FIDELITY BANK PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2022

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Directors' Report

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and External Auditors report for the year ended 31 December 2022.

1 RESULTS

Highlights of the Bank's operating results for the year under review are as follows:

	31 December 2022	31 December 2021 Restated*
	N'million	N'million
Profit before income tax	53,677	25,215
Income tax expense	(6,953)	(2,111)
Profit after income tax	46,724	23,104
Earnings per share		
Basic and diluted (in kobo)	161	80

DIVIDEND

The Board of Directors, pursuant to the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) 2020, propose a final dividend of N0.40 per share (31 December 2021: N0.35 per share) for the 2022 financial year. The proposed final dividend of N0.40 per share and interim dividend of N0.10 per share paid on September 22, 2022, brings the total dividend for 2022 to N0.50 per Ordinary Share to be paid from the retained earnings account as at 31 December 2022.

The proposed dividend will be presented for shareholders approval at the Bank's 35th Annual General Meeting. If approved, the proposed dividend will be paid net of withholding tax at the applicable tax rate.

2 LEGAL FORM

The Bank was incorporated on 19 November 1987 as a private limited liability company in Nigeria. It obtained a merchant banking license on 31 December 1987 and commenced banking operations on 3 June 1988. The Bank converted to a commercial bank on 16 July 1999 and re-registered as a public limited company on 10 August 1999. The Bank's shares were listed on the floor of the Nigerian Stock Exchange (now Nigerian Exchange Group) on 17 May 2005.

3 PRINCIPAL BUSINESS ACTIVITIES

The principal activity of the Bank continues to be the provision of banking and other financial services to corporate and individual customers from its Headquarters in Lagos and 250 business offices. These services include retail banking, granting of loans and advances, equipment leasing, collection of deposits and money market activities.

Directors' Report

4 BENEFICIAL OWNERSHIP

The Bank's shares are held largely by Nigerian citizens and corporations.

5 SHARE CAPITAL

The range of shareholding as at December 31, 2022 is as follows

Range		*No. of Holders*	*Holders%*	*Holders Cum*	*Units*	*Units %*
1	1,000	95,735	24.17%	95,735	79,948,613	0.28%
1,001	5,000	170,196	42.97%	265,931	467,868,524	1.62%
5,001	10,000	51,390	12.98%	317,321	421,701,407	1.46%
10,001	50,000	56,802	14.34%	374,123	1,349,218,621	4.66%
50,001	100,000	10,290	2.60%	384,413	800,373,462	2.76%
100,001	500,000	8,945	2.26%	393,358	1,937,116,027	6.69%
500,001	1,000,000	1,317	0.33%	394,675	974,565,268	3.36%
1,000,001	5,000,000	960	0.24%	395,635	1,979,819,555	6.84%
5,000,001	10,000,000	148	0.04%	395,783	1,113,034,270	3.84%
10,000,001	50,000,000	170	0.04%	395,953	3,331,368,684	11.50%
50,000,001	100,000,000	26	0.01%	395,979	1,866,668,496	6.45%
100,000,001	28,962,585,692	57	0.01%	396,036	14,640,902,765	50.55%
	GRAND TOTAL	**396,036**	**100%**		**28,962,585,692**	**100%**

Substantial interest in shares
The Bank's shares are widely held and according to the Register of Members, no single shareholder held up to 5% of the issued share capital of the Bank during the year ended 31 December 2022.

6 Changes on the Board and Directors Interest

(a) Changes on the Board
The following changes occurred on the Board after the 34th Annual General Meeting, which held on May 5, 2022:

(i) Pst. Kings Chukwu Akuma, Non-Executive Director retired from the Board on November 24, 2022 on completion of his tenure in accordance with the Bank's policy.

The Board uses this medium to express its sincere appreciation to Pst. Kings Chukwu Akuma for his meritorious service to the Bank during his tenure on the Board.

(ii) In compliance with the Bank's Board Succession Policy and the provisions of the Companies and Allied Matters Act 2020, the following Director was appointed to the Board after the 34th Annual General Meeting:

(iii) Mrs. Pamela Shodipo was appointed as Executive Director, South Directorate. Her appointment was approved by the Central Bank of Nigeria on February 3, 2023. She will be presented to the shareholders for election at the 35th Annual General Meeting. The profile of the Director due for election at the 35th Annual General Meeting is contained in the Explanatory Notes to the 2022 financial year annual report and the Bank's website.

(b) Retirement By Rotation.
In accordance with Article 95(1)(a) of the Articles of Association of the Bank which requires one-third (or the number closest to one-third) of the Non-Executive Directors to retire by rotation at each Annual General Meeting. The Directors due to retire by rotation at the 35th Annual General Meeting are Mrs. Amaka Onwughalu and Chief Nelson C. Nweke. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 35th Annual General Meeting.

The profile of the Directors due for re-election is contained in the Explanatory Notes to the 2022 financial year annual report and the Bank's website.

(c) Directors And Their Interests
The Directors who held office during the year ended 31 December 2022 together with their interest in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 301 and 302 of the Companies and Allied Matters Act (CAMA), 2020 and the listing requirements of the Nigerian Exchange Group (NGX) are detailed below:

Directors' Report

NAME OF DIRECTOR	STATUS	DIRECT	INDIRECT	TOTAL	DIRECT	INDIRECT	TOTAL
		Units	Units	Units	Units	Units	Units
Mr. Mustafa Chike-Obi	Chairman, Non-Executive Director	39,516,294	NIL	39,516,294	32,516,294	NIL	32,516,294
Alhaji Isa Inuwa	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Engr. Henry Obih	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Mr. Chidi Agbapu	Non-Executive Director	1,724,276	NIL	1,724,276	1,724,276	NIL	1,724,276
Chief Nelson C. Nweke	Non-Executive Director	71,847,773	NIL	71,847,773	44,974,358	NIL	44,974,358
Mr. Chinedu Okeke	Non-Executive Director	1,040,000	NIL	1,040,000	1,040,000	NIL	1,040,000
Mrs. Amaka Onwughalu	Non-Executive Director	4,404,700	NIL	4,404,700	4,404,700	NIL	4,404,700
Mrs. Ronke Bammeke	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Pst. Kings C. Akuma	Non-Executive Director	1,149,675	NIL	1,149,675	1,149,675	NIL	1,149,675
Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO	69,644,260	NIL	69,644,260	59,594,260	NIL	59,594,260
Mr. Hassan Imam	Executive Director	41,252,468	NIL	41,252,468	41,252,468	NIL	41,252,468
Mr. Kevin Ugwuoke	Executive Director	39,123,921	NIL	39,123,921	39,123,921	NIL	39,123,921
Dr. Ken Opara	Executive Director	32,192,832	NIL	32,192,832	32,192,832	NIL	32,192,832
Mr. Stanley Amuchie	Executive Director	3,000,000	NIL	3,000,000	NIL	NIL	NIL

***Pst. Kings C. Akuma retired on November 24, 2022**

Directors interest in Contracts:
The Directors' interests in related party transactions as stated in Note 38 to the financial statements were conducted at arm's length and disclosed to the Board of Directors in compliance with Section 303 of the Companies and Allied Matters Act, 2020.

Disclosure on Directors' Remuneration
The disclosure on Directors' Remuneration is made pursuant to the Governance Codes and Regulations issued by the Central Bank of Nigeria, Nigerian Exchange Group, the Securities & Exchange Commission and the Financial Reporting Council of Nigeria.
The Bank has a formal Board Remuneration Policy, which is consistent with its size and scope of operations. The Policy focuses on ensuring sound corporate governance practices as well as sustained and long-term value creation for Shareholders. The policy aims to achieve the following amongst others:

a. Motivate the Directors to promote the right balance between short and long-term growth objectives of the Bank while maximizing Shareholders' returns.
b. Enable the Bank attract and retain Directors with integrity, competence, experience and skills to execute the Bank's strategy;
c. Promote compliance with global regulatory trends and governance requirements, with emphasis on long-term sustainability;
d. Align individual rewards with the Bank's performance, the interests of Shareholders, and a prudent approach to risk management;
e. Ensure that remuneration arrangements are equitable, transparent, well communicated, easily understood, aligned with the interest of Shareholders and adequately disclosed.

Executive Directors' Remuneration:
Executive remuneration at Fidelity Bank is structured to provide a solid basis for succession planning and to attract, retain and motivate the right caliber of staff to ensure achievement of the Bank's business objectives.

The Board sets operational targets consisting of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance for the Executives at the beginning of each year. Executive compensation is therefore tied to specific deliverables on a fixed pay basis. Fixed pay includes basic salary, transport, housing and other allowances.

The Board Corporate Governance Committee (a Committee comprised of only Non-Executive Directors) makes recommendations to the Board on all matters relating to Directors' remuneration. The Executive Directors are not involved in decisions on their own remuneration. Please see the table below for the key elements of Executive Directors' remuneration arrangements:

Remuneration element	Objective	Payment mode	Payment detail
Base Pay: This is a fixed pay (guaranteed cash) which is not dependent on performance. It comprises basic salary and all cash allowances paid to the Executive Director.			
Base Pay	· To attract and retain talent in a competitive market	· Monthly	Reviewed every 2 years and changes made on need basis and market findings Salaries for all roles are determined with reference to applicable relevant market practices
Remuneration Element	Objective	Payment Mode	Programme Detail
Performance Incentives: This represents the pay-at-risk i.e. pay contingent on the achievement of agreed key performance indicators.			
Performance Incentive	· To motivate and reward the delivery of annual goals at the Bank and individual levels	· Annually	Performance incentives are awarded based on the performance of the Bank and individual directors
	· Rewards contribution to the long-term performance of the Bank	· Annually	Executive Directors' annual performance incentives are evaluated against the performance metrics defined in his/her approved individual balanced scorecard/KPIs
Benefits and Perquisites: These are the non-monetary compensation provided to the Executive Directors such as official car, club and professional membership subscription.			
Benefits & Perquisites	• Reflect market value of individuals and their role within the Bank	• Actual items are provided or the cash equivalent for one year is given.	Review yearically in line with contract of employment
Review of the various remuneration elements means re-appraisal to ensure they are competitive and reflective of industry expectations. They do not necessarily refer to an increment or reduction in the value of the benefits			

Non-Executive Directors Remuneration:
Non-Executive Directors' remuneration is structured to conform to prevailing regulations and is set at a level that is at par with market developments, reflects their qualifications, the contributions required and the extent of their responsibilities and liabilities.

Non-Executive Directors are paid an annual fee in addition to reimbursable expenses (travel and hotel expenses) incurred in the course of their role as Board members, where not provided directly by the Bank. The annual fee is approved by Shareholders at the Annual General Meeting and is paid quarterly in arrears, with subsequent changes subject to Shareholders approval.

They also receive a sitting allowance for each meeting attended by them but do not receive any performance incentive payments.

Please see the table below for the key elements of Non-Executive Directors' remuneration arrangements:

Remuneration Element	Objective	Payment Mode	Programme Detail

Annual Fees	· To attract individuals with relevant skills, knowledge and experience.	· Quarterly	• Reviewed every 2 years or as appropriate and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
Sitting Allowances	· To recognise the responsibilities of the Non-Executive Directors.	· Per meeting	• Reviewed every 2 years or as appropriate and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
	· To encourage attendance and participation at designated committees assigned to them.		

** Review of the various remuneration elements means the re-appraisal of the elements to ensure that they are competitive and reflective of industry expectations. They do not necessarily refer to an increment or reduction in the value of the benefits.*

The Board yearically benchmarks its remuneration practices against peer organizations whose business profiles are similar to that of the Bank and makes changes as appropriate.
The remuneration paid to the Directors in the financial year 2022 is disclosed in Note 40 of the Financial Statements.

7 EVENTS AFTER THE REPORTING YEAR

In compliance with the provisions of Section 124 of CAMA 2020, the bank commenced the process of issuing the 3,037,414,308 units of unissued shares by way of Private Placement prior to the end of the 2022 financial year. All required approvals including receipt of proceeds have been received subsequent to yearend. In line with the timetable for the issuance program, the shares will be listed before the closure of the share register for the payment of the final dividends. To accommodate the new shares that will rank pari-passu with existing shares the final dividend will be based on 32,000,000,000 units of 50k shares for completeness. (Note 47)

8 PROPERTY, PLANT AND EQUIPMENT

Information relating to property, plant and equipment is provided in Note 25 to the financial statements. In the Directors' opinion, the fair value of the Bank's properties is not less than the carrying value shown in the financial statements.

9 DONATIONS AND CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organizations during the year ended 31 December, 2022 amounted to N107,834,208.16 (31 December 2021 - N1,377,428,011.76). There were no donations to political organizations during the year.

The beneficiaries were:

	REQUESTING/BENEFIARY ORGANISATION	DONATION	AMOUNT (N)
1	Foundation For Cancer Care	Cancer Screening & Treatment in commeration of Annual World Cancer Day, 2022	1,000,000
2	Connect Marketing	Connect Marketing - Golf Tournament, 2022	3,000,000
3	Rajasthani Samaj	Sponsorship for Rajasthan Premier League, 2022	500,000
4	Bertie-John Nigeria Ltd	Support for Book Publication	2,936,900
5	Cerebral Palsy Center	Installation of Solar Panels at the Celebral Palsy Center's New site	3,778,196
6	Eve Afrique	Support for Redball event for charity by Eve Afrique	2,000,000
7	Dream Catchers Foundation	Donation of an ICT Centre for Dream Catchers Foundation	10,000,000
8	Holy Child College, Ikoyi	Donation of high standard, eco-frinedly and re-usable sanitary pads to students	1,000,000
9	Specialist Hospital, Yola, Adamawa State	Donation of 2000 Fidelity Branded Bed Cover and 1000 Branded Pillow Case	15,100,000
10	Lagos Food Bank	Distribution of 60 Box of Hope containing food items to Lagos Food Bank	347,012
11	Al-Muhibba Foundation	Donation of food items to commemorate Ramadan	6,140,000
12	Government College (Senior), Surulere Lagos	Donation of school supplies to 180 students	1,086,000
13	Government Junior Model College	Distribution of 75 school bags to students	460,000
14	Heritage Orphanage Homes	Donation of Items to Heritage orphanage home	580,000
15	Madrasatul Anwarul Islam, Kwarbai Zaria	Renovation of 4 Blocks of 10 Classrooms, Staff Room and Toilets	17,100,000
16	Yobe State Government	Donation of Ramadam support to Persons Living With Disabilities (PLWDs) and Vulnerable Households (VHH)	13,000,000
17	Comprehensive Secondary School, Ogwashi-Uku , Delta	Donation of 20 School Bags and 9 whiteboards	432,000
18	Government Junior & Senior College, Ireti Junior and Secondary School, Falomo Junior and High School ,Lagos	Donation of 6 giant waste recycle bins to 6 schools in Lagos	680,000
19	Open Arms Orphanage Home ,Lagos	Donation of food and provision items to the orphanage home	700,000
20	Lagos State Food Bank ,Lagos	Distribution of 50 Box of Hope containing food items.	360,000
21	Sought After Orphanage Home , Lagos	Installation of Solar Panels	500,000
22	Correctional Center for Junior Boys ,Lagos	Donation of Machines, beddings and food items	1,000,000
23	JOFIN Empowerment Orphanage Home, Plateau	Donation of food Items to the orphanage	700,000
24	Government Secondary Sch, ATU ,Cross River State	Donation of 55 3-in-1 Chair and Desks	954,100
25	Orisigun Nursery/Primary School , Lagos	Renovation of 6 toilet facilities for students and staff	2,300,000
26	Omolere Nur & Pri Sch.,Ondo	Renovation of select classrooms and setting up on an ICT centre	10,000,000
27	Bestline School .Ekiti	Renovation of School Hall	1,180,000
28	Immensum Stellar , Lagos	Support for Live Festival	10,000,000
29	Grace Family Church of the Pentecost , Anambra	Support for Flood Victims	1,000,000
	Total		**107,834,208**

10 Gender Analysis as at 31 December ,2022

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the workplace. The Bank recognizes that women have different skills, viewpoints, ideas and insights which will enables it serve a diverse customer base more effectively. The report on gender analysis as at 31 December 2022 is shown below:

GENDER ANALYSIS OF TOTAL STAFF AS AT 31 December 2022			31 December, 2021	
GENDER	**NUMBER**	**PERCENTAGE OF TOTAL STAFF**	**NUMBER**	**PERCENTAGE OF TOTAL STAFF**
FEMALE	1,448	48%	1,366	46%
MALE	1,590	52%	1,608	54%
TOTAL	**3,038**	**100%**	**2,974**	**100%**

GENDER ANALYSIS OF EXECUTIVE MANAGEMENT AS AT	31 December 2022		31 December, 2021	
GENDER	**NUMBER**	**PERCENTAGE**	NUMBER	PERCENTAGE
FEMALE	1	20%	1	29%
MALE	4	80%	3	71%
TOTAL	5	**100%**	4	100%

GENDER ANALYSIS OF TOP MANAGEMENT (AGM-GM) AS AT 31 December 2022				31 December, 2021		
GRADE	**FEMALE**	**MALE**	**TOTAL**	**FEMALE**	**MALE**	**TOTAL**
General Manager	1	5	6	1	7	8
Deputy General Manager	4	7	11	3	6	9
Assistant General Manager	7	25	32	7	24	31
TOTAL	**12**	**37**	**49**	**11**	**37**	**48**
Percentage	**24%**	**76%**	**100%**	**23%**	**77%**	**100%**

GENDER ANALYSIS OF THE BOARD OF DIRECTORS AS AT 31 December 2022				31 December, 2021		
GRADE	**FEMALE**	**MALE**	**TOTAL**	**FEMALE**	**MALE**	**TOTAL**
Executive Director	0	4	4	0	3	3
Managing Director	1	0	1	1	0	1
Non Executive Director	2	6	8	2	7	9
TOTAL	**3**	**10**	**13**	**3**	10	**13**
Percentage	**23%**	**77%**	**100%**	**23%**	**77%**	**100%**

Directors' Report

Human Resources Policy
The Bank places a high premium on all its employees and recognizes that their input is critical for its long-term success. Consequently, the Bank ensures its continued compliance with regulatory provisions on employment and carries out pre-employment background screening on prospective employees.

The Bank also ensures that all employees are treated fairly and equally regardless of their ethnicity, gender, nationality, religion or other factors, while promoting diversity in the workplace. The Bank operates a contributory pension plan for its employees in accordance with the provisions of the Pension Reform Act 2014.

Employment Of Persons With Special Needs
There is no discrimination in considering applications for employment including applications from persons with special needs. The Bank ensures that such persons are afforded identical opportunities with other employees. The Bank currently has in her employment six (6) persons with special needs and ensures that the work environment is accessible and conducive for them.

Health, Safety and Welfare of Employees
The health, safety and wellbeing of all employees is a top priority, and the Bank continues to make significant investments along these lines. All employees are provided with comprehensive healthcare coverage through a health management scheme with 3,956 hospitals across the country. The scheme covers each staff, his/her spouse and four biological/adopted children.

The Bank also has an international health insurance scheme, which provides emergency medical evacuation support. These healthcare initiatives are actively enhanced with regular health screening exercises including mammograms, prostate screening, eye examinations, cardiovascular and tuberculosis tests and immunization for cerebrospinal meningitis and Hepatitis.

Beyond direct clinical healthcare support, staff members also benefit from structured preventive health awareness programmes. In this regard, the Bank carries out well-articulated awareness sessions on topical health issues including preventing the spread of malaria, diabetes, hypertension and kidney disease as well as tips for preventing ill-health during inclement weather conditions like harmattan and rainy season.

The Bank has a defined process for preventing the spread of communicable diseases including HIV/AIDS through health campaigns that encourage good personal hygiene while ensuring that no person living with HIV/AIDS is discriminated against. Through regular medical updates from the health insurance providers, emails, text messages and yearic health awareness presentations, staff members are frequently educated on how to take personal responsibility for their health by consciously making better lifestyle choices.

Human Rights
The Bank has a formal Human Rights Policy and consciously strives to ensure that it does not engage in business activities or relationships that would violate the provisions of the policy.

The policy aligns with extant laws, including the relevant provisions of the Constitution of the Federal Republic of Nigeria. The Bank will continue to meet the standards of international treaties on human rights, as domesticated and ratified by the National Assembly, as well as other workplace related treaties.

Employee involvement and training
The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made on achieving same. The opinions and suggestions of staff are valued and considered not only on matters affecting them as employees, but also on the general business of the Bank.

The Bank operates an open communication policy and employees are encouraged to communicate with Management through various media.

Sound management and professional expertise are considered to be the Bank's major assets, and investment in employees' future development continues to be a top priority. Fidelity is a learning organization and believes in the development of her employees, irrespective of their job roles and responsibilities in the Bank.

Directors' Report

As an institution committed to maintaining its competitive edge, Fidelity Bank ensures that employees receive qualitative training within and outside the country. Staff Training Plans are drawn up yearly premised on grade specific baseline and function specific programmes. These include local, offshore and inhouse programmes.

Worthy of particular mention, are the Bank's Weekly Thursday Lecture Series, the Fidelity Business School with its various academies and the E-Learning Management System (LMS) Platform, all of which are designed to deepen knowledge, skills and productivity.

The Bank currently has nine modern Learning Centers at Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano. A total of 5632 officers (2874 core staff and 2758 non-core), participated in various training programs in 2022.

