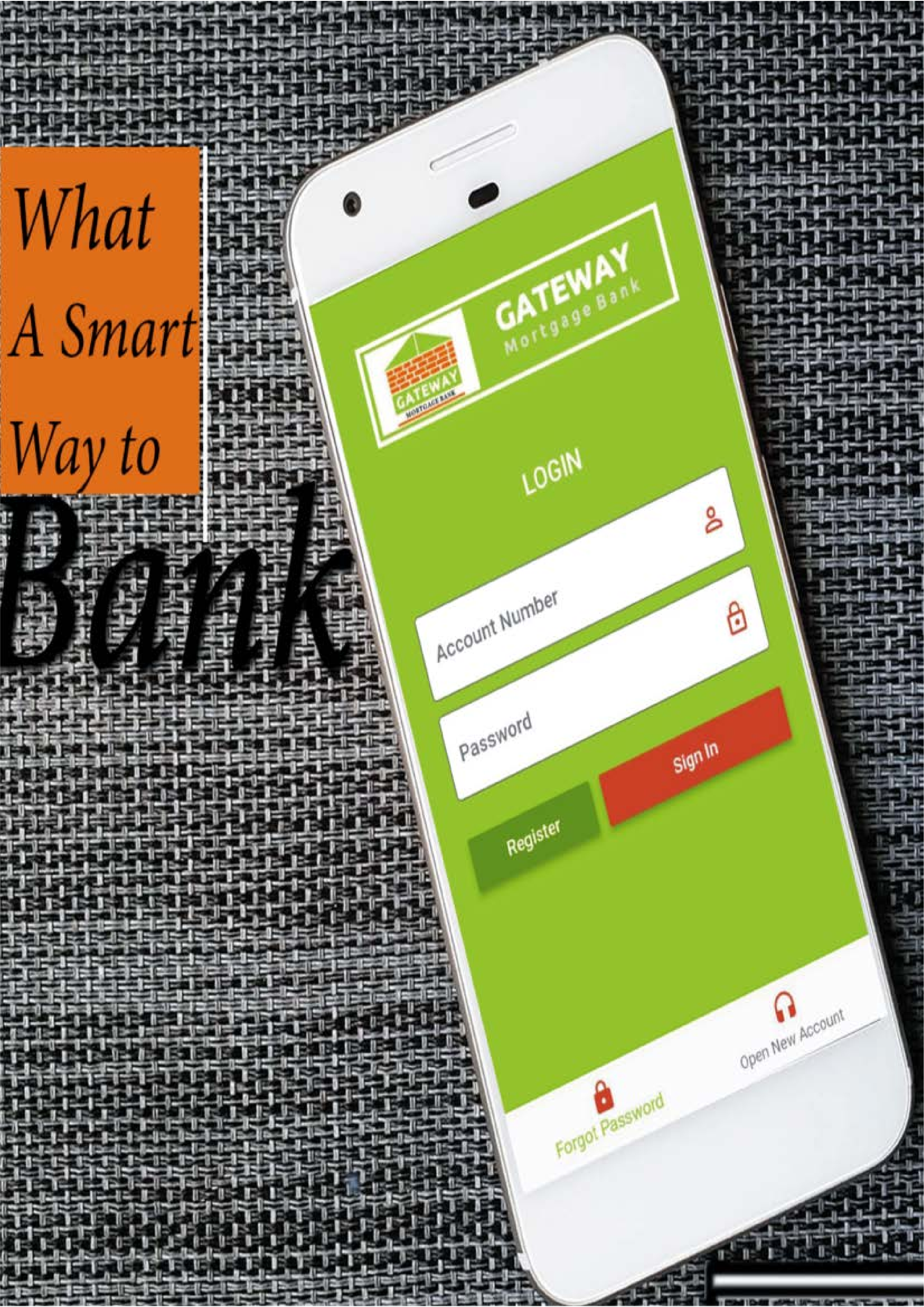
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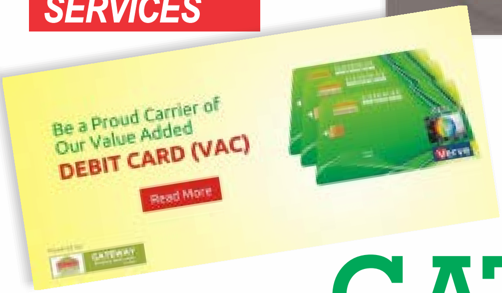

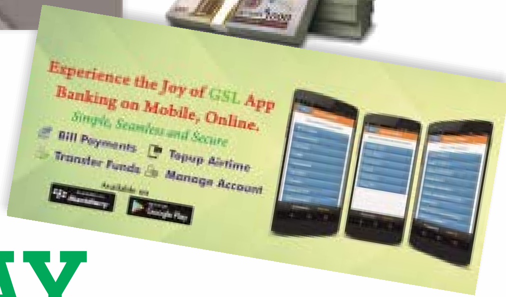

GATEWAY

MORTGAGE BANK LIMITED.