Training programmes are not limited to function specific programmes but include programmes on occupational safety and life skills such as fire drills, first aid treatment and emergency evacuation procedures.

Credit Ratings

The Central Bank of Nigeria's Revised Prudential Guidelines requires all banks to be credit rated regularly, with the ratings updated every year and published in the Annual Report. Fidelity Bank Plc has been assigned the credit ratings by the following rating agencies:

	Long-Term	=	B-
Fitch Ratings	Short-Term	=	B
	Outlook = Stable		
	Long-Term	=	B-
Standard & Poor (S&P)	Short-Term	=	B
	Outlook = Stable		
	Long-Term	=	A1(NG)
Global Credit Rating Co (GCR)	Short-Term	=	A (NG)
	Outlook = Positive		

Additional information on the ratings can be obtained from the Bank's website at
https://www.fidelitybank.ng/investor-relations/credit-ratings/

External Auditors

The External Auditors, Deloitte & Touché, have indicated their willingness to continue in office as the Bank's auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020.

A resolution will be proposed at the 35th Annual General Meeting to authorize the Directors to determine their remuneration.

By order of the Board.

Ezinwa Unuigboje
Company Secretary
FRC/2015/NBA/00000006957
Fidelity Bank Plc
No 2 Kofo Abayomi Street
Victoria Island
Lagos

4 April 2023

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

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act (CAMA) 2020, Sections 24 and 28 of the Banks and Other Financial Institutions Act (BOFIA) 2020, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Bank, and of the financial performance for the year . The responsibilities include ensuring that:

(a) Appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

(b) The Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria.

(c) 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

(d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 (CAMA) 2020 ,

Banks and Other Financial Institutions Act (BOFIA) 2020 , the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

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 its financial performance for the year under review

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

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

Signed on behalf of the Directors by:
Date: 4 April 2023

Kevin Ugwuoke	**Nneka Onyeali-Ikpe**
Executive Director	*Managing Director/ Chief Executive Officer*
FRC/2020/003/00000022290	FRC/2013/NBA/00000016998

Statement of Corporate Responsibility for the Preparation of the Financial Statements

In line with the provision of S. 405 of CAMA 2020, the Chief Executive Officer and Chief Financial officer of Fidelity Bank Plc have reviewed the Financial Statement of the bank for the year ended December 31 2022 and accept responsibility for the financial and other information within the report based on the following:

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

ii The financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and result of operation of the bank as of and for the year ended December 31, 2022

iii The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2022

iv The bank's internal Controls has been designed to ensure that all material information relating to the bank has been provided.

v That we have disclosed to the bank's Auditors and the Audit Committee that there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summaries and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit; And that there is no fraud involving management or other employees which could have any significant role in the bank's internal control

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

Signed on behalf of the Directors by:

Date: 4 April 2023

Victor Abejegah
Chief Financial Officer
FRC/2013/ICAN/00000001733

Nneka Onyeali-Ikpe
Managing Director/Chief Executive Officer
FRC/2013/NBA/00000016998

Corporate Governance Report

Introduction

This report is designed to update stakeholders on how Fidelity Bank Plc ("Fidelity" or "the Bank") discharged its fiduciary responsibilities in relation to governance as well as its level of compliance with relevant statutory and regulatory requirements during the review year.

The Board of Directors is committed to ensuring sustainable long-term success for the Bank and is mindful that best practice in corporate governance is essential for ensuring accountability, fairness and transparency in a company's relationship with all its stakeholders.

The Bank's Shared Values of Customer First, Respect, Excellence, Shared Ambition and Tenacity (CREST) continue to be the guiding principles, which we believe are necessary to sustain the growth of the business and our relationship with stakeholders, while keeping faith with our vision to be "No. 1 in every market we serve and for every branded product we offer".

The Bank has successfully completed the CGRS (Corporate Governance Rating System) assessment of the Nigerian Exchange Group (NGX) and is CGRS rated.

Corporate Governance Framework
Fidelity Bank has a structured corporate governance framework, which supports the Board's objective of achieving sustainable value. This is reinforced by the right culture, values and actions at the Board and Management level and throughout the entire organization.

The Board of Directors is the principal driver of corporate governance and has overall responsibility for ensuring that the tenets of good corporate governance are adhered to in the management of the Bank. In the Bank's bid to achieve long-term shareholder value, we constantly strive to maintain the highest standards of corporate governance, which is the foundation on which we manage risk and build the trust of our stakeholders.

The Bank's governance framework is designed to ensure on-going compliance with its internal policies, applicable laws and regulations as well as the corporate governance codes. These include the Financial Reporting Council of Nigeria's (FRCN) Code of Corporate Governance ("the NCCG Code"), the Central Bank of Nigeria's (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code"), the Securities and Exchange Commission's Code of Corporate Governance ("the SEC Code"), the Post-Listing Requirements and Rules issued from time to time by the Nigerian Exchange Group (NGX).

The Bank undertakes frequent internal assessment of its level of compliance with the Codes/Rules and submits yearic compliance reports to the CBN, SEC, NGX, FRCN and the Nigeria Deposit Insurance Corporation (NDIC).

The Codes and Rules are quite detailed and cover a wide range of issues, including Board and Management, Shareholders, Rights of other Stakeholders, Disclosure Requirements, Risk Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Ethics and Professionalism, Conflict of Interest, Sustainability, Whistleblowing, Code of Ethics, Complaints Management Processes and the Role of Auditors. The Codes, in addition to the Bank's Memorandum and Articles of Association, Board, Board Committees and Management Committee Charters, collectively constitute the bedrock of the Bank's corporate governance framework.

The Bank's governance structure is hinged on its internal governance framework, which is executed through the following principal organs:

(a) The Board of Directors
(b) Board Committees
(c) Statutory Audit Committee
(d) General Meetings
(e) Management Committees

Corporate Governance Report

Key Governance Development

(1) Key Governance Developments (Board Changes) :

The following changes occurred on the Board after the 34th Annual General Meeting on May 5, 2022:

(i) Retirement from the Board:
Pst. Kings C. Akuma, Non-Executive Director, retired from the Board on November 24, 2022.:

(ii) Board Appointment
Mrs. Pamela Shodipo was appointed as Executive Director, South Directorate and her appointment was approved by the Central Bank of Nigeria on February 3, 2023. She will be presented for election at the 35th Annual General Meeting of the Company.

(2) The Nigerian Code of Corporate Governance, 2018 (NCCG 2018)
The Nigerian Code of Corporate Governance (NCCG) was formally issued on 15 January 2019 by the Financial Reporting Council of Nigeria (FRCN) and is applicable to all listed entities including Fidelity Bank Plc. Being a regulated entity, the Bank is required to comply with the provisions of the Code and submit an annual return on its status of compliance. The Bank has submitted the returns for 2022 financial year through the Nigerian Exchange Group in the template prescribed by the FRCN for regulatory reporting on the Code and on the FRCN Portal.

(3) Extra-Ordinary General Meeting
An Extra-Ordinary General Meeting (EGM) was held on September 29, 2022 to enable Shareholders approve a Private Placement of 3,037,414,308 Ordinary Shares of 50 Kobo each.

The Board of Directors

Board Size
The Board currently comprises of thirteen (13) Directors, five (5) Executives including the Managing Director/Chief Executive Officer (MD/CEO) and eight (8) Non-Executive Directors including three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors do not hold any shares in the Company, nor are they involved in any business relationship with the Bank. All Board appointments are in line with the Bank's Directors Selection Criteria Policy, applicable regulations and are subject to the approval of the Central Bank.

Board Structure and Responsibilities
The Board is responsible for creating and delivering sustainable value to all stakeholders through efficient management of the business. The Board is also responsible for determining the strategic direction of the Bank, which said strategy is implemented through Executive Management, within a framework of rewards, incentives and controls. Executive Management, led by the MD/CEO, constitutes the key management organ of the Bank and is primarily responsible for achieving performance expectations and increasing shareholder value. Executive Management reports regularly to the Board on issues relating to the growth and development of the Bank. The Board plays a major supportive and complementary role in ensuring that the Bank is well managed and that appropriate controls are in place and fully operational.

The Board is accountable to the Bank's stakeholders and continues to play a key role in governance. It is the responsibility of the Board of Directors to approve the Bank's organizational strategy, develop directional policy, appoint, supervise and remunerate senior executives and ensure accountability of the Bank to its owners, stakeholders and the regulatory authorities. The Board is also responsible for providing stable and effective leadership for the Bank, to facilitate achievement of its corporate operating objectives.

Responsibility for the day-to-day management of the Bank resides with the MD/CEO, who carries out her functions in accordance with guidelines approved by the Board of Directors. The MD/CEO is ably assisted by the four (4) Executive

Directors. In line with best practice and requisite regulations, the roles of the Chairman of the Board and MD/CEO are assumed by different individuals to ensure that the right balance of power and authority is maintained.

The effectiveness of the Board is derived from the broad range of skills and competencies of the Directors, who are persons of high integrity and seasoned professionals and are competent, knowledgeable and proficient in their professional careers, businesses and/or vocations. The Directors bring to the Board their diverse experience in several fields ranging from business, corporate finance, accounting, management, banking operations, oil & gas, risk management, engineering, project finance, leasing, law, and treasury management.

The professional background of the Directors reflects a balanced mix of skills, experience and competencies that impacts positively on the Board's activities. No individual dominates the decision-making process. The Board operated effectively throughout the year and continues to do so.

The Board has a formal Charter which guides its activities. The Charter is premised on leading practice as well as the provisions of the CBN, FRCN and SEC Governance Codes and other applicable regulations.

The Directors are members of the Institute of Directors of Nigeria (IoD) and the Bank Directors Association of Nigeria (BDAN), two non-profit organizations dedicated to promoting good corporate governance and high ethical standards for Nigerian Companies/Banks..

Access to Information
Management is responsible for ensuring that the Board receives necessary information on the Bank's operations and activities on a regular and timely basis to aid the decision-making process. Executive Management and other principal officers attend Board and Board Committee meetings to make presentations and clarify issues as appropriate.

The Directors have unfettered access to Management and relevant information on the Bank's operations. They also have the resources to execute their responsibilities as Directors, including access to external independent professional advice at the Bank's expense.

Matters reserved exclusively for the Board include but are not limited to: approval of credit requests in excess of the approval limit of the Board Credit Committee, approval of the Bank's quarterly, half yearly and full year financial statements, disposal of assets other than in the normal course of the Bank's business, mortgaging or otherwise creating security interests over the assets of the Bank, appointment or removal of key management personnel, strategic planning and succession planning. The Board is also responsible for the integrity of the financial statements.

The Board has a comprehensive Remuneration Policy, which is designed to address the compensation of Executive and Non- Executive Directors. The Policy is designed to establish a framework for Directors' remuneration that is consistent with the Bank's scale and scope of operations and is aimed at attracting, motivating and retaining qualified individuals with the talent, skills and experience required to run the Bank effectively.

The Board meets quarterly, and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and briefed on business developments between Board meetings. The Board met ten (10) times during the year ended 31 December 2022.

Corporate Governance Report

Details of the Directors who served on the Board during the year ended 31 December 2022 are indicated below:

NO	NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT	Cumulative Year Served as at 31 December 2022
1	**Mr. Mustafa Chike-Obi**	Chairman /Non-Executive Director	August 15, 2020	2 Years and 4 months
2	**Pst. Kings Akuma**	Non-Executive Director	November 24, 2022	6 years
3	**Mr. Chidi Agbapu**	Non-Executive Director	September 3, 2018	4 years and 3 months
4	**Alhaji Isa Inuwa**	Independent Non-Executive Director	January 22, 2020	2 years and 11months
5	**Engr. Henry Obih**	Independent Non-Executive Director	September 21, 2020	2 years and 3 months
6	**Mrs. Amaka Onwughalu**	Non-Executive Director	December 15, 2020	2 years
7	**Chief Nelson C. Nweke**	Non-Executive Director	December 15, 2020	2 years
8	**Mr. Chinedu Okeke**	Non-Executive Director	January 4, 2021	1 year and 11 months
9	**Mrs. Ronke Bammeke**	Independent Non-Executive Director	November 18, 2021	1 year and 1 month
10	**Mrs. Nneka Onyeali-Ikpe**	Managing Director/CEO	Appointed to the Board as Executive Director on September 3, 2015; Assumed office as MD/CEO on January 1, 2021.	2 years as MD/CEO
11	**Mr. Hassan Imam**	Executive Director	January 1, 2020	3 years
12	**Mr. Kevin Ugwuoke**	Executive Director	July 28, 2020	2 years and 5 months
13	**Dr. Ken Opara**	Executive Director	January 1,2021	2 years
14	**Mr. Stanley Amuchie**	Executive Director	January 27, 2022	11 months

Directors' Appointments, Retirements and Re-elections

Directors' appointments, retirements and re-elections are effected in accordance with the provisions of the Bank's Memorandum and Articles of Association, the Board Appointment and Directors' Selection Criteria Policy, the Central Bank's Assessment Criteria for Approved Persons Regime in Nigeria as well as other relevant laws, to ensure a balanced and experienced Board.

The Board Corporate Governance Committee is charged with the responsibility of leading the process for Board appointments and for ascertaining and recommending suitable candidates for the Board's approval. The appointment process is transparent and involves external consultants who carry out an independent evaluation of all nominees as part of the appointment process. The importance of achieving the right balance of skills, experience and diversity is also taken into consideration in making Board appointments.

In accordance with the provisions of Article 95(1) (a) of the Bank's Articles of Association, the Directors to retire by rotation are Mrs. Amaka Onwughalu and Chief Nelson C. Nweke. The retiring Directors, being eligible, have offered themselves for re-election at the 35th Annual General Meeting. The Board is of the firm conviction that both Directors will continue to add value to the Board and the Bank and recommends their re-election.

In addition, Mrs. Pamela Shodipo was appointed to the Board as Executive Director, South Directorate. Her appointment was approved by the Central Bank of Nigeria on February 3, 2023. She will be presented to the Shareholders for election at the 35th Annual General Meeting.

Directors' Term of Office

To ensure that the Board is continually renewed and refreshed, Non-Executive Directors' tenure is limited to maximum of two (2) terms of three (3) years while Independent Non-Executive Directors serve for a maximum of two (2) terms of four (4) years. The tenure of Executive Directors is coterminous with their respective contracts of employment. All Board appointments are also subject to the Bank's Retirement Age Policy.

Board Induction and Continuous Education

Given the increasing complexity of banking transactions, the demands of the operating environment and the Directors' weighty oversight responsibilities, the Board of Fidelity Bank acknowledges that its ability to effectively discharge its functions can only be enhanced by qualitative training programs. Training of individual Directors and the Board as a whole are important investments for every organization, given the strong correlation between qualitative Board training programmes and sound corporate governance practices, growth, and profitability.

The Bank has a Directors Induction and Continuous Development Policy, which provides for formal induction programmes for newly appointed Directors and bespoke training programmes for serving Directors. The Directors also participate in Regulator-initiated training programmes.

An induction plan is designed for all new Directors and covers personalized in-house orientation including individual meetings with Executive Management and Senior Executives responsible for the Bank's key business areas, and external training programmes. The induction programme includes an overview of the Bank's operations, risk management, treasury operations, internal audit, compliance, corporate governance framework and Board processes. Board development programmes also include executive coaching sessions and the annual Board strategy retreat.

New Directors also receive a comprehensive induction pack, which includes copies of Board, Board Committees' Charters, the annual goals of the Board and Board Committees for the year, relevant legislations and the calendar of Board meetings and activities for the year. The induction and training programmes are robust and designed to equip all Directors to effectively discharge their responsibilities whilst improving overall board effectiveness.

Corporate Governance Report

The Bank renders yearic returns on training programmes attended by Directors to the Central Bank. The Directors who served on the Board during the year under review, participated in the programmes listed below:

S/N	Course	Vendor	Start Date	End Date	Name of Directors
1	Leading Digital Business Transformation	IMD, Lausanne, Switzerland	January 31, 2022	February 4, 2022	Alhaji Isa Inuwa
2	Leading Change and Organisational Renewal	Harvard Business School	March 20, 2022	March 25, 2022	Dr. Ken Opara
3	Delivering Business Growth	Kellogg School of Management	May 22, 2022	May 25, 2022	Mr. Chidi Agbapu
4	Bank Negotiation Program	Oxford Business School	June 19, 2022	June 23, 2022	1. Mr. Mustafa Chike-Obi 2. Pst. Kings Akuma
5	Bank Governance Program	Oxford Business School	July 11, 2022	July 15, 2022	1. Mr. Chinedu Okeke 2. Chief Nelson Nweke
6	Dubai Master of Compliance (MoC) Program	Grand Excelsior Hotel	September 11, 2022	September 15, 2022	Mr. Hassan Imam
7	Bank Negotiation Program	Oxford Business School	October 16, 2022	October 21, 2022	Mr. Kevin Ugwuoke
8	Strategic Leadership Program	Oxford Business School	November 13, 2022	November 18, 2022	Mr. Hassan Imam
9	Digital Transformation	IMD, Lausanne, Switzerland	November 28, 2022	December 2, 2022	Mrs. Ronke Bammeke
10	Board Induction Program	In-house (Fidelity Bank Plc)	June 16, 2022	June 17, 2022	1. Mrs. Morohunke Bammeke 2. Mr. Stanley Amuchie
11	Board Credit Workshop Training	H. Pierson Associates	August 10, 2022	August 11, 2022	1. Pst. Kings Akuma 2. Alhaji Isa Inuwa 3. Engr. Henry Obih 4. Mrs. Amaka Onwughalu 5. Chief Nelson Nweke 6. Mr. Chinedu Okeke 7. Mr. Chidi Agbapu 8. Mrs. Morohunke Bammeke 9. Mr. Hassan Imam 10. Dr. Ken Opara 11. Mr. Kevin Ugwuoke

Corporate Governance Report

12	Control objectives for Information and Related Technologies (COBIT) - The Board's Oversight responsibilities in relation to Information Technology Governance	KPMG Advisory Services; Digital Jewels Limited	September 7, 2022	September 8, 2022	1. Pst. Kings C. Akuma 2. Mr. Chidi Agbapu 3. Alhaji Isa Inuwa 4. Mr. Henry Obih 5. Mrs. Amaka Onwughalu 6. Chief Nelson Nweke 7. Mr. Chinedu Okeke 8. Mrs. Ronke Bammeke 9. Mrs. Nneka Onyeali-Ikpe 10. Mr. Kevin Ugwuoke 11. Mr. Stanley Amuchie 12. Dr. Ken Opara
13	The Board's oversight responsibilities in relation to Governance, Risk and Compliance (GRC)	Conquer Risk Limited	October 24, 2022	October 25, 2022	1. Mr. Mustafa Chike-Obi 2. Pst. Kings C. Akuma 3. Mr. Chidi Agbapu 4. Alhaji Isa Inuwa 5. Mr. Henry Obih 6. Mrs. Amaka Onwughalu 7. Chief Nelson Nweke 8. Mr. Chinedu Okeke 9. Mrs. Ronke Bammeke 10. Mrs. Nneka Onyeali-Ikpe 11. Mr. Kevin Ugwuoke 12. Mr. Stanley Amuchie 13. Dr. Ken Opara 14. Mr. Hassan Imam

Corporate Governance Report

14	Annual Board Training on Anti-Money Laundering; Countering the Financing of Terrorism and Sustainability	H. Pierson Associates	November 1, 2022	November 1, 2022	1. Mr. Mustafa Chike-Obi 2. Pst. Kings C. Akuma 3. Mr. Chidi Agbapu 4. Alhaji Isa Inuwa 5. Mr. Henry Obih 6. Mrs. Amaka Onwughalu 7. Chief Nelson Nweke 8. Mr. Chinedu Okeke 9. Mrs. Ronke Bammeke 10. Mrs. Nneka Onyeali-Ikpe 11. Mr. Kevin Ugwuoke 12. Mr. Stanley Amuchie 13. Dr. Ken Opara 14. Mr. Hassan Imam

Access to independent advice:
In compliance with the Codes and global best practices, the Board ensures that the Directors have access to independent professional advice where they deem same necessary to discharge their responsibilities as Directors. The Bank also provides the Directors with sufficient resources to enable them to execute their oversight responsibilities. Independent consultants engaged during the year under review include:

S/N	Consultant	Brief
1	KPMG Advisory Services	Board Appraisal, Corporate Strategy, Board Consultancy Services
2	H. Pierson and Associates	Governance Survey/Analysis

Board Performance Appraisal:
The Board, recognizing the need to maintain an energized, proactive and effective Board, adopted a formal Board and Board Committees' Evaluation Policy in April 2012. To give effect to the provisions of the Policy and comply with the Codes, the Board engages an independent consultant to conduct an annual appraisal of the Board's performance and highlight any issues that require remedial action.

The appraisal enables the Board to identify future developmental needs, while benchmarking its performance against global best practices and enhancing board effectiveness.

The appraisal is extensive and covers the Board, Board Committees and individual Directors, focusing on strategy, corporate culture, monitoring, evaluation, performance and stewardship. A governance survey is also occasionally administered on senior management staff of the Bank and the result of the survey is presented to the Board.

Amongst other indices the annual assessment focuses on the Board's role in the following key areas:

(a) Defining strategy and management of the Board's own activities.
(b) Monitoring Management and evaluating its performance against defined objectives.
(c) Implementing effective internal control systems.
(c) Communicating standards of ethical organizational behaviour by setting the tone at the top.

The independent consultant's report on the Board appraisal is presented to Shareholders at the Annual General Meetings and submitted to the Central Bank of Nigeria. The Board has appointed KPMG Advisory Services to carry out the Board appraisal and governance evaluation exercise for 2022 financial year. The Consultant's report will be presented at the 35th Annual General Meeting.

Board Meetings
To ensure its effectiveness throughout the year, the Board develops an Annual Agenda Cycle, Annual Goals and Calendar of Board activities at the beginning of each year. These not only focus the activities of the Board, but also establish benchmarks against which its performance can be evaluated at the end of the year.
While a detailed forward agenda is available, it is yearically updated to reflect contemporary issues that could arise, which may be of interest to the Bank, the financial services industry or national/global economies. The Board meets quarterly or as the need arises.

Corporate Governance Report

A. Board Committees

The responsibilities of the Board are also accomplished through six (6) standing committees, which work closely with the Board to achieve the Bank's strategic objectives. The Board Committees are listed below:

(a) Board Credit Committee.
(b) Board Risk Committee.
(c) Board Audit Committee
(d) Board Corporate Governance Committee
(e) Board Finance and General-Purpose Committee
(f) Board Information Technology Committee

To enable the Committees, execute their oversight responsibilities, each Committee has a formal Charter, which defines its objectives and operating structure including composition, functions, and scope of authority. At the beginning of the year, each Committee develops its Annual Agenda Cycle, Annual Goals, and meeting calendar, to guide its activities during the year

Complex and specialized matters are effectively dealt with through the Committees, which also make recommendations to the Board on various matters. The Committees present yearic reports to the Board on the issues considered by them.

The composition of Board Committees as at December 31, 2022, was as follows:

S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
1	Board Finance & General Purpose Committee (FGPC):	Chief Nelson C. Nweke	Chairman (Non-Executive Director)
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
2	Board Corporate Governance Committee (BGCG):	Mr. Henry Obih	Chairman (Non-Executive Director)
		Mr. Chidi Agbapu	Non-Executive Director
		Alh. Isa Inuwa	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Chief Nelson C. Nweke	Non-Executive Director
S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
3	Board Risk Committee (BRC) :	Mrs. Amaka Onwughalu	Chairman (Non-Executive Director)
		Alh. Isa Inuwa	Independent Non-Executive Director
		Mr. Henry Obih	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
		Mr. Kevin Ugwuoke	Executive Director, Chief Risk Officer
S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
4	Board Audit Committee (BAC):	Alh. Isa Inuwa	Chairman (Independent Non Executive Director)
		Chief Nelson C. Nweke	Non-Executive Director
		Mrs. Ronke Bammeke	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
5	Board Credit Committee (BCC) :	Mr. Chidi Agbapu	Chairman, Independent Non-Executive Director
		Alhaji. Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Non-Executive
		Mrs. Amaka Onwughalu	Non-Executive
		Mr. Chinedu Okeke	Non-Executive
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
6	Board Information Technology Committee (BITC)	Mrs. Morohunke Bammeke	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director

Corporate Governance Report

The composition of Board Committees as at December 31, 2022, was as follows:

S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
1	Board Finance & General Purpose Committee (FGPC):	Chief Nelson C. Nweke	Chairman (Non-Executive Director)
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
2	Board Corporate Governance Committee (BGCG):	Mr. Henry Obih	Chairman (Non-Executive Director)
		Mr. Chidi Agbapu	Non-Executive Director
		Alh. Isa Inuwa	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Chief Nelson C. Nweke	Non-Executive Director
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
3	Board Risk Committee (BRC) :	Mrs. Amaka Onwughalu	Chairman (Non-Executive Director)
		Alh. Isa Inuwa	Independent Non-Executive Director
		Mr. Henry Obih	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
		Mr. Kevin Ugwuoke	Executive Director, Chief Risk Officer
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
4	Board Audit Committee (BAC):	Alh. Isa Inuwa	Chairman (Independent Non Executive Director)
		Chief Nelson C. Nweke	Non-Executive Director
		Mrs. Ronke Bammeke	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
5	Board Credit Committee (BCC) :	Mr. Chidi Agbapu	Chairman, Independent Non-Executive Director
		Alhaji. Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
6	Board Information Technology Committee (BITC)	Mrs. Morohunke Bammeke	Chairman,t Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
7	Statutory Audit Committee (SAC)	Chief Nelson Nweke	Non-Executive Director
		Mrs. Morohunke Bammeke	Independent Non-Executive Director

Corporate Governance Report

1. **Board Credit Committee:**

This Committee functions as a Standing Committee of the Board with responsibility for Credit Management. The primary purpose of the Committee is to advise the Board on its oversight responsibilities in relation to the Bank's credit exposures and lending practices. The Committee comprises a minimum of four (4) Non-Executive Directors including an Independent Non-Executive Director and the MD/CEO. The Committee meets monthly or as the need arises.

Its terms of reference include:

(a) Exercising all Board assigned responsibilities on credit related issues.
(b) Review and recommend credit policy changes to the full Board.
(c) Ensure compliance with regulatory requirements on credits.
(d) Approving credits above the Management's credit approval limit.
(e) Tracking the quality of the Bank's loan portfolio through quarterly review of risk assets.
(f) Receive and consider recommendations from the Management Credit Committee (MCC), Asset & Liability Committee (ALCO), and Operational Risk & Service Measurement Committee on matters relating to credit management.
(g) Consider and recommend for full Board approval, Director, and Insider-Related credits.
(h) Consider exceptions to rules or policies and counsel on unusual credit transactions.

2. **Board Risk Committee:**

This Committee functions as a Standing Committee of the Board with responsibility for the enterprise risk management activities of the Bank, approving appropriate risk management procedures and measurement methodologies, as well as identification and management of strategic business risks. It consists of a minimum of four (4) Non-Executive Directors including an Independent Non- Executive Director, the Managing Director/CEO and the Executive Director, Chief Risk Officer.

Its terms of reference include:

(a) Establishing the Bank's risk appetite;
(b) Ensuring that business profiles and plans are consistent with the Bank's risk appetite;
(c) Establishing and communicating the Bank's risk management framework including responsibilities, authorities and control;
(d) Establishing the process for identifying and analyzing business level risks;
(e) Agreeing and implementing risk measurement and reporting standards and methodologies;
(f) Establishing key control processes and practices, including limits, structures, impairments, allowance criteria and reporting requirements;
(g) Monitoring the operation of the controls and adherence to risk direction and limits;
(h) Ensuring that risk management practices and conditions are appropriate for the business environment.

The Committee meets quarterly or as the need arises. Occasionally, a joint meeting is held between the Board Credit Committee and the Board Risk Committee to review credit risk related issues.

3. **Board Audit Committee:**

The Committee functions as a Standing Committee of the Board with responsibility for internal control over financial reporting, including internal and external audit. The Committee is composed of a minimum of four (4) Non-Executive Directors (including an Independent Non – Executive Director, who chairs the Committee in line with the Central Bank's guidelines on composition of the Board Audit Committee).

The Committee holds at least one annual in-camera session with the Chief Audit Executive and External Auditors respectively, without the presence of management.

Its terms of reference include:

(a) Ensuring the integrity of the Bank's financial reporting system.
(b) Ensuring the existence of independent internal and external audit functions.
(c) Ensuring the effectiveness of the internal control system, prudence and accountability in significant contracts and compliance with regulatory requirements.
(d) Effectiveness of accounting and operating procedures, and
(e) Ensuring compliance with legal and regulatory requirements.

4. Board Corporate Governance Committee:

The Board Corporate Governance Committee comprises a minimum of four (4) Non-Executive Directors (including an Independent Non–Executive Director). The Committee is chaired by an Independent Non–Executive Director. The Managing Director (and in her absence, an Executive Director nominated by her) is required to attend the Committee's meetings. The Committee has oversight responsibility for issues relating to the Bank's Corporate Governance Framework.

The Committee meets quarterly or as the need arises. Its terms of reference include.

(a) Review and make recommendations for improvements to the Bank's Corporate Governance Framework
(b) Recommend membership criteria for the Board and its Committees.
(c) Review and make recommendations on the Bank's key human capital policies
(d) Review and make recommendations on Key Performance Indicators for the Managing Director and Executive Directors.
(e) Ensure that an independent Board evaluation exercise is undertaken annually
(f) Provide oversight on Directors' orientation and continuing education programmes
(g) Ensure proper reporting and disclosure of the Bank's corporate governance procedures to stakeholders.
(h) Ensure proper succession planning for the Bank.

5. Board Finance & General Purpose Committee:

The Board Finance and General Purpose Committee has oversight responsibility for issues relating to the Bank's budgetary process, procurements and strategic planning. The Committee is composed of a minimum of four (4) Non-Executive Directors (including an Independent Non–Executive Director). The Committee meets quarterly or as the need arises.

Its terms of reference include:

(a) Review major expense lines periodically and approve expenditure within the approval limit of the Committee as documented in the financial manual of authorities.
(b) Participate in and lead an annual strategy retreat for the Board.
(c) Review annually, the Bank's financial projections, as well as capital and operating budgets and review on a quarterly basis with Management, the progress of key initiatives, including actual financial results against targets and projections.
(d) Make recommendations to the Board regarding the Bank's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines and the performance of the Bank's investment portfolios.
(e) Ensure a transparent and competitive tendering process on major contracts to guarantee the best value for the Bank.
(f) Ensure that all major contracts are carried out according to the terms and conditions of the contract agreement.
(g) Other finance matters including recommending for Board approval, the Bank's dividend policy, including amount, nature and timing and other corporate actions.
(h) Recommend a comprehensive framework for delegation of authority on financial matters and ensure compliance with same.

6. Board Information Technology Committee:

The Board Information Technology Committee ("the Committee") has oversight responsibility for all issues relating to the Bank's Information Technology (IT) and digitalization strategies, investments and risks. The Committee is also responsible for matters relating to IT governance, Cybersecurity and IT risk. The Committee is composed of a minimum of four (4) Non-Executive Directors (including an Independent Non–Executive Director). The Committee meets quarterly or as the need arises.

Its terms of reference include:

(a) Execution of the Board's strategy in relation to Information Technology and Digitalization
(b) Provide advice on strategic direction on IT related issues.
(c) Review IT related investments and expenditure.
(d) Review IT-related innovation as well as existing and future trends that may affect the Bank's digital strategy
(e) Review the effectiveness of the Bank's IT and cybersecurity risk identification and remediation practices, policies, controls and procedures
(f) Review the effectiveness of the Bank's overall IT enterprise architecture including the stability and reliability of the digital eco-system, the quality of IT services provided and the type of customer experience delivered
(g) Ensure the Bank's compliance with applicable IT related laws and regulations.

The Committee was established with effect from January 1, 2022.

Corporate Governance Report

B. Attendance at Board and Board Committee Meetings

Records of the Directors' attendance at meetings during Year ended 31 December 2022 are provided below:

DIRECTORS	FULL BOARD	BOARD CORPORATE GOVERNANCE COMMITTEE (BCGC)	BOARD AUDIT COMMITTEE (BAC)	BOARD CREDIT COMMITTEE (BCC)	BOARD FINANCE AND GENERAL PURPOSE COMMITTEE (BF & GPC)	BOARD RISK COMMITTEE (BRC)
TOTAL NO OF MEETINGS	**10**	**9**	**7**	**16**	**8**	**5**
Mr. Mustafa Chike-Obi	10	N/A	N/A	N/A	N/A	N/A
Alhaji Isa Inuwa (a)	10	9	7	16	N/A	5
Pst. Kings Akuma (b)	10	N/A	7	15	1	5
Mrs. Amaka Onwughalu	10	9	N/A	16	8	5
Chief Nelson Nweke	9	9	7	N/A	8	N/A
Mr. Chinedu Okeke (c)	10	N/A	7	16	6	5
Mr. Henry Obih (d)	10	9	N/A	16	6	5
Mr. Chidi Agbapu (e)	10	9	7	16	8	N/A
Mrs. Ronke Bammeke	10	N/A	7	N/A	8	5
Mrs. Nneka Onyeali-Ikpe	10	N/A	N/A	12	N/A	4
Mr. Hassan Imam	10	N/A	N/A	N/A	N/A	N/A
Mr. Kevin Ugwuoke (f)	10	N/A	N/A	N/A	N/A	2
Dr. Ken Opara	10	N/A	N/A	Nil	N/A	N/A
Mr. Stanley Amuchie (g)	9	N/A	N/A	N/A	N/A	N/A

Corporate Governance Report

DIRECTORS	Board Information Technology Committee (BITC)
TOTAL NO OF MEETINGS	**5**
Mr. Mustafa Chike-Obi	N/A
Alhaji Isa Inuwa	4
Pst. Kings Akuma	N/A
Mrs. Amaka Onwughalu	5
Chief Nelson Nweke	N/A
Mr. Chinedu Okeke	N/A
Mr. Henry Obih	5
Mr. Chidi Agbapu	5
Mrs. Ronke Bammeke	5
Mrs. Nneka Onyeali-Ikpe	N/A
Mr. Hassan Imam	N/A
Mr. Kevin Ugwuoke	N/A
Dr. Ken Opara	N/A
Mr. Stanley Amuchie*	N/A

Notes:

(a) Alhaji Isa Inuwa ceased to be a member of the BITC from 1 October 2022.
(b) Pst. Kings Akuma was appointed to the F&GPC on October 1, 2022 and attended one (1) FGPC meeting on October 14, 2022 before his retirement from the Board.
(c) Mr. Chinedu Okeke ceased to be a member of the F&GPC from 1 October, 2022.
(d) Engr Henry Obih ceased to be a member of the F&GPC from 1 October, 2022.
(e) Mr. Chidi Agbapu ceased to be a member of the BAC from 1 October, 2022.
(f) Mr. Kevin Ugwuoke became a member of the BRC with effect from October 1, 2022.
(g) Mr. Stanley Amuchie was appointed to the Board with effect from January 27, 2022. The first Board meeting after his appointment held on March 17, 2022

Corporate Governance Report

The dates of Board and Board Committee meetings in the Year ended 31 December 2022 are shown below:

S/N	FULL BOARD	Board Risk Committee	Board Audit Committee	Board Finance & General Purpose Committee	Board Credit Committee	Board Corporate Governance Committee
1	27-Jan-2022	20-Jan-2022	24-Jan-2022	14-Jan-2022	19-Jan-2022	18-Jan-2022
2	17-Mar-2022	13-Apr-2022	17-Mar-2022	17-Mar-2022	14-Feb-2022	14-Mar-2022
3	29-Apr-2022	18-Jul-2022	19-Apr-2022	22-Mar-2022	19-Feb-2022	14-Apr-2022
4	6-May-2022	20-Oct-2022	21-Jul-2022	14-Apr-2022	28-Mar-2022	14-Jun-2022
5	8-Jul-2022	26-Oct-2022	17-Aug-2022	15-Jul-2022	19-Mar-2022	15-Aug-2022
6	17-Aug-2022		17-Oct-2022	17-Aug-2022	20-Apr-2022	Aug 29,2022
7	31-Aug-2022		26-Oct-2022	14-Oct-2022	26-May-2022	10-Oct-2022
8	27-Oct-2022			28-Dec-2022	30-May-2022	1-Nov-2022
9	17-Nov-2022				22-Jun-2022	11-Nov-2022
10	22-Nov-2022				27-Jun-2022	
11					20-Jul-2022	
12					22-Aug-2022	
13					25-Aug-2022	
14					26-Sep-2022	
15					27-Sep-2022	
16					14-Dec-2022	

S/N	Board Information Technology Committee (BITC)
1	13-Jan-2022
2	16-Mar-2022
3	12-Apr-2022
4	15-Jul-2022
5	12-Oct-2022

Note:
Except for the Board Credit Committee, which meets monthly or as the need arises, all other Board and Board Committee meetings are held quarterly or as the need arises. The Board Chairman is not a member of any Board Committee. Each Board Committee Chairman presents a formal report on the Committee's deliberations at subsequent Board meetings.

Corporate Governance Report

C. Statutory Audit Committee

The Statutory Audit Committee was established in compliance with Section 404(3) of the Companies and Allied Matters Act, 2020. The Committee has five (5) members comprising two (2) members of the Board and three (3) members nominated by Shareholders at the 34th Annual General Meeting.

The Committee's primary responsibilities include:

(a) Review the External Auditor's proposed audit scope and approach.
(b) Monitor the activities and performance of the External Auditors.
(c) Review with the External Auditors any difficulties encountered in the course of the audit.
(d) Review the results of the half year and annual audits and discuss same with Management and the External Auditors.
(e) Present the report of the Statutory Audit Committee to Shareholders at the Annual General Meeting.

Membership and attendance at Statutory Audit Committee meetings during the year ended 31 December 2022 is indicated below

S/N	NAME	DESIGNATIO	NUMBER OF MEETINGS	NUMBER ATTENED
1	Chief Frank Onwu	Chairman/ Shareholder Rep.	6	6
2	Mr. Innocent Mmuoh	Shareholder Representative	6	6
3	Dr. Christian Nwinia	Shareholder Representative	6	6
4	Pst. Kings Akuma	Non-Executive Director	6	6
5	Chief Nelson Nweke	Non-Executive Director	6	6

ATTENDANCE SCHEDULE

S/N	NAME	25-Jan	16-Mar	21-Apr	17-Aug	24-Aug	24-Oct
1	Chief Frank Onwu	√	√	√	√	√	√
2	Mr. Innocent Mmuoh	√	√	√	√	√	√
3	Dr. Christian Nwinia	√	√	√	√	√	√
4	Pst. Kings Akuma	√	√	√	√	√	√
5	Chief Nelson Nweke	√	√	√	√	√	√

Membership and attendance at Statutory Audit Committee meetings during the year ended 31 December 2022 is indicated below

S/N	NAME	DESIGNATION	NUMBER OF MEETINGS	NUMBER ATTENED
1	Chief Frank Onwu	Chairman/ Shareholder Rep.	6	6
2	Mr. Innocent Mmuoh	Shareholder Representative	6	6
3	Dr. Christian Nwinia	Shareholder Representative	6	6
4	Pst. Kings Akuma	Non-Executive Director	6	6
5	Chief Nelson Nweke	Non-Executive Director	6	6

Members of the Statutory Audit Committee participated in the following training programme in 2022:

S/N	COURSE	VENDOR	START DATE	END DATE	NAME
1	Improving the Performance of the Audit Committee	DCSL Corporate Services Limited	6-Jul-2022	7-Jul-2022	(1) Chief Frank Onwu (2) Dr. Christian Nwinia (3) Mr. Innocent Mmuoh

Corporate Governance Report

D. General Meetings

Fidelity Bank recognizes that its shareholders are major stakeholders in the enterprise and that General Meetings are the primary avenue for interaction between the shareholders, Management and the Board. Since shareholders collectively constitute the highest decision-making organ in the Company, the Bank complies strictly with regulatory requirements and convenes at least one General Meeting (the Annual General Meeting) in each financial year, to give all shareholders the opportunity to participate in governance.

The Annual General Meetings are convened and conducted in a transparent manner and attended by representatives of the Central Bank of Nigeria, Securities & Exchange Commission, Nigerian Exchange Group, Corporate Affairs Commission, Nigeria Deposit Insurance Corporation, various Shareholders' Associations and other stakeholders.
The Board takes a keen interest in its responsibility to ensure that material developments (financial and non-financial) are promptly communicated to shareholders. The Board is also conscious of regulatory reporting requirements and routinely discloses material information to all stakeholders. To achieve this, the Bank has developed formal structures for information dissemination via direct communication to all interested parties using electronic and print media as well as its website, www.fidelitybank.ng

The Bank's Company Secretariat is well equipped to handle enquiries from shareholders in a timely manner. The Company Secretary also ensures that concerns expressed by investors, are communicated to Management and the Board as appropriate.

E. Management Committees

In addition to the Board, Board Committees, Statutory Audit Committee and the Shareholders in General Meeting, the Bank's governance objectives are also met through the Management Committees. Each Management Committee has a formal Charter, which guides its purpose, composition, responsibilities and similar matters. Additional information on the terms of reference of management committees, is provided below:

1. Executive Committee:

The Executive Committee (EXCO) is charged with overseeing the business of the Bank within agreed financial and other limits set by the Board from time to time. This Committee is comprised of the Managing Director and the Executive Directors of the Bank. The Committee meets monthly or as required and has the following key objectives:

(a) Ensure implementation of the Bank's Business Plan and Strategy upon approval of same by the Board;
(b) Review budget presentations for each financial year ahead of presentation to the Board;
(c) Evaluate the Bank's strategy at quarterly intervals and update the Board on same;
(d) Review the Bank's Budget performance at quarterly intervals and update the Board on same at bi-annual intervals;
(e) Review the Bank's Quarterly, Half-Yearly and Full Year financial statements ahead of presentation to the Board and the Regulators;
(f) Review and approve proposals for capital expenditure and acquisitions within its approval limit;
(g) Make recommendations to the Board on dividend and/or corporate actions for each financial year; and
(h) Any other matter as the Board may direct.