GMB ELECTRONIC PRODUCTS & SERVICES

· **Debit Card:** It allows GMB customers to withdraw money from any Automated Teller Machine (ATM), and performs POS (Point of Sale), and other internet transactions.

· **Mobile Banking:** Transfer of funds (Max. Limit: N500,000 to any commercial bank), account balance enquiry, mobile phone top-up and pay bills (DSTV, PHCN, GOTV & other bills)

· **USSD (Unstructured Supplementary Service Data):** It enables GMB customers to top-up mobile phone and make account balance enquiry using codes.

Mobile Top-Up: *822*25*Amount#
*822*25*3# to open account
*822*25*5# to transfer to any bank
*822*25*6 to check balance
*822*25*7 to disable card

· **NIBSS INSTANT PAY (NIP):** It enables GMB customers to receive funds directly and instantly into their accounts from any Deposit Money Banks and other financial institutions that are connected to this NIP solution.

· **BVN (Bank Verification Number) Validation (For KYC):** This service allows GMB to validate its customers or prospective customers' demographic information which include, the image of the person, date of birth, bank of registration, mobile number etc.

· **POS PIN RESET:** GMB customers can reset their debit card pin instantly from the Bank.

· **GMB Automated Payment System (GAPS):** This service enables GMB effect bulk fund transfer to multiple beneficiaries at other banks, payment of staff salaries, Vendors etc.

· **GMB Inward Instant Payment (GIIP):** It allows customers of GMB to transfer funds from one account to another within the Bank through GMB mobile application.

· **ADD/CMMS (Automated Direct Debit/Central Mandate Management System):** This service will give GMB the opportunity to set-up their loan for customers on the platform for fixed or variable repayments on defined dates from other customer's account held with other banks, where funds are not enough in the primary account with GMB.

· **GMB Outward Transfer by Auto Pay:** This allows customers of GMB to transfer huge fund (N500,000) to any commercial bank through a standing order from the customer.

· **eBILLSPAY:** This channel enables branchless banking. It allows GMB customers to receive funds from any depositor at any bank channel (Internet banking, Branch Deposit, Mobile App etc) irrespective of the location of the bank.

· **GMB Prequalification Website (www.gmbhomesng.com):** This is an online platform designed by GMB to pre-qualify off-takers (Intending Mortgagors) and ascertain their affordability status by matching Key Data with Supply Dynamics.

· **Correspondent banking with Sterling Bank Plc:** This is a platform designed and dedicated to GMB by Sterling Bank Plc to allow GMB account holders to receive funds/deposits into their GMB account instantly through any Sterling Bank branch in Nigeria. With this platform, a depositor can walk into any Sterling Bank and deposit into his/her GMB's account with their NUBAN ACCT No & ACCT NAME etc.

· **Mybankstatement:** is an online portal that enables GMB to receive bank/account statement of any bank on special request by the account owners.

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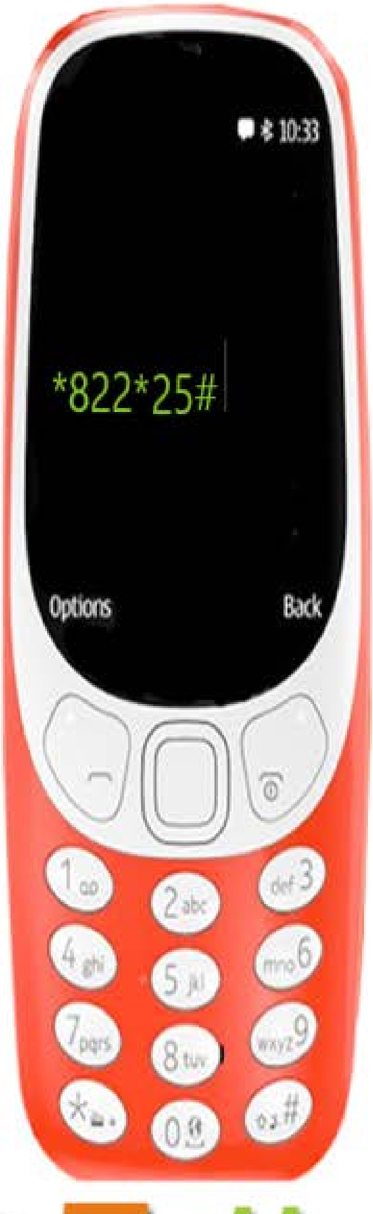

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