2. Asset & Liability Committee:

Membership of the Asset & Liability Committee is derived mainly from the asset and liability generation divisions of the Bank. The Committee meets fortnightly or as required and has the following key objectives:

(a) Review the economic outlook and its impact on the Bank's strategy.
(b) Ensure adequate liquidity.
(c) Ensure that interest rate risks are within acceptable parameters.
(d) Maintain and enhance the Bank's capital position.
(e) Maximize risk adjusted returns to stakeholders over the long term.

3. Management Credit Committee:

The primary purpose of the Committee is to advise the Board of Directors on its oversight responsibilities in relation to the Bank's credit exposures and lending practices. The Committee also provides guidance on development of the Bank's credit and lending objectives. The Committee meets once a week or as necessary and its key responsibilities include the following:

(a) Establishing the Minimum Lending Rate and Prime Lending Rate (PLR).
(b) Recommending Target Market Definition (TMD) and Risk Assets Acceptance Criteria (RAAC)
(c) Pre-approval of Platform Credits (Product Papers).
(d) Recommend Inter-Bank and Discount House Placement Limits.
(e) Review the policies and the methodologies for assessing the Bank's credit risks and recommend appropriate exposure limits.
(f) Approve credit facilities within the Committee's approval limits and recommend for approval as appropriate, credit facilities above its approval limit.
(g) Review and recommend the Bank's loan portfolio limits and classifications.
(h) Review and recommend changes to credit policy guidelines for Board approval.

4. Criticized Assets Committee:

The Criticized Assets Committee is responsible for the review and coverage of the Bank's total risk assets portfolio for quality. It also ensures that approved facilities are operated in accordance with approved terms and conditions and accelerates collection/recovery of non-performing loans. This Committee is comprised of the Managing Director, all the Executive Directors of the Bank and key management personnel including the Chief Risk Officer. The Committee meets monthly or as required and has the following key objectives:

(a) Review of individual credit facilities based on their risk rating and exceptions.
(b) Review of the loan portfolio of Business Divisions/Groups/Units bank wide.
(c) Review the activities and oversee the effectiveness of the Regional Criticized Assets Committees.
(d) Review of collateral documentation to ensure compliance with approvals.
(e) Approval of portfolio classification/reclassification and levels of provisioning.
(f) Approval of loan transfers to any committee or persons for recovery action.
(g) Continuously review and evaluate recovery strategies on each account and recommend alternative strategies on an account-by-account basis.
(h) Review the performance of loan recovery agents, and other third-party agents assigned recovery briefs with the objective of delisting non-performers.
(i) Consider and recommend collateral realization on defaulting accounts.
(j) Recommend for EXCO or Board approval, waivers and concessions and propose amounts to be paid as full and final settlement by defaulting borrowers.
(k) Recommend interest suspension for non-performing accounts on a case-by-case basis.

5. Monthly Performance Review Committee:

The Committee meets monthly or as necessary and has the following key objectives:

(a) Review the Bank's monthly performance.
(b) Monitor budget achievement.
(c) Assess the efficiency of resource deployment in the Bank.
(d) Review products' performance.
(e) Reappraise cost management initiatives.
(f) Develop and implement a framework for measuring performance in the Bank.
(g) Develop Key Performance Indicators (KPI) for business and support units.
(h) Determine the basis for rewards and consequence management.

6. Quarterly Business Review Committee:

This Committee meets quarterly or as necessary and has the following key objectives:

(i) Review the Bank's quarterly performance.
(ii) Monitor budget achievement.
(iii) Assess efficiency of resource deployment in the Bank.
(iv) Review product performance.
(v) Reappraise cost management initiatives.
(vi) Develop and implement a framework for measuring performance in the Bank.
(vii) Develop Key Performance Indicators (KPI) for business and support units in the Bank.
(viii) Determine the basis for rewards and consequence management.

7. Operational Risk & Service Measurement Committee:

The Operational Risk & Service Measurement Committee meets monthly or as necessary and oversees all matters related to operational risk and service delivery in the Bank. The Committee is charged with the following key responsibilities:

(a) Ensuring full implementation of the risk management framework approved by the Board of Directors.
(b) Monitoring the implementation of policies, processes and procedures for managing operational risk in all of the Bank's material products, activities, processes and systems.
(c) Ensuring that clear roles and responsibilities are defined for the management of operational risks throughout all levels of the Bank, including all Business and Support Units.
(d) Providing support to the Chief Risk Officer and Chief Compliance Officer to ensure that a culture of compliance is entrenched throughout the Bank.

8. Sustainable Banking Governance Committee:

The Sustainable Banking Governance Committee meets every two months and oversees implementation of the Sustainable Banking Policies and Guidance Notes. The Committee is responsible for the following:

(a) Oversee the implementation of Environmental and Social Management Systems.
(b) Oversee the implementation and management of the Bank's environmental and social footprints on:

   i. Energy and water conservation.
   ii. Waste management.
   iii. Sustainable procurement.
   iv. Stakeholder engagement.

(c) Oversee the implementation of other sustainability issues in the Bank as it relates to:

   i. Promotion of equality of opportunity and diversity.
   ii. Occupational health and safety.
   iii. Grievance mechanism and related issues.
   iv. Financial inclusion and literacy.
   v. Corporate Social Responsibility.
   vi. Collaborative partnerships.
   vii. Capacity building.

(d) Review the Bank's progress on environmental and social performance indices.
(e) Review and advise the Board on the progress of the Bank's initiatives.

9. Information Technology (IT) Steering Committee

The Committee advises Management on the technology trends in the banking industry and ensures that IT initiatives and proposed projects help in achieving the strategic goals and objectives of the Bank. The Committee also provides leadership in information security and protection of the Bank's Information assets. The Committee members advise and prioritize the development of information security and Information Technology (IT) initiatives, programmes, projects and policies.

The Committee is comprised of the Executive Director, Chief Operations and Information Officer (who serves as the Chairman), the Chief Compliance Officer, Chief Technology Officer, Divisional Head, Operations, Chief Human Resources Officer and the Chief Information Security Officer (CISO). Other Committee members include key Divisional and Unit Heads.

The responsibilities of the Committee include the following:

(a) Steer the Bank’s business to profitability through technology;
(b) Reviews, monitors and enforces implementation of the Bank’s IT strategy;
(c) Reviews short to mid-term trends and makes recommendations
(d) Harmonizes all IT related budget entries from other Departments with the provisions in the IT budget;
(e) Serves as support and advisory to the Executive Committee on IT and Information Security matters;
(f) Assesses the criticality of IT spend;
(g) Reviews and monitors IT budget implementation;
(h) Serves as a governing council/steering committee for Information Security Management System;
(i) Resolves issues or conflicts that, if unresolved, would jeopardize the successful completion of approved IT initiatives and programmes;
(j) Makes recommendations on resources required to implement proposed IT initiatives and programmes;
(k) Reviews the performance and effectiveness of IT activities; and
(l) Ensures IT leadership meets on a quarterly basis with the Bank’s user groups to further align IT initiatives with business needs.

10. Information Security Steering Committee

The Central Bank of Nigeria (CBN) through its issuance of the Risk-Based Cyber Security Framework mandated Deposit Money Banks (DMBs) to establish cyber security governance and ensure it becomes an integral part of the organization’s Corporate Governance.

The Information Security Steering Committee (ISSC) is a key instrument of this governance function. The existence of a strategic governing body is important in ensuring the alignment of cyber security investments and initiatives with business strategy and technology requirements.

The Information Security Steering Committee is chaired by the Managing Director/CEO and the Committee members include the Executive Director - Chief Operations and Information Officer, Chief Compliance Officer, Executive Director, Chief Risk Officer, Chief Technology Officer, Chief Financial Officer, and Chief Information Security Officer, who acts as the Secretary to the Committee. Other members include Divisional Heads of key divisions and Heads of various IT units.

The role of the Committee includes the following:

(a) Provide strategic direction and governance on cybersecurity to the Bank by ensuring that effective cyber security policies, procedures and initiatives are established and updated in line with the changing risk landscape.
(b) Ensure alignment of cyber security projects with technology and corporate strategy.
(c) Resolve strategic level issues and risks in relation to cyber security which may arise from existing or new/proposed business initiatives.
(d) Evaluate, approve, and sponsor institution-wide security investments; Review the justifications and business cases for security investments and ensure that proposed security projects are aligned with the Bank’s strategic direction.
(e) Ensure adequate investment prioritization and cyber risk management.
(f) In consultation with senior management, oversee regulatory compliance with respect to cyber security, to ensure that the Bank complies with all extant regulations to avoid the risk of non-compliance.
(g) Approve or reject changes to projects with high impact on timelines and budget.
(h) Assess the progress on projects and provide relevant reports on same to executive management.
(i) Advise and provide guidance on issues relating to cyber security projects.
(j) Review and approve final project deliverables.
(k) Manage the relationship between the cyber security function and respective business units.

Note:
Management Committee Meetings are held weekly, fortnightly, monthly or quarterly per the terms of reference of each Committee or as the need arises. The Bank diligently submits its financial reports quarterly, half yearly and annually to the Securities & Exchange Commission and Nigerian Exchange Group for publication following approval by the Central Bank of Nigeria as appropriate.

Governance and Management

Fidelity has adopted various policies which define acceptable standards of behavior in the organization. These include the following:

i. Code of Business Conduct and Ethics Policy.
ii. Directors Code of Conduct Policy.
iii. Insider Trading Policy.
iv. Whistle-blowing Policy.
v. Remuneration Policy.
vi. Shareholders' Complaints Management Policy.

Code of Business Conduct and Ethics Policy
The Code of Business Conduct and Ethics ("the Code") is an expression of the Bank's core values and represents a framework for guidance in decision-making. The main objectives of the Policy are to:

i. Demonstrate the Bank's commitment to the highest standards of ethics and business conduct; and
ii. Govern the Bank's relationship with its stakeholders including employees, customers, suppliers, Shareholders, competitors, the communities in which it operates and the relationship with each other as employees.

The Code requires all Directors, significant Shareholders, officers and employees of the Bank to avoid taking actions or placing themselves in positions that create or could create the appearance of conflict of interest, corruption or impropriety. The Bank must also protect the privacy of its customers' financial and other personal information. The Code provides basic guidelines of business practice, professional and personal conduct that the Bank expects all employees to adopt and uphold as members of Team Fidelity. Employees are also expected to comply with other policies referred to in the Code, additional policies that apply to their specific job functions, and the spirit and letter of all laws and regulations.

At the beginning of each year and upon resumption, all employees are required to formally disclose that they have no material or any other conflicting interest as well as declare their interest in any account, customer, transaction or person who is a party to a contract or proposed contract with the Bank.

The Chief Compliance Officer has the primary responsibility of enforcing the Code subject to the supervision of the Ethics Committee and the Board Audit Committee. The execution of disciplinary actions and sanctions for infringement of the Code are guided by the Bank's disciplinary procedures as documented in the Staff Handbook.

Directors' Code of Conduct Policy

At the Board level, the Board of Directors adopted the Directors' Code of Conduct Policy, which sets out the ethical standards that all Directors are expected to comply with. Directors have a duty to oversee the management of the business and affairs of the Bank. In carrying out this duty, Directors are required to act honestly, in good faith and in the best interest of the Bank at all times. All Directors are expected to execute an annual attestation to adhere strictly to the Code and formally declare their interest, if any, in any contract or transaction to which the Bank is a party.

Insider Trading Policy (Dealing in the Company's Securities)
The Bank has a formal Insider Trading Policy that prohibits all "Insiders" and their "Connected Persons" (as defined in the Policy) from dealing in the Company's securities at certain times. The provisions of the Policy are based on terms no less exacting than the standards defined in the Listing Rules of the Nigerian Stock Exchange. The objectives of the Policy include the following:

i. Promote compliance with the provisions of the Investments and Securities Act (ISA) 2007, the Securities and Exchange Commission's Code of Corporate Governance and the Listing Rules of the Nigerian Exchange Group;
ii. Ensure that all persons to whom the policy applies (affected persons), who possess material non-public information do not engage in insider trading or tipping.
iii. Ensure that all the Bank's employees and Directors comply with utmost secrecy and confidentiality on all information which they receive as a result of their position in the Bank; and
iv. Protect the Bank and its staff from reputational damage and penalties that may be imposed by regulators as a result of improper identification, disclosure and management of insider trading activities.

The Policy has been communicated to all persons to whom it is applicable including Employees, Directors and members of the Statutory Audit Committee. The Company Secretary yearically notifies affected persons of when trading in the Bank's securities is permitted (Open Years) or prohibited (Blackout Years).

The Bank has established a mechanism for monitoring compliance with the Policy and affected persons are required to notify the Company Secretary of transactions undertaken on their accounts in the Bank's securities. Enquiries are also made to confirm the Directors compliance with the Policy and in event of non-compliance, the reasons for same and the remedial steps taken. In addition to being hosted on the Bank's website and SharePoint Portal (an internal web-based application), the Policy is circulated to all affected persons on a regular basis.

Whistle-blowing Policy
Fidelity Bank Plc requires all Employees, Directors, Vendors and other Stakeholders to conduct themselves with the utmost fidelity and good faith in their dealings with the Bank and its stakeholders at all times. The Bank's Whistle-Blowing Policy and Procedures therefore aim to strengthen its corporate governance and risk management architecture whilst enhancing value for all stakeholders.

To this end, internal and external stakeholders are encouraged to report their concerns about any ostensibly unethical behaviour to enable the Bank to investigate and address same appropriately.

The Bank recognizes the need for protection of whistle-blowers and takes all reasonable steps to protect their identity. The Bank also appreciates the importance of utmost confidentiality in these situations and has developed various anonymous channels for reporting unethical behaviour.

The Bank has provided the following reporting channels to ensure that all ethical issues can be reported to the Ethics Committee directly or anonymously, through the following media:

Email to ethicscommittee@fidelitybank.ng
Visit www.fidelitybank.ng/whistle-blowing
Call 0813 984 3525 (Fidelity True Serve)

A policy statement on whistleblowing is available on the Bank's website along with a whistle-blowing form, to ease the reporting process. This can be accessed at: https://www.fidelitybank.ng/whistle-blowing

The Board is responsible for implementation of the Policy and communication of same to stakeholders. To facilitate implementation of the Policy, the Bank has established an Ethics Committee comprised of staff drawn from key areas of the Bank including Operations, Legal, and Human Resources.

The Ethics Committee is responsible for receiving and evaluating whistle-blowing reports, deciding the nature of the action to be taken, reviewing the report of any enquiry arising from a whistle-blowing report, providing feedback on the outcome of investigations to the whistle-blower (where the whistle-blower has provided a means of communicating with him/her).

The Ethics Committee also provides updates on whistle-blowing incidents to the Board Audit Committee on a quarterly basis, through the Chief Audit Executive. In addition, the Chief Compliance Officer renders yearic returns on whistle-blowing incidents to the Central Bank of Nigeria and Nigeria Deposit Insurance Corporation as appropriate.

Corporate Governance Report

Staff Remuneration Policy

The Bank's Staff Remuneration Policy is designed to establish a framework that is consistent with the Bank's scale and scope of operations and is aligned with leading corporate governance practices. The policy reflects the desire to sustain long-term value creation for shareholders and focuses on ensuring sound corporate governance.

The policy aims to motivate the workforce and enable the Bank attract and retain employees with integrity, ability, experience and skills to deliver the Bank's strategy; Promote compliance with global regulatory trends and governance requirements, with emphasis on long-term sustainability; Align individual rewards with the Bank's performance, the interests of its shareholders, and a prudent approach to risk management, whilst ensuring that remuneration arrangements are equitable, transparent, well communicated, easily understood, aligned with the interest of shareholders and adequately disclosed.

The guiding principles that underpin the Staff Remuneration Policy include the following:

i. Remuneration and reward strategies are set at levels that enable the Bank to attract, motivate and retain employees with the skills required to efficiently manage the operations and growth of the business;
ii. Performance goals are aligned to shareholders' interests and ensures that the Board makes prudent decisions in deploying the Bank's resources to generate sustainable growth;
iii. The Bank's performance-based incentive programs are aligned to individual performance and the overall performance of the Bank. This approach drives a high-performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value.

The Bank is compliant with the provisions of the Pension Reform Act, 2014 (the Act) and continues to meet its statutory obligations to its employees as provided in the Act.

Shareholders' Complaints Management Policy

The objectives of the Policy include:

i. Ensure compliance with the provisions of the SEC Rules relating to Complaints Management Framework, the Rules and Regulations made pursuant to the ISA, the rules and regulations of Securities Exchanges and guidelines of public companies/ recognized trade associations as well as other applicable regulatory requirements.
ii. Handle complaints by Shareholders, Stakeholders, and Customers in relation to Fidelity Bank's shares.
iii. Provide an avenue for shareholder communication and feedback.
iv. Recognize, promote and protect shareholders' rights, including the right to comment and provide feedback on service.
v. Provide an efficient, fair and accessible framework for resolving shareholders' complaints and feedback to improve service delivery.
vi. Inform shareholders on the shareholder feedback handling processes.
vii. Establish a framework to guard against trade manipulation, accounting frauds, Ponzi schemes and such other complaints as may be determined by SEC from time to time.
viii. Establish and maintain electronic complaints register and provide information on a quarterly basis to the NSE in line with regulations.
ix. Protect the Bank from sanctions from regulatory bodies and ensure strict compliance by the responsible parties.

Gender Diversity

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the workplace. The Bank recognizes that women have different skill sets, viewpoints, ideas and insights which will enable the Bank to serve a diverse customer base more effectively.

Corporate Governance Report

Fraud & Forgeries
In accordance with the CBN Code of Corporate Governance, frauds and forgeries recorded during the 2022 financial year were as follows:

Fraud and Forgeries	December 2022	December 2021
Number of Fraud Incidents	2,518	1,503
Amount Involved (Naira)	1,053,802,279	650,877,925
Amount Involved (US Dollar)	11,400	30,000
Actual/Expected Loss (Euros)	-	-
Actual/Expected Loss (Naira)	242,450,103	40,508,962
Actual/Expected Loss (US Dollar)	5,900	30,000
Actual/Expected Loss (Euros)	-	-

Governance And Compliance
The Chief Compliance Officer of the Bank is charged with the responsibility of monitoring the Bank's compliance with all applicable legislation including the Code of Corporate Governance issued by the Central Bank of Nigeria. The Chief Compliance Officer and the Company Secretary submit yearic returns on the various governance Codes to the Central Bank, Nigerian Exchange Group, Securities & Exchange Commission and Nigeria Deposit Insurance Corporation as appropriate.

Clawback Policy
In accordance with the provisions of the Nigeria Code of Corporate Governance issued by the Financial Reporting Council of Nigeria, Fidelity Bank has adopted a formal Clawback Policy which allows the Board to require, in specific situations, the reimbursement of short-term or long-term variable pay benefits, pay-out or gain received by a Covered Person that is later found to be underserved, excessive or wrongfully paid. The key objectives of the policy include:

i. To enable the Bank recover from any current or former Covered Persons, any incentive-based compensation paid or payable, that was determined, in whole or in part, based on any financial or operating results of Fidelity Bank, and which turns out to have been erroneously or excessively awarded to the Covered Persons, due to material noncompliance with any accounting or financial reporting requirement under applicable laws or wrongful act committed.
ii. Promote compliance with global regulatory trends and corporate governance requirements, with emphasis on long-term sustainability.
iii. Align Covered Persons' remuneration with the Bank's performance, shareholders' interests, and a prudent approach to risk management, while avoiding any excessive or erroneous pay out. There was no incident of clawback during the reporting year.

The Company Secretary
The Company Secretary plays a key role in ensuring that Board procedures are complied with and that Board members are aware of and provided with guidance as to their duties and responsibilities. The Company Secretary is responsible for the following:

i. Ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with.
ii. Provision of facilities associated with maintenance of the Board or otherwise required for its efficient operation.
iii. Provide a central source of guidance and advice to the Board on matters of ethics and implementation of the Codes of Corporate Governance, as well as providing administrative support to the Board and Board Committees
iv. Coordinating the orientation, induction and training of new Directors, and the continuous training of existing Directors.
v. Assist the Chairman and Managing Director/CEO to formulate the annual Board Plan and administration of other strategic issues at the Board level.
vi. Organize Board/General meetings and properly record and communicate the decisions for implementation.
vii. Update the Board and Management on contemporary developments in corporate governance.

Corporate Governance Report

The Company Secretary also acts as a liaison between the Shareholders, the Bank's Registrars and the Investor Relations Desk and ensures timely communication with Shareholders in relation to issuance of shares, calls on shares, replacement of share certificates, managing of shareholding accounts, dividend payment, and production and distribution of annual reports amongst others. The Board is responsible for the appointment and disengagement of the Company Secretary.
By order of the Board.

Ezinwa Unuigboje
Company Secretary
FRC/2015/NBA/00000006957

Fidelity Bank Plc
No 2 Kofo Abayomi Street
Victoria Island
Lagos

4 April 2023

P.O. Box 965
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIDELITY BANK PLC
Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **Fidelity Bank Plc** ('the Bank") set out on the pages 43 to 156, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **Fidelity Bank Plc** as at 31 December 2022, and its financial performance and cashflows for the year ended in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria guidelines and circulars.

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

Key Audit Matter
Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was 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 the matter.

Key Audit Matter	
Impairment of Loans and advances	**How the matter was addressed in the audit**
Loans and advances make up a significant portion of the total assets of the bank. As at 31 December, 2022 gross loans and advances were N2.196 trillion (2021: N1.73 trillion) comprising local and foreign denominated loans against which total loan impairment of N80.58 billion (2021: N74.1 billion) was recorded, resulting in a net loan balance of N2.116 trillion (2021: N1.66 trillion). This value represents 55% (2021: 52%) of the total assets as at the reporting date. The basis of the impairment on loans and advances is summarized in the accounting policies (2.4) to the audited financial statements. The Directors have assessed the bank's loan loss impairment using the expected credit loss (ECL) model, in accordance with the provisions of IFRS 9 - Financial Instruments, disclosed in notes 3.2, 8 and 22.	We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by Directors. Specifically, with the assistance of our technology and credit specialists, our audit procedures included the following: a. Through discussion and inspection, we established an understanding of the processes, systems, models, data, and assumptions used, and the governance of all these during the origination and collection of loans and advances, and the subsequent impairment thereof as required by IFRS when there is a SICR. b. We tested the design and operating effectiveness of the key General and IT Controls (GITC) on the loan impairment system, automated controls around the timely identification and determination of the impairment of loans and advances, including data inputs, and the interfaces between the core banking system and the loan impairment system

Deloitte.

Key Audit Matter Impairment of Loans and advances	How the matter was addressed in the audit
The Directors exercised significant judgement and assumptions in the process of determining the value recorded as loan and advance impairment. Some of these judgements and assumptions include: i. Segmentation of loans and advances into portfolios with similar characteristics ii. Using a combination of payment history, credit ratings and prudential classification used to determine whether a significant increase in credit risk (SICR) occurred since origination that requires migration from stage 1 to stages 2 and default that require movement to stage 3. iii. Estimation of probability of default (PD), loss given default (LGD) (including realization of the collateral) exposure at default (EAD), iv. Assumptions and weightings applied to the macro-economic variables used as part of the forward-looking information. v. The credit conversion factor (CCF) used when determining the required impairment on off-balance sheet exposures such as undrawn facilities and guarantees. vi. The accounting treatment applied when loan terms are modified. In view of these above areas where significant estimates and judgements were made and in view of the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.	c. We tested a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and had been identified in a timely manner. We challenged management's judgements on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions, such as the oil and gas and power sectors. d. We, we tested whether the loans and advances, undrawn facilities and historical payment data used in the models were accurate and assessed and challenged whether the modelling assumptions applied by management in their models (such as portfolio segmentation, PD, LGD, EAD, SICR, CCR, default, write off, recovery, cure, ratings, collateral value and timing, the effective interest rate, treatment of foreign denominated loans, modifications, and the multiple economic scenarios and probability weights used for the forward-looking assumptions) were reasonable in light of the requirements of the applicable financial reporting standards, the bank's own historical experience, the economic climate, the current operational processes as well as our own knowledge of practices used by other similar banks. e. We extracted the required data from the bank's modelling system, determined our own assumptions, and recalculated the impairment for all portfolios using our own model. We compared our results with those of management, to assess whether there was any indication of error or management bias. Where a significant difference occurred, management revisited their own models and assumptions or appropriately challenged ours. f. We selected a sample of the individually significant loans, established the loan, collateral and payment terms and actual performance for each of these and assessed whether the staging and the impairment applied was reasonable. g. We reviewed the disclosures in the financial statements for reasonableness and compliance with the requirements of IFRS 7. The assumptions and judgment applied by the directors in assessing the required level of impairment of loans and advances support the related disclosures in notes 2.4, 3.2, 8 and 22 to the annual financial statements.

Other Information
The Directors are responsible for the other information. The other information comprises the Director' Report, Statement of Corporate Responsibility for the Financial Statements, Corporate governance report, Value added statement and Five-year financial summary and the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to made available to us after the date of the auditor's report. The other information does not include the financial statements and our auditors' 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.

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 the International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria guidelines and circulars 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 the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements
In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, 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. In our opinion proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;

iii. The Bank’s statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Details of insider-related credit are disclosed in note 38 to the financial statements in accordance with Central Bank of Nigeria circular BSD/1/2004.

The bank contravened certain section of the Banks and Other Financial Institutions Act (BOFIA), 2020 and the Central Bank of Nigeria Circulars and guidelines. The related penalties are disclosed in note 41.1 to the annual financial statements in accordance with the Central Bank of Nigeria circular and guidelines.

Yodetayo

For: Deloitte & Touché
Chartered Accountants
Lagos, Nigeria
25 April 2023

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0551529

Engagement partner: Yetunde Odetayo FCA
FRC/2013/ICAN/00000000823

Statement of Profit or Loss and Other Comprehensive Income

	Note	31 Dec 2022 N'million	31 Dec 2021 Restated* N'million
Gross Earnings		**337,050**	**250,776**
Interest and similar income using effective interest rate method	6	278,406	186,784
Other interest and similar income	12.1	17,172	16,782
Interest and similar expense using effective interest rate method	7	(142,883)	(108,687)
Net interest income		**152,695**	**94,879**
Credit loss expense	8	(5,443)	(7,034)
Net interest income after credit loss expense		**147,252**	**87,845**
Fee and commission income	9	34,418	29,407
Fee and commission expense	9	(12,695)	(8,624)
Net losses on derecognition on financial assets measured at amortised cost	10	-	-
Other operating income	11	7,054	17,803
Net losses from financial assets at fair value through profit or loss	12	(1,568)	(4,904)
Personnel expenses	13	(29,731)	(23,470)
Depreciation and amortisation	14	(6,616)	(7,174)
Other operating expenses	15	(84,437)	(65,668)
Profit before income tax		**53,677**	**25,215**
Income tax expense	16	(6,953)	(2,111)
Profit For The Year		**46,724**	**23,104**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Fair value gains on equity instruments at fair value through other comprehensive income**	24.3	444	7,917
Total items that will not be reclassified subsequently to profit or loss		**444**	**7,917**
Items that will be reclassified subsequently to profit or loss			
Debt instruments at fair value through other comprehensive income**:			
- Net change in fair value during the year		(4,403)	(6,777)
- Changes in allowance for expected credit losses		24	(617)
- Reclassification adjustments to profit or loss	17	(693)	(5,494)
Net losses on debt instruments at fair value through other comprehensive income		(5,072)	(12,888)
Total items that will be reclassified subsequently to profit or loss		**(5,072)**	**(12,888)**
Other comprehensive (loss)/income for the year, net of tax		**(4,628)**	**(4,971)**
Total Comprehensive income for the year, net of tax		**42,096**	**18,133**
Earnings per share			
Basic and diluted (in kobo)	18	**161.32**	**79.77**

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made, refer to Note 46.
*** Income from these instruments is exempted from withholding tax*

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

Statement Of Financial Position
as at 31 December 2022

	Note	31 December 2022 N'million	31 December 2021 Restated* N'million
ASSETS			
Cash and Cash equivalents	19	300,345	219,253
Restricted balances with central bank	20	863,090	686,097
Loans and advances to customers	22	2,116,212	1,658,412
Derivative financial assets	23	4,778	49,574
Investment securities:			
Financial assets at fair value through profit or loss	24.1	2,036	5,207
Debt instruments at fair value through other comprehensive income	24.2	28,696	100,008
Equity instruments at fair value through other comprehensive income	24.3	27,560	26,207
Debt instrument at amortised cost	24.4	479,592	441,452
Deferred tax Assets	28.1	5,306	-
Other assets	29	112,915	49,357
Right of Use Assets	26	1,799	1,477
Property, plant and equipment	25	42,657	39,442
Intangible assets	27	4,023	3,968
TOTAL ASSETS		**3,989,009**	**3,280,454**
LIABILITIES			
Deposits from customers	30	2,580,597	2,024,803
Derivative financial liabilities	23	1,208	425
Current income tax payable	16	8,446	3,523
Deferred tax liabilities	28.2	5,629	-
Other liabilities	31	815,407	495,597
Provision	32	1,896	2,399
Debts issued and other borrowed funds	33	261,466	468,413
TOTAL LIABILITIES		**3,674,649**	**2,995,160**
EQUITY			
Share capital	34	14,481	14,481
Share premium	35	101,272	101,272
Retained earnings	35	44,883	55,241
Other equity reserves:			
Statutory reserve	35	51,352	44,343
Small scale investment reserve (SSI)	35	764	764
Non-distributable regulatory reserve (NDR)	35	62,144	27,440
Fair value reserve	35	30,019	34,644
AGSMEIS reserve	35	9,445	7,109
Total equity		**314,360**	**285,294**
TOTAL LIABILITIES AND EQUITY		**3,989,009**	**3,280,454**

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made, refer to Note 46. Opening of the comparative year was not presented because it was not affected by the restated figures .

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

The financial statements were approved by the Board of Directors on 4 April 2023 and signed on its behalf by:

Mustafa Chike-Obi
Chairman
FRC/2013/IODN/00000004048

Victor Abejegah
Chief Financial Officer
FRC/2013/ICAN/00000001733

Nneka Onyeali-Ikpe
Managing Director/ Chief Executive Officer
FRC/2017/NBA/00000016998

Statement of Changes In Equity

	Share capital N'million	Share premium N'million	Retained earnings N'million	Statutory reserve N'million	Small scale investment reserve N'million	Non-distributable regulatory reserve N'million	Fair value reserve N'million	AGSMEIS reserve N'million	Total equity N'million
Balance at 1 January 2022	**14,481**	**101,272**	**55,241**	**44,343**	**764**	**27,440**	**34,647**	**7,109**	**285,297**
Profit for the year	-	-	46,724	-	-	-	-	-	46,724
Other comprehensive income						-	-	-	-
- Net change in fair value during the year	-	-	`	-	-	-	(4,403)	-	(4,403)
Fair value gains on equity instruments at fair value through other comprehensive income**	-	-	-	-	-	-	444	-	444
- Changes in allowance for expected credit losses	-	-	-	-	-	-	24	-	24
- Reclassification adjustments to profit or loss	-	-	-	-	-	-	(693)	-	(693)
Total comprehensive income for the year	-	-	**46,724**	-	-	-	**(4,628)**	-	**42,096**
Dividends paid	-	-	(13,033)	-	-	-	-		(13,033)
Transfers between reserves (Note 35) & (Note 43)	-	-	(44,049)	7,009		34,704	-	2,336	-
At 31 December 2022	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**30,019**	**9,445**	**314,360**

Statement of changes in equity for the year ended 31 December 2021- Restated	Share capital N'million	Share premium N'million	Retained earnings N'million	Statutory reserve N'million	Small scale investment reserve N'million	Non-distributable regulatory reserve N'million	Fair value reserve N'million	AGSMEIS reserve N'million	Total equity N'million
Balance at 1 January 2021	**14,481**	**101,272**	**66,700**	**39,006**	**764**	**6,365**	**39,612**	**5,330**	**273,530**
Profit for the year	-	-	23,104	-	-	-	-	-	23,104
Other comprehensive income								-	
Net change in fair value of debt instruments at FVOCI	-	-	-	-	-	-	(6,777)	-	(6,777)
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	7,917	-	7,917
Changes in allowance for expected credit losses	-	-	-	-	-	-	(617)	-	(617)
Reclassification adjustment for realised net gains	-	-	-	-	-	-	(5,494)	-	(5,494)
Total comprehensive income for the year	-	-	**23,104**	-	-	-	**(4,968)**	-	**18,133**
Dividends paid	-	-	(6,372)	-	-	-	-		(6,372)
Transfers between reserves (Note 35) & (Note 43)	-	-	(28,191)	5,337		21,075	-	1,779	-
At 31 December 2021	**14,481**	**101,272**	**55,241**	**44,343**	**764**	**27,440**	**34,644**	**7,109**	**285,294**

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

Statement of Cash Flows

	Note	31-Dec 2022 N'million	31-Dec 2021 Restated* N'million
Operating Activities			
Cash flows from /(used in) operations	**36**	178,626	(201,894)
Interest received		250,701	179,317
Interest paid		(130,016)	(84,032)
Income tax paid	**16c**	(1,707)	(581)
Net cash flows from /(used in) operating activities		**297,604**	**(107,190)**
Investing activities			
Purchase of property, plant and equipment	**25**	(7,124)	(4,352)
Proceeds from sale of property plant and equipment		118	145
Purchase of intangible assets	**27**	(2,246)	(3,901)
Purchase of debt Instruments at FVOCI	**24.6.1**	(27,040)	(89,436)
Purchase of debt Instruments at amortised cost		(245,918)	(357,286)
Redemption of financial assets at amortised cost	**24.6.2**	241,715	65,812
Redemption of debt financial assets at FVOCI	**24.6.1**	77,817	214,502
Purchase of equity instruments at FVOCI		(909)	(622)
Dividend received	**11**	397	817
Net cash flows (used in) /from investing activities		**36,810**	**(174,321)**
Financing activities			
Dividends paid		(13,033)	(6,372)
Unclaimed dividend payment		(429)	-
Acquisition Right of Use (ROU) Assets	**26**	(535)	(676)
Proceeds of debts issued and other borrowed funds	**33**	-	226,657
Payment of interest portion of debts issued and other borrowed funds	**33**	(28,625)	(29,299)
Repayment of principal portion of debts issued and other borrowed funds	**33**	(213,379)	(29,601)
(Used in)/net cash flows from financing activities		**(256,001)**	**160,709**
Increase/(net decrease) in cash and cash equivalents		**78,413**	**(120,802)**
Net foreign exchange difference on cash and cash equivalents	**11**	2,680	11,562
Cash and cash equivalents as at 1 January	**19**	**219,252**	**328,493**
Cash and cash equivalents as at 31 December	**19**	**300,345**	**219,253**

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

Notes to the Financial Statements

1. Corporate Information

These financial statements are for Fidelity Bank Plc (the "Bank"), a company incorporated in Nigeria on 19 November 1987.The registered office address of the Bank is at Fidelity Place, 1 Fidelity Bank Close Off Kofo Abayomi Street, Victoria-Island, Lagos, Nigeria.

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Fidelity Bank Plc provides a full range of financial services including investment, commercial and retail banking.

2. Summary of accounting policies

2.1 Introduction to summary of accounting policies `

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

2.1.1 Basis of Preparation

The Bank's financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies and Allied Matters Act of Nigeria , the Financial Reporting Council Act of Nigeria , Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria Circulars, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2021.

Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, statement of cashflows, significant accounting policies and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets and financial liabilities measured at fair value.

The financial statements are presented in Naira, which is the Bank's presentation currency. The figures shown in the financial statements are stated in Naira millions.

2.1.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a IFRS 16 - Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

b IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

c IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

d IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect 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 Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

2.2 Income Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i Current Income Tax

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the respective jurisdiction.

ii Deferred Income Tax

Deferred income tax is recognised, 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 substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxables entities where there is an intention to settle the balance on a net basis.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and reviewed at each reporting date , reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank has applied caution by not recognising additional deferred tax assets which is not considered capable of recovery.

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

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

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

The effective date is 1 January 2023 . These amendments did not have any impact on the financial statements of the Bank in the year.

2.3 Accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent liability about these assumptions and estimates that could result in outcome that requires a material adjustment to the carrying amount of assets and liabilities affected in future years.

Management discusses with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

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 Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Allowances for credit losses

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of Significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Determination of Collateral Value

Management monitors market value of collateral on a regular basis. Management uses its experienced judgement on independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterpart.

The Directors believe that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

Notes to the Financial Statements

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement ot financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 3.5 for further disclosures.

The Bank has considered potential impacts of the current economic volatility in determination of the reported fair value of the financial instruments and these are considered to represent management's best assessment based on observable information. Markets , however , remain volatile and the recorded amounts remain sensitive to market fluctuations.

2.3.1 IBOR Transition

Interbank Offered Rates (IBORs) are average rates at which certain banks (Contributor Panel bank) could borrow in the interbank market. The rate range in tenors from overnight to 12 months and includes a spread reflecting the credit risk involved in lending money to banks. These rates have been a major benchmark for financial transactions since the 1980s. As at 2018, USD LIBOR and EURIBOR (types of IBOR) together represent 80% of IBOR referenced transactions (Bloomberg, 2018) worth approximately $400 trillion (The World Bank, 2021). Examples of such transactions using LIBOR as reference rates are Loans, Deposits, Bonds, Adjustable-rate Mortgages, Over-the-counter Derivatives, Securitised products, Credit Cards, and more.

There are three major administrators of these interest reference rates- Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR), and Tokyo Interbank Offered Rate (TIBOR). IBORs are published in different currencies/pairs namely, GBP LIBOR, USD LIBOR, EURIBOR/EURO LIBOR, CHF LIBOR, JPY LIBOR, JPY TIBOR, EUROYENTIBOR, and for overnight (O/N), 1week, 1month, 2months, 3months, 6months, and 12months tenors. Globally, Transactions referencing IBOR are now being transitioned to alternative reference rates (ARR), likewise, new contracts and the alternative reference rates per currency are as follows:

IBORs	**GPB LIBOR**	**USD LIBOR**	**EURIBOR, Euro LIBOR**	**CHF LIBOR**	**JPY LIBOR, JPY TIBOR, EUROYEN TIBOR**
ARRs	Reformed Sterling Overnight Index Average (SONIA)	Secured Overnight Financing Rate (SOFR)	Euro Short-term Rate (ESTER)	Swiss Average Rate Overnight (SARON)	Tokyo Overnight Average Rate (TONIA)

Key Timelines

In March 2021, the ICE Benchmark Administration (IBA), the administrator of LIBOR, announced the following cessation dates for USD, GBP, JPY, CHF, and EUR LIBOR.

- All tenors across CHF, and EUR LIBOR, as well as 1week and 2 months USD LIBOR ceased from December 31, 2021.
- Overnight, 1 week, 2 months, 12 months GBP, and JPY LIBOR have ceased to be published from December 31, 2021.
- Overnight, 1M, 3M, 6M & 12M tenors for USD LIBOR will cease June 30, 2023. (The Intercontinental Exchange, 2021)

The effect:

All new contracts entered will either utilize a reference rate other than IBOR or have robust fallback language that includes a clearly defined ARR (Alternative Reference Rates) after IBOR’s discontinuation by June 2023 (for USD LIBOR Tenors other than I week and 2 months).

For existing contracts that are indexed to an IBOR and mature after the expected cessation of the IBOR rate, the fidelity team has established policies to transition the affected contracts .

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

Practical Expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to a RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships
The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting year, during which a modification required by IBOR reform is made, to complete the changes.

Any gain or loss that could arise on transition is dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness. Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same year or years in which the hedged cash flows based on the RFR affect profit or loss.

Relief from discontinuing hedging relationships continued
For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, they will be transferred to sub-groups of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately Identifiable Risk Components
The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 18 months..
Additional Disclosures :- Fidelity IBOR transition.

IFRS 7 lingering impact of the Disclosures include the following:

- How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform.
- Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs.
- If IBOR reform has given rise to changes in the entity's risk management strategy,

Fidelity Bank worked with leading experts to assess the impact of IBOR transition on products and financial instruments based on exposure, maturity profile, and product features, as well as the impact on legal contracts to determine the potential need for base rate and fallback language amendment, re-pricing, re-papering, and client outreach.

Fidelity Bank also worked with various stakeholders and improving processes, policies, and systems that may be affected by the transition. This is done to ensure that the transition's impact is fully addressed. The Bank also developed a robust communication plan to engage with customers and ensure they understand this transition and its significance to them. Client relationship managers are also prepared to further support customers on inquiries regarding the LIBOR transition.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments will currently have no impact on the financial statements of the Bank.

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

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

Right to Defer Settlement
The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting year if it complies with those conditions at that date.

Existence at the end of the reporting year
The amendments also clarify that the requirement for the right to exist at the end of the reporting year applies regardless of whether the lender tests for compliance at that date or at a later date.

Management Expectations
IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting year'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'Settlement'
The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

The Bank will assess and apply this amendment (where applicable) when it becomes effective on 1 January 2023.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended ;

IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
The Bank will apply this amendment (where applicable) when it becomes effective on 1 January 2023.

Amendments to IFRS 3 - Reference to the Conceptual Framework
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments did not have any impact on the financial statements of the Bank in the year ,

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

These amendments did not have any impact on the financial statements of the Bank in the year.

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

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
These amendments have no impact on the financial statements of the Bank, and it became effective in the reporting year beginning on 1 January 2022.

Annual Improvements 2018-2020 cycle (issued in May 2020)
IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments have no impact on the financial statements of the Bank, and it became effective in the reporting year beginning on 1 January 2022.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting year in which the entity first applies the amendment.
- An entity applies the amendment for annual reporting years beginning on or after 1 January 2022. Earlier application is permitted.

These amendments currently have no impact on the financial statements of the Bank.

IFRS 16 Leases Illustrative Example accompanying - Lease incentives
The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

IAS 41 Agriculture - Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting year beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Bank.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting year in which the entity first applies those amendments. An entity applies those amendments for annual reporting years beginning on or after 1 January 2019, with early application permitted.

Since the Bank's current practice is in line with these amendments, the Bank does not expect any effect on its financial statements.

2.3.2 Foreign currency translation and transaction

(a) Functional and presentation currency
Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").
The financial statements are presented in Naira, which is the Bank's presentation currency.

(b) Transactions and balances
Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as fair value through other comprehensive income (FVOCI), a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVOCI financial assets, are included in other comprehensive income.

2.4 Financial assets and liabilities (Policy applicable for financial instruments)

2.4.1 Initial recognition
The Bank initially recognises loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

Day 1 profit or loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in Net gains/(losses) from financial instruments. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

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

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

Effective interest method
The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial 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. 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 and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

2.4.2 Financial Assets - Subsequent Measurement

a) Debt Instruments
The classification and subsequent measurement of debt instruments depend on the Bank’s business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Bank classifies its debt instruments into one of the following measurement categories:

Amortised Cost: Financial assets that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. 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 within a business model whose objective is achieved both by collection of contractual cash flows and by selling the assets, where those cash flows represent solely payments of principal and interest, and are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains and 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 "Other operating income". Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

Fair value through profit or loss (FVTPL): 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 is recognised in profit or loss and presented in the profit or loss statement within “Net gains/(losses) from financial instruments classified as held for trading” in the year in which it arises. Interest income from these financial assets is included in "Interest and similar income".

Business Model Assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realized.

Solely Payments of Principal and Interest (SPPI) Assessment

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. yearical rate of interest

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

Reclassifications
The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

Modifications
If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

b) Equity Instruments
The Bank subsequently measures all Quoted and Unquoted equity investments at fair value through other comprehensive income. Where the Bank has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established. These investments are held for strategic purposes rather than for trading purposes .

c) Derivative Financial Instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value.

The Bank uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable markets prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

d) Non-derivative financial assets
The Bank has revised its internal treasury and risk management systems to support the transition to SOFR. During the course of this transition, the Bank's IBOR Transition team established policies for amending the interbank offered rates on existing floating-rate loan portfolio indexed to IBORs. Loan products are amended in a uniform way, while syndicated products, are amended in bilateral negotiations with syndicated loan partners.

The IBOR transition working group is monitoring the progress of transition from IBORs to SOFR by reviewing the total amounts of impacted contracts. The Bank also considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, (referred to as an ‘unreformed contract’).

e) Non-derivative financial Liabilities
The Bank has floating-rate liabilities indexed to USD LIBOR. The IBOR Transition team and the Bank's treasury team is in discussions with the counterparties of our financial liabilities to amend the contractual terms in response to IBOR reform.

2.4.3 Impairment of Financial Assets

Overview of the ECL principles
The Bank assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12 months ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering if it is 30 days past due. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12 months expected credit losses (12m ECLs). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses (LTECLs). Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: These are loans considered as credit-impaired.The bank records an allowance for the LTECLs.

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

The calculation of ECLs
The Bank calculates ECLs based on a multiple scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.2.4.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.2.4 (c).

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.2.4 (c).

When estimating the ECLs, the Bank considers multiple scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. When relevant, the assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum year for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier, with the exception of revolving facilities which could extend beyond the contractual life.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 2.20. The calculation of ECLs (including the ECLs related to the undrawn element) for revolving facilities is explained in Note 3.2.4 (c).
The mechanics of the ECL method are summarised below:

Stage 1

- The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
- These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

- When a financial instruments has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

- For financial instruments considered credit-impaired (as defined in Note 3), 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%.
- POCI
- POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, discounted by the credit-adjusted EIR.

Loan Commitments and Letters of Credit

- When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
- For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

Financial Guarantee Contracts
The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within Provisions.

Bank Overdraft and Other Revolving Facilities
The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank does not limit its exposure to credit losses to the contractual notice year, but, instead calculates ECL over a year that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

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

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

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

Credit-Impaired Financial Assets
At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following:

- there is significant financial difficulty of a customer/issuer/obligor (potential bad debt indicator);
- there is a breach of contract, such as a default or delinquency in interest or principal payments;
- the Bank, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Bank would not otherwise consider.
- it becomes probable that a counterparty/borrower may enter bankruptcy or other financial reorganisation;
- there is the disappearance of an active market for a financial asset because of financial difficulties; or
- observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets.
- the financial asset is 90 days past due

A loan that has been renegotiated due to a deterioration in the borrower's financial condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

Collateral Valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Bank's various credit enhancements are disclosed in Note 3.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral Repossessed

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

2.4.4 Presentation of Allowance for ECL

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-Off

The Bank writes off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity.

2.4.5 Financial Liabilities

Initial and Subsequent Measurement

Financial liabilities are initially measured at their fair value, except in the case of financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Bank classifies financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading liabilities are recorded and measured in the statement of financial position at fair value.

In both the current and prior year, all financial liabilities are classified and subsequently measured at amortised cost.

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, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. 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 change 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.

Financial Guarantee Contracts and Loan Commitments

Financial guarantee contracts are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of the amount of loss allowance and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.5 Revenue Recognition

Interest income and expense
Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest income' and 'Interest expense' in the Statement of profit or loss and othe comprehensive income using the effective interest method.

Fees and Commission Income
Fees and commissions are generally recognised on an accrual basis when the service has been provided in line with the requirement of IFRS 15 - Revenue from Contracts with Customers. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

Income From Bonds or Guarantees and Letters of Credit
Income from bonds or guarantees and letters of credit are recognised on a straight line basis over the life of the bond or guarantee in accordance with the requirement of IFRS 15.

Dividend Income
Dividends are recognised in profit or loss when the entity's right to receive payment is established.

2.6 Impairment of Non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

The Bank assessed the potential accounting implications of decreased economic activity as a result of Covid-19 pandemic. The uncertainty in the economic environment may decrease the reliability of long-term forecasts used in the impairment testing models. Based on the current estimates of expected performance, no impairment needs were identified at the end of the year.

2.7 Statement of Cash Flows

The Statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The Bank’s assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach). Interest received and interest paid are classified as operating cash flows, while dividends received and dividends paid are included in investing and financing activities respectively.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise balances with less than three months’ maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents include cash , due from banks and non-restricted balances with central bank.

2.9 Leases

a The Bank is the lessee

i Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of- use assets are subject to impairment.

ii Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases (i.e., below N1,532,500). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

b The Bank is the lessor

i Operating Lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

ii Finance Lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant yearic rate of return.

2.10 Property, Plant and Equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Bank is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land included in leasehold land and buildings is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building: 50 years
- Leasehold Improvements: the lower of useful life and lease year.
- Motor vehicles: 4 years
- Furniture and fittings: 5 years
- Computer equipment: 5 years
- Office equipment: 5 years

The assets' residual values, depreciation method and useful lives are reviewed annually, and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'Other operating expenses' in profit or loss.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property, plant and equipment.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

2.11 Intangible Assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software costs recognised as intangible assets are amortised on the straight-line basis over the life of the intangible asset and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.12 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Bank recognises no provisions for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Retirement Obligations and Employee Benefits

The Bank operates the following contribution and benefit schemes for its employees:

2.13.1 Defined Contribution Pension Scheme

The Bank operates a defined contributory pension scheme for eligible employees. Bank contributes 10% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014 while employee contributes 8% summing to 18% annual contribution . The Bank pays the contributions to a pension fund administrator. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Bank has no further obligation beyond the its 10% contribution at the terminal date or disengagement .

2.13.2 Short-Term Benefits

Wages, salaries, annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses in the statement of profit or loss and paid in arrears when the associated services are rendered by the employees of the Bank.

2.14 Termination Benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed , without realistic possibility of withdrawal , to a formal detailed plan to either terminate employment before the normal retirement date , or to provide termination benefits as a result of an offer made to encourage voluntary redundancy . Termination benefits for voluntary redundancies are recognized in the statement of other comprehensive income if the company has made an offer for voluntary redundancy ,it is probable that the offer will be accepted , and the number of acceptances can be estimated reliably.

2.15 Share Capital

(a) Share Issue Costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the year in which they are approved by the Bank's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.16 Fair Value Measurement

The Bank measures some financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability
* In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. 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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

2.17 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.18 Segment Reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The bank has determined the (Executive Committee) as its chief operating decision maker.

IFRS 8.20 states that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the types of business activities in which it engages and the economic environments in which it operates. Following the management approach to IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Managing Director (the chief operating decision maker). The following summary describes each of the bank's reportable segments.

Retail Banking

The retail banking segment offers a comprehensive range of retail, personal and commercial services to individuals, small and medium business customers including a variety of E-Business products to serve the retail banking segment.

Corporate Banking
The corporate banking segment offers a comprehensive range of commercial and corporate banking services to the corporate business customers including other medium and large business customers. The segment covers Power and infrastructure, Oil and Gas Upstream and Downstream, Real Estate, Agro-Allied and other industries.

Investment Banking
The bank's investment banking segment is involved in the funding and management of the bank's securities, trading and investment decisions on asset management with a view of maximising the bank's shareholders returns.

3. Financial risk management and fair value measurement and disclosure

3.1 Introduction and overview
IFRS 7 : An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting year. Set out below is the information about the nature and extent of risks arising from the financial instruments to which the bank is exposed at the end of the reporting year.

Enterprise Risk Management
Fidelity Bank runs an Enterprise-wide Risk Management system which is governed by the following key principles:

i) Comprehensive and well defined policies and procedures designed to identify, assess, measure, monitor and report significant risk exposures of the entity. These policies are clearly communicated throughout the Bank and are reviewed annually.
ii) Clearly defined governance structure.
iii) Clear segregation of duties within the Risk Management Division and also between them and the business groups.
iv) Management of all classes of banking risk broadly categorized into credit, market, liquidity, operational risk independently but in a co-coordinated manner at all relevant levels within the Bank.
v) Incorporate the volatility in macro economic variables caused by Covid-19 in the inputs and assumptions used for the determination of expected credit losses ("ECLs")

Risk Management Governance Structure
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

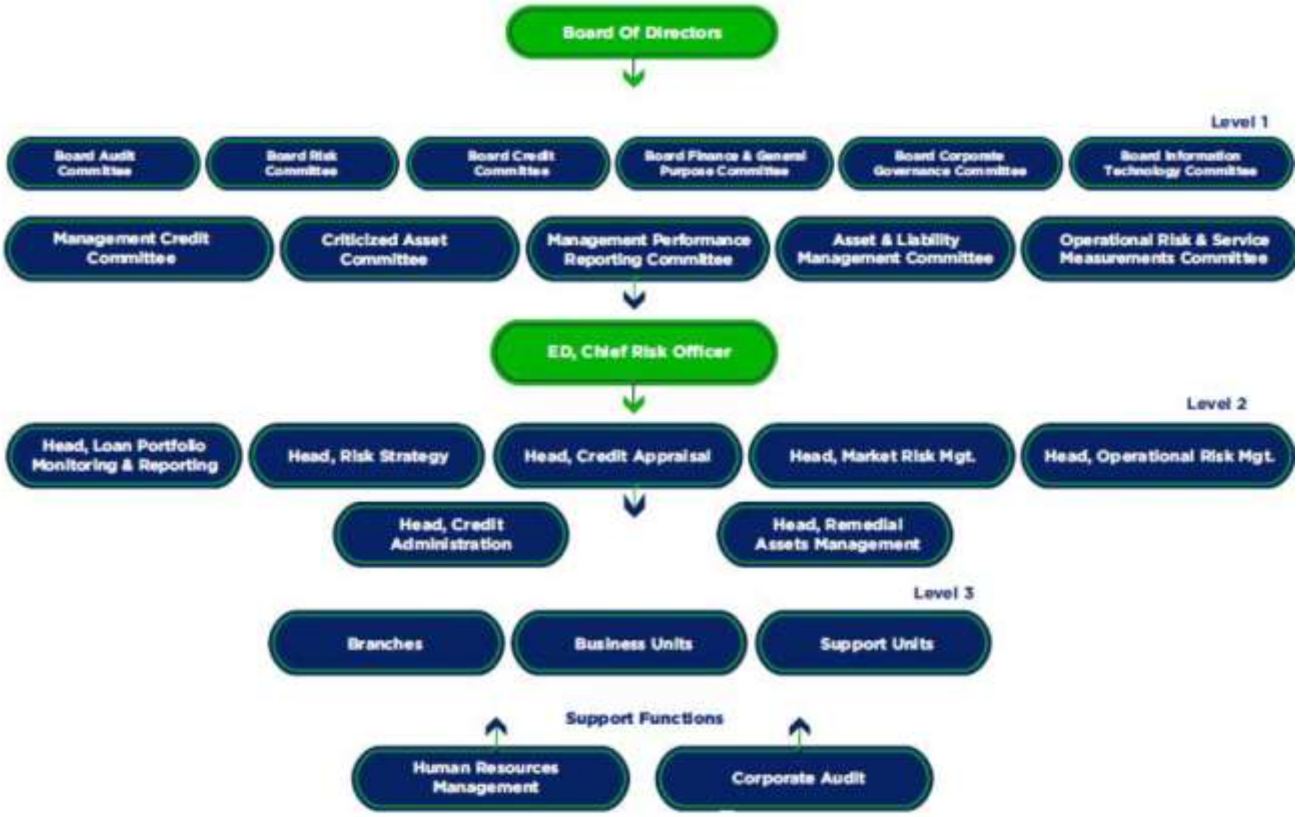
Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit Committee, Board Risk Committee, Board Credit Committee (BCC), Board Finance & General Purpose Committee, Board Information Technology Committee and Executive Management Committee (EXCO).

Level 2 - Senior Management function is performed by the Management Credit Committee (MCC), Criticised Assets Committee (CAC), Asset and Liability Management Committee (ALCO), Operational Risk & Service Measurements Committee (ORSMC), Management Performance Reporting Committee (MPR), The Chief Risk Officer (CRO) and Heads of Enterprise Risk Strategy, Loan Monitoring and Portfolio Reporting, Credit Appraisal, Credit Administration, Remedial Assets Management, Market Risk Management and IT & Operational Risk Management.

Level 3 - This is performed by all enterprise-wide Business and Support Units. Business and Support Units are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Bank's Corporate Audit Division assists the Board Risk Committee by providing independent appraisal of the Bank's risk framework for internal risk assurance. The Division assesses compliance with established controls and enterprise-wide risk management methodologies. Significant risk related infractions and recommendations for improvement in processes are escalated to relevant Management and Board committees.

Notes to the Financial Statements



Enterprise Risk Philosophy
Fidelity Enterprise Risk Mission

Risk Culture
The Bank's risk culture proactively anticipates and curtails losses that may arise from its banking risk underwriting. This culture evolved out of the understanding that the Bank is in a growth phase which requires strong risk management. By design therefore, the Bank operates a managed risk culture, which places emphasis on a mixture of growth and risk control to achieve corporate goals without compromising asset or service quality.

Risk Appetite
The risk appetite describes the quantum of risk that we would assume in pursuit of the Bank's business objectives at any point in time. For the Bank, it is the core instrument used in aligning the Bank's overall corporate strategy, the Bank's capital allocation and risks.

The Bank define the Bank's Risk Appetite quantitatively at two levels: Enterprise level and Business/Support Unit level.

To give effect to the above, the Board of Directors of the Bank sets target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive Management Committee (EXCO).

At the Business and Support unit level, the enterprise KPIs are cascaded to the extent that the contribution of each Business/Support Unit to risk losses serves as input for assessing the performance of the Business/Support Unit.

3.2 Credit Risk

3.2.1 Management of credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

The Bank measures and manage credit risk following the principles below:

- Consistent standards as documented in the Bank's credit policies and procedures manual are applied to all credit applications and credit approval decisions.
- Credit facilities are approved for counter-parties only if underlying requests meet the Bank's standard risk acceptance criteria.
- Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counter-party requires approval at the appropriate authority level. The approval limits are as follows:

Approval Authority	Approval limits
Executive Directors	N50 million and below
Managing Director/CEO	Above N50 million but below N100 million
Management Credit and Investment Committee	Above N100 million but below N500 million
Board Credit Committee	Above N500 million but below N1 billion
Full Board	N1 billion and above

- The Bank assigns credit approval authorities to individuals according to their qualifications, experience, training and quality of previous credit decisions. These are also reviewed by the Bank periodically.
- The Bank measures and consolidates all the Bank's credit exposures to each obligor on a global basis. The Bank's definition of an “obligor” include a group of individual borrowers that are linked to one another by any of a number of criteria the Bank have established, including capital ownership, voting rights, demonstrable control, other indication of group affiliation; or are jointly and severally liable for all or significant portions of the credit the Bank have extended.
- The Bank's respective business units are required to implement credit policies and procedures while processing credit approvals including those granted by Management and Board Committees.
- Each business unit is responsible for the quality, performance and collection of its credit portfolio including those approved by the Management and Board Committees.
- The Bank's Credit Control and Loan Portfolio Monitoring & Reporting departments regularly undertake independent audit and credit quality reviews of credit portfolios held by business units.

3.2.2 Credit Risk Ratings

A primary element of the Bank's credit approval process is a detailed risk assessment of every credit associated with a counter-party. The Bank's risk assessment procedures consider both the credit worthiness of the counter-party and the risks related to the specific type of credit facility or exposure. This risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the level of decision-making authority required to extend or materially change the credit and the monitoring procedures we apply to the on-going exposure.

The Bank has its own in-house assessment methodologies and rating scale for evaluating the creditworthiness of it's counter-parties. The Bank's programmed 9-grade rating model was developed in collaboration with Agusto & Company, a foremost rating agency in Nigeria, to enable comparism between the Bank's internal ratings and the common market practice, which ensures comparability between different portfolios of the Bank.

Bank rating	**Applicable score band**	**Agusto & Co. Limited**	**Description of the grade**
			Investment grade
AAA	90% - 100%	AAA	Exceptionally strong business fundamentals and overwhelming capacity to meet obligations in a timely manner.
			Standard Monitoring
AA	80% - 89%	AA	Very good business fundamentals and very strong capacity to meet obligations
A	70% - 79%	A	Good business fundamentals and strong capacity to meet obligations
BBB	60%- 69%	BBB	Satisfactory business fundamentals and adequate capacity to meet obligations
BB	50% - 59%	BB	Satisfactory business fundamentals but ability to repay may be contingent upon refinancing.
B	40% - 49%	B	Weak business fundamentals and capacity to repay is contingent upon refinancing.
CCC	30% - 39%	CCC	Very weak business fundamentals and capacity to repay is contingent upon refinancing.
CC	20% - 29%	CC	Very weak business fundamentals and capacity to repay in a timely manner may be in doubt.
			Default
C	0% - 19%	C	Imminent Solvency

We generally rate all the Bank's credit exposures individually. The rating scale and its mapping to the Standard and Poors agency rating scale is as follows:

Internal Rating Categories	Interpretation	Mapping to External Rating (S&P)
AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
AA	Very good financial condition and very low likelihood of default	AA
A	Good financial condition and low likelihood of default	A
BBB to BB	Satisfactory financial condition and adequate capacity to meet obligations	BBB to BB
B to CCC	Weak financial condition and capacity to repay is in doubt and may be contingent upon refinancing	B to D

3.2.3 Credit Limits

Portfolio concentration limits are set by the Bank to specify maximum credit exposures we are willing to assume over given years. The limits reflect the Bank's credit risk appetite. The parameters on which portfolio limits are based include limits per obligor, products, sector, industry, rating grade, geographical location, type of collateral, facility structure and conditions of the exposure.

Monitoring Default Risk

The Bank's credit exposures are monitored on a continuing basis using the risk management tools described above. The Bank has also put procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Counter-parties that on the basis of the application of the Bank's risk management tools, demonstrate the likelihood of problems, are identified well in advance so that the Bank can effectively manage the credit exposure and maximize the recovery. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available. This early risk detection is a tenet of the Bank's credit culture and is intended to ensure that greater attention is paid to such exposures. In instances where the Bank has identified counter-parties where problems might arise, the respective exposure is placed on a watch-list.

3.2.4 Expected Credit Loss Measurement

The table below summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(a) Significant Increase In Credit Risk

At initial recognition, the Bank allocates each exposure to a credit risk grade based on available information about the borrower that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined and calibrated such that the risk of default occurring increases as the credit risk deteriorates.

The Bank monitors its loans and debt portfolios to determine when there is a significant increase in credit risk in order to transition from stage 1 to stage 2. In assessing significant increase in credit risk, management considers credit rating, prudential classification and backstop (30 days past due presumption) indicators. Financial assets that have been granted forbearance could be considered to have significantly increased in credit risk.

Backstop Indicators

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

For assessing increase in credit risk, the Bank sets the origination date of revolving and non-revolving facilities as the last reprice date i.e. the last time the lending was re-priced at a market rate.

(b) Definition of Default

The Bank considers a financial asset to be in default, which is fully aligned with the credit-impaired, when it meet the following criteria:

Quantitative criteria

• Internal credit rating - Downgrade from Performing to Non-performing (rating grids CC and below)
• Days past due (Dpd) observation – DPDs of 90 days and above
• Prudential classification of sub-standard, doubtful or lost

(c) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Notes to the Financial Statements

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a regular basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(d) Forward-Looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Bank's strategy team on a quarterly basis. The specific macro-economic model applied is a Markov multi-state model of transitions in continuous time with macroeconomic co-variates. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis. This helps to understand the impact these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Bank's strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2022 and 31 December 2022, the Bank concluded that three scenarios appropriately captured non-linearities for all its portfolios.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic Variable Assumptions

The most significant year-end assumptions used for the ECL estimate as at 31 December2022 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		6M	2022	2023	2024
Foreign exchange rate (₦)					
	Base Case	451	469	502	533
	Best Case	408	410	432	457
	Worse Case	498	536	583	623
Inflation rate					
	Base Case	20.94%	19.83%	18.52%	19.31%
	Best Case	15.63%	14.27%	13.31%	13.77%
	Worse Case	24.67%	24.41%	22.64%	23.98%
Crude Oil ($)					
	Base Case	90.49	84.74	79.70	77.34
	Best Case	131.14	132.34	129.39	126.88
	Worse Case	62.45	54.26	49.09	47.14
Foreign Reserves ($ Bn)					
	Base Case	35.07	32.15	33.09	35.47
	Best Case	39.16	36.70	38.20	42.49
	Worse Case	31.41	28.17	28.66	29.61
USD Index					
	Base Case	113.91	112.80	107.50	105.40
	Best Case	108.80	107.04	101.44	98.36
	Worse Case	119.26	118.87	113.93	112.94

Unemployment rate					
	Base Case	39.63%	50.22%	65.36%	72.09%
	Best Case	34.65%	43.56%	55.26%	59.55%
	Worse Case	45.32%	57.90%	77.31%	87.28%
Share Index					
	Base Case	42.39	37.67	39.70	45.21
	Best Case	45.50	38.06	42.05	52.75
	Worse Case	32.21	26.16	26.81	32.00

(e) Grouping Financial Instruments For Collective Assessment

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics used to determine groupings include instrument type, credit risk ratings and industry.

The aggregation of financial instruments may change over time as new information becomes available.

Notes to the Financial Statements

3.2.5 Maximum Exposure to credit risk before collateral held or other credit enhancements

The Bank's maximum exposure to credit risk as at 31 December, 2022 and 31 December 2021 is represented by the gross carrying amounts of the financial assets set out below:

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	**31 December 2022**			
	N'million	**N'million**	**N'million**	**N'million**
Balances with central bank	121,216	-	-	121,216
Restricted balances with central bank	863,090			863,090
Due from banks	146,101	-	-	146,101
Loans and advances to customers	2,196,759	12,562,622	10,365,863	-
Derivative finacial assets	4,778		-	4,778
Investments:			-	-
Financial assets at fair value through profit or loss	2,036	-	-	2,036
Debt instruments at fair value through other comprehensive income	28,696	-	-	28,696
Equity instruments at fair value through other comprehensive income	27,560	-	-	27,560
Debt instruments at amortised cost	480,422	-	-	480,422
Other assets	107,505	-	-	107,505
	3,978,163	**12,562,622**	**10,365,863**	**1,781,404**
Financial Guarantee contracts:				-
Performance bonds and guarantees	489,618	-	-	489,618
Letters of credit	215,696		-	215,696
Undrawn portion of overdraft	74,577			74,577
	779,891	**-**	**-**	**779,891**

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	**31 December 2021**			
	N'million	**N'million**	**N'million**	**N'million**
Balances with central bank	42,720	-	-	42,720
Restricted balances with central bank	686,097	-		686,097
Due from banks	134,302	-	-	134,302
Loans and advances to customers	1,732,543	39,047,841	37,315,296	-
Derivative finacial assets	49,574	-	-	49,574
Investments:	-	-	-	-
Financial assets at fair value through profit or loss	5,207	-	-	5,207
Debt instruments at fair value through other comprehensive income	100,009	-	-	100,009
Equity instruments at fair value through other comprehensive income	26,207	-	-	26,207
Debt instruments at amortised cost	442,277	-	-	442,277
Other assets	45,287	-	-	45,287
	3,264,223	**39,047,841**	**37,315,296**	**1,531,680**
Financial Guarantee contracts:				
Performance bonds and guarantees	287,993	-	-	287,993
Letters of credit	153,725	-	-	153,725
Undrawn portion of overdraft	45,563	-	-	45,563
	487,281	**-**	**-**	**487,281**

*Excluding equity instruments

Notes to the Financial Statements

3.2.6 Credit Concentrations

The Bank monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2022, is set out below:

	31 December 2022				
Financial assets with credit risk:	**Cash and balances with Central bank N'million**	**Due from banks N'million**	**Loans and advances to customers N'million**	**Investment securities N'million**	**Other assets N'million**
Carrying amount	984,306	145,829	2,116,213	510,324	106,152
Concentration by sector					
Agriculture	-	-	109,007	-	-
Oil and gas	-	-	565,913	-	-
Consumer credit	-	-	66,986	-	-
Manufacturing	-	-	341,943	-	-
Mining and Quarrying	-	-	6,229	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	48,182	-	-
Construction	-	-	98,793	-	-
Finance and insurance		146,101	8,841	-	-
Government	-	-	202,184	490,374	-
Power	-	-	188,961	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	227,727	-	-
Communication	-	-	37,877	-	-
Education	-	-	12,900	-	-
Central Bank balance (restricted)	863,090	-	-	-	-
Other	121,216	-	281,216	20,780	107,505
Total Gross Amount	984,306	146,101	2,196,759	511,154	107,505
Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	132,499	-	6,587	-
Nigeria:					
North East	-	-	33,573	-	-
North Central	951,007	-	91,087		-
North West	-	-	70,374	-	-
South East	-	-	73,054	-	-
South South	-	-	152,677	-	-
South West	33,300	13,602	1,775,994	504,567	107,505
Total gross amount	**984,307**	**146,101**	**2,196,759**	**511,154**	**107,505**

	31 December 2021				
Financial assets with credit risk:	**Cash and balances with Central bank N'million**	**Due from banks N'million**	**Loans and advances to customers N'million**	**Investment securities N'million**	**Other assets N'million**
Carrying amount	728,817	133,777	1,658,412	546,668	43,639
Concentration by sector					
Agriculture	-	-	71,759	-	-
Oil and gas	-	-	452,848	-	-
Consumer credit	-	-	66,658	-	-
Manufacturing	-	-	237,058	-	-
Mining and Quarrying	-	-	3,513	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	43,330	-	-
Construction	-	-	68,730	-	-
Finance and insurance		134,342	4,898	-	-
Government	-	-	175,365	537,699	-
Power	-	-	149,675	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	226,727	-	-
Communication	-	-	29,535	-	-
Education	-	-	8,075	-	-
Central Bank balance (restricted)	686,097	-	-	-	-
Other	42,720	-	194,372	9,793	45,287
Total Gross Amount	**728,817**	**134,342**	**1,732,543**	**547,492**	**45,287**
Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	122,301	-	275	-
Nigeria:					
North East	-	-	25,718	-	-
North Central	728,817	-	89,775	-	-
North West	-	-	48,073	-	-
South East	-	-	65,034	-	-
South South	-	-	135,480	-	-
South West	-	12,041	1,368,464	547,492	45,261
Total gross amount	**728,817**	**134,342**	**1,732,544**	**547,767**	**45,261**

Notes to the Financial Statements

3.2.7 Credit Quality

A Maximum Exposure to Credit Risk – Financial instruments subject to impairment

The credit risk model is applied as per homogeneous group of risk assets which can be a portfolio or a rating model (e. g. Master Rating). The bank set up 6 portfolios, three of which are a mix of Corporate and Commercial Accounts segregated on the basis of related economic sectors. The other three portfolios are made up of retails accounts segregated on the basis of similarity of risk characteristics. Details of the portfolios are shown below:

Code	Description
Portfolio 1	Agriculture, Energy, Manufacturing, Construction & Real Estate
Portfolio 2	Government, Public Sector & NBFIs
Portfolio 3	Transport, Communication, Commerce & General
Portfolio 4	Automobile, Equipment & Mortgage Loans
Portfolio 5	Medium and Small Scale Enterprises
Portfolio 6	Personal & Employee Loans

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

a) Agriculture, Energy, Manufacturing, Construction & Real Estate Portfolio

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	120,626	-	-	120,626
Standard monitoring	856,314	358,713	-	1,215,027
Default	-	-	17,726	17,726
Gross carrying amount	**976,940**	**358,713**	**17,726**	**1,353,379**
Loss allowance	(10,441)	(25,753)	(7,322)	(43,516)
Carrying amount	**966,499**	**332,960**	**10,404**	**1,309,863**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	82,016	-	-	82,016
Standard monitoring	631,402	288,733	-	920,135
Default	-	-	12,177	12,177
Gross carrying amount	**713,418**	**288,733**	**12,177**	**1,014,328**
Loss allowance	(6,211)	(24,590)	(6,403)	(37,204)
Carrying amount	**707,207**	**264,143**	**5,774**	**977,124**

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b) Government, Public Sector & NBFIs portfolio

	31 December 2022			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	16,497	-	-	16,497
Standard monitoring	193,781	728	-	194,509
Default	-	-	9,698	9,698
Gross carrying amount	**210,278**	**728**	**9,698**	**220,704**
Loss allowance	(1,128)	(0)	(8,355)	(9,484)
Carrying amount	**209,150**	**728**	**1,343**	**211,220**

	31 December 2021			
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	139,053	-	-	139,053
Standard monitoring	41,155	1	-	41,156
Default	-	-	9,104	9,104
Gross carrying amount	**180,208**	**1**	**9,104**	**189,313**
Loss allowance	(1,185)	-	(5,599)	(6,784)
Carrying amount	**179,023**	**1**	**3,505**	**182,529**

c) Transport, Communication, Commerce & General portfolio

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	54,186	-	-	54,186
Standard monitoring	358,456	57,027	-	415,483
Default	-	-	21,300	21,300
Gross carrying amount	**412,642**	**57,027**	**21,300**	**490,969**
Loss allowance	(7,077)	(2,815)	(10,028)	(19,920)
Carrying amount	**405,565**	**54,212**	**11,272**	**471,049**

Notes to the Financial Statements

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	254	-	-	254
Standard monitoring	364,909	26,323	-	391,232
Default	-	-	18,884	18,884
Gross carrying amount	**365,163**	**26,323**	**18,884**	**410,370**
Loss allowance	(8,980)	(2,040)	(10,963)	(21,983)
Carrying amount	**356,183**	**24,283**	**7,921**	**388,387**

d) Automobile, Equipment & Mortgage Loans portfolio

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	31,368	3,705	-	35,073
Default	-	-	11	11
Gross carrying amount	**31,368**	**3,705**	**11**	**35,084**
Loss allowance	(127)	(34)	(6)	(167)
Carrying amount	**31,241**	**3,671**	**4**	**34,917**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	13,303	3,188	-	16,492
Default	-	-	28	28
Gross carrying amount	**13,303**	**3,189**	**28**	**16,520**
Loss allowance	(225)	(34)	(12)	(271)
Carrying amount	**13,078**	**3,155**	**17**	**16,249**

e) Medium and Small Scale Enterprises portfolio

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	61	-	-	61
Standard monitoring	24,999	1,854	-	26,853
Default	-	-	2,721	2,721
Gross carrying amount	**25,060**	**1,854**	**2,721**	**29,635**
Loss allowance	(93)	(10)	(2,013)	(2,116)
Carrying amount	**24,967**	**1,844**	**708**	**27,519**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	31,735	164	-	31,899
Default	-	-	3,456	3,456
Gross carrying amount	**31,735**	**164**	**3,456**	**35,355**
Loss allowance	(119)	-	(1,850)	(1,969)
Carrying amount	**31,616**	**164**	**1,606**	**33,386**

f) Personal & Employee Loans portfolio

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	52,634	1,163	-	53,797
Default	-	-	13,189	13,189
Gross carrying amount	**52,634**	**1,163**	**13,189**	**66,986**
Loss allowance	(511)	(81)	(4,753)	(5,345)
Carrying amount	**52,123**	**1,082**	**8,436**	**61,641**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	58,743	1,390	-	60,133
Default	-	-	6,525	6,525
Gross carrying amount	**58,743**	**1,390**	**6,525**	**66,658**
Loss allowance	(1,740)	(317)	(3,863)	(5,920)
Carrying amount	**57,003**	**1,073**	**2,662**	**60,738**

3.2.7 Credit Quality

B Reconciliation of Allowance for Impairment by portfolio

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
At 1 January	(18,460)	(26,981)	(28,689)	(74,130)
Agric, Energy, Manufactur'g, Const'n & Real Estate Portfolio	(4,230)	(1,163)	(919)	(6,312)
Government, Public Sector & NBFIs portfolio	57	(0)	(2,756)	(2,700)
Transport, Comm, Commerce & General portfolio	1,903	(775)	935	2,063
Automobile, Equipment & Mortgage Loans portfolio	98	0	5	102
Medium and Small Scale Enterprises portfolio	26	(10)	(163)	(147)
Personal & Employee Loans portfolio	1,229	236	(890)	575
At 31 December	**(19,377)**	**(28,693)**	**(32,477)**	**(80,549)**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
At 1 January	(9,668)	(21,310)	(36,540)	(67,518)
Agric, Energy, Manufactur'g, Const'n & Real Estate Portfolio	(138)	(4,324)	4,415	(47)
Government, Public Sector & NBFIs portfolio	(1,173)	-	1,697	524
Transport, Comm, Commerce & General portfolio	(5,529)	(1,013)	5,061	(1,481)
Automobile, Equipment & Mortgage Loans portfolio	(206)	(27)	9	(224)
Medium and Small Scale Enterprises portfolio	(69)	0	30	(39)
Personal & Employee Loans portfolio	(1,677)	(307)	(3,361)	(5,345)
At 31 December	**(18,460)**	**(26,981)**	**(28,689)**	**(74,130)**

Notes to the Financial Statements

A Maximum Exposure To Credit Risk – Financial instruments subject to impairment – continued

31 December 2022	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	984,306	146,101	1,695,361	511,154	107,505
Past due and not impaired (0-30 days)	-		13,564		
Past due and not impaired (31-90 days)	-	-	423,190	-	-
Past due and impaired (aged above 90 days)	-	-	64,644	-	-
Gross	984,306	146,101	2,196,759	511,154	107,505
Impairment allowance	-	(271)	(80,548)	(830)	(1,351)
Net	**984,306**	**145,830**	**2,116,211**	**510,324**	**106,154**

31 December 2021	Cash and balance with Central bank N'million	Due from Banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	728,817	134,342	1,356,048	547,490	45,261
Past due and not impaired (0-30 days)	-		6,458		
Past due and not impaired (31-90 days)	-	-	319,866	-	-
Past due and impaired (aged above 90 days)	-	-	50,174	-	-
Gross	728,817	134,342	1,732,546	547,490	45,261
Impairment allowance	-	(524)	(74,131)	(993)	(1,648)
Net	**728,817**	**133,818**	**1,658,415**	**546,497**	**43,613**

(a) Financial assets collectively impaired (Stage 1 and Stage 2)

The credit rating of the portfolio of financial assets that were collectively impaired can be assessed by reference to the internal rating system adopted by the Bank.

31 December 2022	Due from Banks N'million	Overdrafts N'million	Term loans N'million	Finance lease N'million	Total Loan N'million	Other assets N'million
Grades:						
1. AAA to AA	110,052	10,508	256,655	3,312	270,476	-
2. A+ to A-	11,674	1,184	66,484	179	67,846	-
3. BBB+ to BB-	9,640	152,616	949,353	8,717	1,110,686	107,505
4. Below BB-	14,735	60,298	618,811	2,926	682,035	-
5. Unrated	-	1,072	-	-	1,072	-
	146,101	225,678	1,891,303	15,134	2,132,115	107,505
Collective Impairment	(271)	(5,301)	(42,611)	(158)	(48,070)	(1,351)
Net amount	**145,830**	**220,377**	**1,848,692**	**14,976**	**2,084,045**	**106,154**
31 December 2021	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Grades:						
1. AAA to AA	87,491	8,104	215,627	5,198	228,929	-
2. A+ to A-	36,865	706	24,630	506	25,842	-
3. BBB+ to BB-	9,986	96,284	579,774	22,163	698,221	45,261
4. Below BB-	-	56,675	665,148	3,060	724,883	-
5. Unrated	-	1	4,495	-	4,496	-
	134,342	161,770	1,489,674	30,927	1,682,371	45,261
Collective Impairment	(892)	(1,991)	(43,054)	(397)	(45,442)	(1,648)
Net amount	**133,450**	**159,779**	**1,446,620**	**30,530**	**1,636,929**	**43,613**

B Maximum Exposure To Credit Risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment i.e. fair value through profit or loss (FVTPL):

	Maximum exposure to credit risk	
	2022	**2021**
	N'million	**N'million**
Financial assets designated at fair value through profit or loss		
• Debt securities		
Federal Government bonds	351	352
Treasury bills	1,685	4,855
Placements	-	-
	2,036	**5,207**
Derivative financial assets	4,778	49,574

The credit rating of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 December 2022 and 31 December 2021:

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
31 December 2022	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
AAA to AA	110,052	280,277	207,841	-	-	598,170
A+ to A-	11,674	-	-	2,256	20,780	34,710
BBB+ to BB-	9,640	-	-	-		9,640
Below BB-	14,735	-	-	-	-	14,735
Unrated	-	-	-	-	-	-
	146,101	**280,277**	**207,841**	**2,256**	**20,780**	**657,255**

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
31 December 2021						-
AAA to AA	87,451	330,441	204,498	-	-	622,390
A+ to A-	36,865	-	-	4,127	-	40,992
BBB+ to BB-	9,986	-	-	-	8,426	18,412
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	134,302	**330,441**	**204,498**	**4,127**	**8,426**	**681,794**

Loss allowance

The loss allowance recognised in the year is impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments derecognised in the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the year, arising from regular refreshing of inputs to models;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

3.2.8 Description of Collateral Held

Potential credit losses from any given exposure are mitigated using a range of tools including collateral securities, insurance bonds and policies as well as different forms of guarantees. The Bank assesses the degree of reliance that can be placed on these credit risk mitigants carefully in the light of issues such as legal enforceability, market valuation, correlation with exposure and the counterparty risk of the guarantor.

(a) Key Collateral Management Policies

The Bank's risk mitigation policies determine the eligibility of collateral types. Eligible collateral types for credit risk mitigation include: cash; residential, commercial and industrial property in acceptable locations; fixed assets such as motor vehicles, plant and machinery; marketable securities; bank guarantees; confirmed domiciliation of payments; credit and insurance bonds, warehouse warrants, lien on shipping documents; back-to-back letters of credit; etc. The Bank also enters into collateralised reverse repurchase agreements where appropriate. For certain types of lending, typically mortgages and asset financing, the right to take charge over physical assets is a significant consideration in determining appropriate pricing and recoverability in the event of default.

The Bank reports collateral values in accordance with the Bank's risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Depending on the nature of the collateral, frequent or periodic evaluations are carried out to determine the adequacy of collateral margins. Services of independent professional appraisers are used where the Bank lacks adequate internal valuation capability or where dictated by industry practice or legal requirements. Where appropriate, collateral values are adjusted to reflect current market conditions, the probability of recovery and the year of time to realise the collateral in the event of repossession.

The Bank will only grant unsecured loans where clean lending is a market feature and insistence on security would compromise Bank's market share. In such an instance, the Bank ensures that the borrower has proven record of sound financial condition and ability to repay the loan from internal sources in the ordinary course of business. In addition, we ensure that total outstanding borrowings of the obligor do not exceed 70% of estimated asset value.

The Bank believes that the requirement for collateral is not a substitute for the ability to pay, which is a primary consideration in the Bank's lending decisions. Although the Bank will usually obtain collateral on its credit exposure to a customer, such an obligor is expected to repay the loan in the ordinary course of business without forcing the Bank to look to the collateral for ultimate repayment. Therefore, if while reviewing a loan request, there is the possibility that the collateral will need to be relied upon to repay the loan, the Bank will not grant the facility.

Where guarantees are used for credit risk mitigation, the creditworthiness of the guarantor is assessed and established using the credit approval process in addition to that of the obligor or main counterparty.

Management of secured credits requires periodic inspections of the collateral to ensure its existence and adequacy for the bank's exposure. These inspections include examination of security agreements to determine enforceability of liens, verification of adequate insurance protection, proper legal registration and adequacy of overall safeguards.

When obligations are secured by marketable securities, predetermined maintenance margins are established and the securities are liquidated if the value falls to this limit except if additional and satisfactory security is provided. In all cases, only valuations done at the instance of the Bank can be considered acceptable for the purposes of credit risk mitigation. The Bank ensures that all properties and chattels pledged as collateral are properly and adequately insured with the Bank's interest duly noted as first loss beneficiary. Only insurance policies obtained from an insurance firm in the Bank's pre-approved list of Insurance Companies are acceptable as eligible collateral.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting year and there has been no significant change in the overall quality of the collateral held by the Bank since the prior year. The following table indicates the Bank's credit exposures by class and value of collaterals:

	31 December 2022		31 December 2021	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against real estate	502,967	1,594,056	307,548	1,198,067
Secured by shares of quoted companies	-		-	-
Secured by others	1,683,724	10,968,566	1,410,895	37,849,774
Unsecured	10,069	-	14,102	-
Gross Loans and Advances to Customers	**2,196,760**	**12,562,622**	**1,732,545**	**39,047,841**

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

3.3 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lenders.

3.3.1 Management of Liquidity Risk

The Bank's principal liquidity objective is to ensure that the Bank holds sufficient liquid reserve to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the bank to meet all payment obligations as they fall due. The Bank's liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile during the year and is structured to identify, measure and manage the Bank's liquidity risk at all times. The Board approved liquidity policy guides the management of liquidity risk strategically through the Board Risk Committee (BRC) as well as Asset and Liability Committee (ALCO) and daily by the Market Risk Division. The liquidity management framework is designed to identify measure and manage The Bank's liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

The Bank has established liquidity and concentration limits and ratios, tolerance levels as well as triggers, through which it identifies liquidity risk. It also uses gap analysis to identify short, medium and long term mismatches, deploying gapping strategies to appropriately manage them. Periodic monitoring is carried out to trigger immediate reaction to deviations from set limits.

Short-Term Liquidity

The Bank's reporting system tracks cash flows on a daily basis. This system allows management to assess the Bank's short-term liquidity position in each location by currency and products. The system captures all of the Bank's cash flows from transactions on the Bank's Statement of financial position, as well as liquidity risks resulting from off-balance sheet transactions. We take account of products that have no specific contractual maturities by extrapolating from their historical behaviour of cash flows.

Asset Liquidity

The asset liquidity component tracks the volume and booking location of the Bank's inventory of unencumbered liquid assets, which we can used to raise liquidity in times of need. The liquidity of these assets is an important element in protecting us against short-term liquidity squeezes. We keep a portfolio of highly liquid securities in major currencies to supply collateral for cash needs associated with clearing activities.

Funding Diversification

Diversification of the Bank's funding profile in terms of investor types, regions, products and instruments is also an important element of the Bank’s liquidity risk management practices. In addition, the bank invests in liquid assets to facilitate quick conversion to cash, should the need arise.

Stress Testing

As a result of volatilities which take place in the Bank's operating environment, the Bank conducts stress tests to evaluate the size of potential losses related to rate movements under extreme market conditions. These are conducted on elements of its trading portfolio and the balance sheet in response to the economic and market outlook. Consideration is given to historical events, prospective events and regulatory guidelines. The Bank, after ALCO's authorization, responds to the result of this activity, by modifying the portfolio and taking other specific steps to reduce the expected impact in the event that these risks materialize.

3.3.2 Maturity Analysis

The table below analyses financial assets and liabilities of the Bank into relevant maturity bands based on the remaining year at reporting date to the contractual maturity date. The table includes both principal and interest cash flows.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2022	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Non-deivative assets						
Restricted balances with central bank	248,556	-	-	614,535	-	863,091
Cash and Cash equivalents	287,015	13,646	-	-	-	300,661
Loans and advances to customers	119,771	303,382	518,204	887,120	1,364,320	3,192,797
Derivative financial assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	228	380	1,076	293	816	2,793
- Debt instruments at amortised	17,804	22,854	248,445	133,634	353,254	775,991
- Debt instruments at FVOCI	1,094	1,472	16,782	15,733	9,386	44,467
Other Assets	10,034	50,172	40,138	-	7,159	107,503
Total financial assets	**684,502**	**391,906**	**824,645**	**1,651,315**	**1,734,935**	**5,287,303**
Derivative assets						
Trading :						
Gross settled		**4,778**		**-**	**-**	**4,778**
Net settled						
Total financial assets	**684,502**	**396,684**	**824,645**	**1,651,315**	**1,734,935**	**5,292,081**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	307,166	373,276	445,359	838,959	973,495	2,938,255
Other liabilities	114,904	51,075	88,571	238,776	367,464	860,790
Debt issued and other borrowed funds	67	25,942	29,418	240,383	53,431	349,241
	422,137	450,293	563,348	1,318,118	1,394,390	4,148,286
Derivative Liabilities						
Trading :						
Gross settled	**-**	1,208	-	**-**	**-**	1,208
Net settled						
	-	**1,208**	**-**	**-**	**-**	**1,208**
Total financial liabilities	422,137	451,501	563,348	1,318,118	1,394,390	4,149,494
Gap (assets-liabilities)	262,365	(54,817)	261,297	333,197	340,545	
Cumulative liquidity gap	**262,365**	**207,548**	**468,845**	**802,042**	**1,142,587**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	8,293	75,908	248,141	157,276	-	489,618
Letters of credit	32,840	56,001	126,856	-	-	215,697
	41,133	**131,909**	**374,997**	**157,276**	**-**	**705,315**

3.3.2 Maturity Analysis - continued

31 December 2021	Up to 1 month N'million	1-3 months N'million	3-12 months N'million	1-5 years N'million	Over 5 years N'million	Total N'million
Restricted balances with central bank	179,593	-	-	506,504	-	686,097
Cash and Cash equivalents	207,777	12,000	-	-	-	219,777
Loans and advances to customers	134,986	159,183	438,713	535,527	654,716	1,923,125
Derivative financial assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
- Held for trading	1,897	542	2,309	399	684	5,831
- Available for sale	18,102	35,154	193,883	55,624	179,319	482,082
- Held to maturity	16,632	8,256	50,348	33,574	-	108,810
Other Assets	4,597	22,119	18,571			45,287
Total financial assets	**563,584**	**237,254**	**703,824**	**1,131,628**	**834,719**	**3,471,009**
Derivative assets						
Trading :						
Gross settled	**9,821**	**3,428**	**36,324**	**-**	**-**	**49,573**
Net settled						
Total financial assets	**573,405**	**240,682**	**740,148**	**1,131,628**	**834,719**	**3,520,582**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	125,556	485,107	401,079	539,271	556,810	2,107,823
Other liabilities	76,998	92,218	137,103	187,540	33,211	527,070
Debt issued and other borrowed funds	22,024	7,716	169,582	233,704	70,986	504,012
	224,578	585,041	707,764	960,515	661,007	3,138,905
Derivative Liabilities						
Trading :						
Gross settled	-	-	425	-	-	425
Net settled						
Total financial liabilities	224,578	585,041	708,189	960,515	661,007	3,139,330
Gap (assets-liabilities)	348,827	(344,359)	31,959	171,113	173,712	
Cumulative liquidity gap	**348,827**	**4,468**	**36,427**	**207,540**	**381,252**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	5,479	16,817	103,975	76,938	84,784	287,993
Letters of credit	20,424	50,169	29,325	53,806	-	153,724
Total	**25,903**	**66,986**	**133,300**	**130,744**	**84,784**	**441,717**

3.4 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 be adversely affected by changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

3.4.1 Management of Market Risk

Essentially, the banking business is subject to the risk that financial market prices and rates will move and result in profits or losses for us. Market risk arises from the probability of adverse movements in financial market prices and rates. The Bank's definition of financial market prices in this regard refer to interest rates, equity prices, foreign exchange rates, commodity prices, the correlations among them and their levels of volatility. Interest rate and equity price risks consist of two components each: general risk, which describes value changes due to general market movements, and specific risk which has issuer-related causes.

The Bank assumes market risk in both the Bank's trading and non-trading activities. The Bank underwrite market risks by making markets and taking proprietary positions in the inter-bank, bonds, foreign exchange and other security markets. The Bank separates its market risk exposures between the trading and the banking books. Overall authority and management of market risk in the Bank is invested on the Assets and Liability Management Committee (ALCO).

The Board approves the Bank's Market Risk Management policy and performs its oversight management role through the Board Risk Committee (BRC).The Bank's trading strategy evolves from its business strategy, and is in line with its risk appetite. The Bank's Market Risk division manages the Bank's market risk in line with established risk limits, which are measured, monitored and reported periodically. Established risk limits, which are monitored on a daily basis by the Bank's Market Risk group, include intraday, daily devaluation for currency positions, net open position, dealers', deposit placement, stop loss, duration and management action trigger limits. Daily positions of the Bank's trading books are marked-to-market to enable the Bank obtain an accurate view of its trading portfolio exposures. Financial market prices used in the mark-to-market exercise are independently verified by the Market Risk division with regular reports prepared at different levels to reflect volatility of the Bank's earnings

3.4.2 Foreign Exchange Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and its aggregate for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2022.

	31 December 2022				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Restricted balances with central bank	-	-	-	863,090	863,090
Cash and Cash equivalents	142,925	2,821	4,208	150,390	300,345
Loans and advances to customers	708,659	535	2,970	1,404,048	2,116,212
Derivative assets	4,778	-		-	4,778
Investment securities:	-	-	-	-	-
- Financial assets at FVTPL	-	-	-	2,036	2,036
- Debt instruments at FVOCI	6,587	-	-	22,109	28,696
- Equity instruments at FVOCI	5,379	-	-	22,180	27,559
- Debt instruments at amortised cost	-	-	-	479,591	479,591
Other financial assets	204,439	191	302	(98,778)	106,154
	1,072,767	**3,547**	**7,480**	**2,844,666**	**3,928,461**
Financial liabilities					
Customer deposits	699,084	5,305	4,780	1,871,431	2,580,600
Derivative liabilities	1,208				1,208
Other liabilities	120,979	239	1,821	691,843	814,882
Debt issued and other borrowed funds	204,773	-	-	56,693	261,466
	1,026,044	**5,544**	**6,601**	**2,619,967**	**3,658,156**
Net on balance sheet position	46,723	(1,997)	879	224,699	270,304
Net exposure	**46,723**	**(1,997)**	**879**	**224,699**	**270,304**

Sensitivity Analysis of Foreign Currency Statement of Financial Position

Currency	**USD N'million**	**GBP N'million**	**Euro N'million**
Net effect on Statement of Financial Position	46,723	(1,997)	879
Closing Exchange Rate (Naira/ Currency)	461	555	492
1% Currency Depreciation (+)	466	561	497
Net effect of depreciation on Profit or loss	467	(20)	9
1% Currency Appreciation (-)	456	549	487
Net effect of appreciation on Profit or loss	(467)	20	(9)

The Bank's exposure to foreign exchange risk is largely concentrated in USD. Movement in the exchange rate between the foreign currencies and the Nigerian naira affects reported earnings through revaluation gain or loss and the statement of financial position through an increase or decrease in the revalued amounts of financial assets and liabilities denominated in foreign currencies.

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2021.

	31 December 2021				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Restricted balances with central bank	-	-	-	686,097	686,097
Cash and Cash equivalents	110,869	2,737	3,142	102,505	219,253
Loans and advances to customers	635,916	194	3,671	1,018,631	1,658,412
Derivative financial assets	49,574				49,574
Investment securities:	-	-	-		-
- Financial assets at FVTPL	-	-	-	5,207	5,207
- Debt instruments at FVOCI	4,691	-	-	95,318	100,009
- Equity instruments at FVOCI	3,596	-	-	22,612	26,208
- Debt instruments at amortised cost	-	-	-	442,277	442,277
Other financial assets	1,689	82	171	41,699	43,641
	806,335	**3,013**	**6,984**	**2,414,346**	**3,230,678**
Financial liabilities					
Customer deposits	388,437	5,702	5,060	1,625,606	2,024,806
Derivative financial liabilities	425				425
Other liabilities	3,563	205	938	486,049	490,755
Debt issued and other borrowed funds	408,039	-	-	60,374	468,413
	800,464	**5,907**	**5,998**	**2,172,029**	**2,984,399**
Net exposure	5,871	(2,894)	986	242,317	246,279

Sensitivity Analysis of Foreign Currency Statement of Financial Position

Currency	**USD N'million**	**GBP N'million**	**Euro N'million**
Net effect on Statement of Financial Position	5,869	(2,894)	985
Closing Exchange Rate (Naira/ Currency)	424	571	468
1% Currency Depreciation (+)	428	576	473
Net effect of depreciation on Profit or loss	59	(29)	10

1% Currency Appreciation (-)	420	565	463
Net effect of appreciation on Profit or loss	(59)	29	(10)

The Bank's exposure to foreign exchange risk is largely concentrated in USD. Movement in the exchange rate between the foreign currencies and the Nigerian naira affects reported earnings through revaluation gain or loss and the statement of financial position through an increase or decrease in the revalued amounts of financial assets and liabilities denominated in foreign currencies.

3.4.3 Interest Rate Risk

The table below summarises the Bank's interest rate gap position on non-trading portfolios:

31 December 2022	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
	N'million	N'million	N'million	N'million
Financial assets				
Restricted balances with central bank	863,090	-	-	863,090
Cash and Cash equivalents	300,345	-	13,412	286,933
Loans and advances to customers	2,116,212	308,884	1,807,328	-
Derivative assets	4,778	-	-	4,778
Investment securities	-			-
- Financial assets at FVTPL	2,036	-	2,036	-
- Debt instruments at FVOCI	28,696	-	28,696	-
- Debt instruments at amortised cost	479,591	-	479,591	-
Other financial assets	106,154	-	-	106,154
	3,900,902	**308,884**	**2,331,063**	**1,260,955**
Financial liabilities				
Customer deposits	2,580,600	-	1,009,317	1,571,283
Derivative liabilities	1,208	-	-	1,208
Other liabilities	814,882	-	473,604	341,278
Debts issued and other borrowed funds	261,466	26,648	234,699	119
	3,658,156	**26,648**	**1,717,620**	**1,913,888**

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2021	N'million	N'million	N'million	N'million
Financial assets				
Restricted balances with central bank	686,097	-	-	686,097
Cash and Cash equivalents	219,253	-	11,957	207,296
Loans and advances to customers	1,658,412	301,469	1,356,943	-
Derivative assets	49,574	-	-	49,574
Investment securities	-			-
- Financial assets at FVTPL	5,207	-	5,207	-

Notes to the Financial Statements

- Debt instruments at FVOCI	100,009	-	100,009	-
- Debt instruments at amortised cost	441,452	-	441,452	-
Other financial assets	43,639	-	-	43,639
	3,203,643	**301,469**	**1,915,568**	**986,606**
Financial liabilities				
Customer deposits	2,024,806	-	980,449	1,044,357
Derivative financial liabilities	425	-	-	425
Other liabilities	490,755	-	377,492	113,263
Debts issued and other borrowed funds	468,413	68,875	399,538	-
	2,984,399	**68,875**	**1,757,479**	**1,158,045**

Notes to the Financial Statements

(a) Interest Rate Sensitivity

Total interest repricing gap
The repricing gap details each time the interest rates are expected to change.

- For a fixed rate instrument its on maturity
- For variable rates linked to prime, its the date prime is next expected to change unless the instrument is expected to mature sooner
- For non-interest bearing items it is not included in the table.

31 December 2022 **Financial assets**	**Less than 3 months N'million**	**3-6 months N'million**	**6-12 months N'million**	**1-5 years N'million**	**More than 5 years N'million**	**Total rate sensitive N'million**
Restricted balances with central bank	-	-	-	-	-	-
Cash and Cash equivalents	13,412		-			13,412
Loans and advances to customers	382,974	236,814	213,122	609,339	673,963	2,116,212
Derivative financial assets	-					-
Investment securities						-
- Financial assets at FVTPL	602	748	258	78	351	2,037
- Debt instruments at FVOCI	2,394	102	14,416	6,265	5,519	28,696
- Debt instruments at amortised cost	38,308	144,490	78,084	48,756	169,954	479,592
Total assets	**437,690**	**382,154**	**305,880**	**664,438**	**849,787**	**2,639,949**
Financial liabilities						
Customer deposits	267,345	92,043	78,175	285,899	285,855	1,009,317
Derivative Financial Liabilities						-
Other liabilities	11,080	1,562	13,870	130,312	316,780	473,604
Debts issued and other borrowed funds	26,170	15,746		178,125	41,425	261,466
Total liabilities	**304,595**	**109,351**	**92,045**	**594,336**	**644,060**	**1,744,387**
Net financial assets/(liabilities)	133,095	272,803	213,835	70,102	205,727	895,562

31 December 2021 **Financial assets**	**Less than 3 months N'million**	**3-6 months N'million**	**6-12 months N'million**	**1-5 years N'million**	**More than 5 years N'million**	**Total rate sensitive N'million**
Restricted balances with central bank	-	-	-	-	-	-
Cash and Cash equivalents	11,957		-			11,957
Loans and advances to customers	263,494	91,053	308,604	472,093	523,168	1,658,412
Derivative financial assets	-					-
Investment securities						-
- Financial assets at FVTPL	2,439	816	1,494	399	59	5,207
- Debt instruments at FVOCI	24,888	1,588	48,759	7,074	17,699	100,009
- Debt instruments at amortised cost	53,241	78,951	114,733	45,474	149,053	441,452
Total assets	**356,019**	**172,408**	**473,590**	**525,040**	**689,979**	**2,217,037**
Financial liabilities						
Customer deposits	278,830	92,408	69,756	298,586	240,869	980,449
Derivative Financial Liabilities						-
Other liabilities	37,749	75,498	-	113,248	150,997	377,492
Debts issued and other borrowed funds	29,740	-	169,582	228,816	40,275	468,413
Total liabilities	346,319	167,906	239,338	640,650	432,141	1,826,354
Net financial assets and liabilities	9,700	4,502	234,252	(115,610)	257,838	390,683

(b) INTEREST RATE SENSITIVITY ANALYSIS ON VARIABLE RATES INSTRUMENTS ON PROFIT AND EQUITY
31 December 2022

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Loans and advances to customers	+200bp/-200bp	308,884	6,178	(6,178)	6,178	(6,178)
Debts issued and other borrowed funds	+200bp/-200bp	26,648	(533)	533	(533)	533

31 December 2021

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Loans and advances to customers	+/-200bp	301,469	6,029	(6,029)	6,029	(6,029)
Debts issued and other borrowed funds	+/-200bp	68,875	(1,377)	1,377	(1,377)	1,377

(c) INTEREST RATE SENSITIVITY ANALYSIS ON FIXED RATE INSTRUMENTS ON PROFIT AND EQUITY
31 December 2022

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Investments:						
-Financial assets measured at FVTPL	+/-200bp	2,036	41	(41)	41	(41)
-Debt instruments at FVOCI*	+/-200bp	29,229	-	-	585	(585)

31 December 2021

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Investments:						
-Financial assets held for trading	+/-200bp	5,207	104	(104)	104	(104)
-Debt instruments at FVOCI*	+/-200bp	100,009	-	-	2,000	(2,000)

*Changes in the value of debt instruments at FVOCI will impact other comprehensive income (OCI) rather than profit.

3.4.4 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. A 5.8 percent increase in the value of the Bank's equity investment at FVOCI at 31 December 2022 would have increased equity by N1.53billion (December 2021: N8.52 billion). An equivalent decrease would have resulted in an equivalent but opposite impact.

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

	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank of Nigeria	**1,017,606**	**1,017,606**	**771,572**	**771,572**
Cash	33,300	33,300	42,720	42,720
Balances with central bank other than mandatory reserved deposit	121,216	121,216	42,720	42,720
Mandatory reserve deposit with central bank	863,090	863,090	686,097	686,097
Due from Banks	**145,829**	**146,101**	**133,778**	**134,301**
- Current balances with foreign banks	132,417	132,499	121,821	122,301
- Placements with other banks and discount houses	13,412	13,601	11,957	12,000
Loan and advances to customers	**2,116,212**	**2,196,760**	**1,658,412**	**1,732,543**
- Term loans	1,866,402	1,908,096	1,450,370	1,498,996
- Advances under finance lease	15,120	18,202	31,218	33,872
- Other loans	234,690	270,462	176,824	199,675
Derivative financial assets	**4,778**	**4,778**	**49,574**	**49,574**
Fair Value Through Profit or Loss	**2,036**	**2,036**	**5,207**	**5,207**
- Treasury bills	1,685	1,685	4,855	4,855
- Federal Government bonds	351	351	352	352
- Placement	-	-	-	-
			-	-
Debt instruments measured at FVOCI	**28,696**	**28,696**	**100,008**	**100,008**
- Treasury bills	16,677	16,677	75,084	75,084
- Federal Government bonds	4,825	4,825	17,473	17,473
- State Government bonds	2,256	2,256	4,127	4,127
- Corporate bonds	4,938	4,938	3,324	3,324
Equity instruments measured at FVOCI	**27,560**	**27,560**	**26,207**	**26,207**
				-
Debt instruments at amortised cost	**479,618**	**479,618**	**441,482**	**446,626**
- Treasury bills	261,874	261,874	249,966	250,502
- Federal Government bonds	202,481	202,481	186,451	186,673
- State Government bonds	-	-	-	-
- Corporate Bonds	15,263	15,263	5,035	5,102
Derivative financial assets	**-**	4,778	-	4,778
				-
Debt instruments at amortised cost				-
- Treasury bills	-	261,914	-	261,914
- Federal Government bonds	-	202,665	-	202,665
- State Government bonds	-	-	-	-
- Corporate Bonds	-	15,843	-	15,843

Notes to the Financial Statements

	31 December 2022		31 December 2021	
Financial liabilities	**Carrying value N'million**	**Fair value N'million**	**Carrying value N'million**	**Fair value N'million**
Deposit from customers	**1,095,538**	**1,106,730**	**897,598**	**897,598**
Term	398,793	409,985	503,276	503,276
Domiciliary	696,745	696,745	394,322	394,322
Derivative financial liabilities	**1,208**	**1,208**	**425**	**425**
Debts issued and other borrowed funds	**261,466**	**261,466**	**468,413**	**468,413**

(a) Financial Instruments Measured at Fair Value

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds	-	-	-	-
- State Government bonds	-	351	-	351
- Treasury bills	-	-	-	-
- Placement	-	1,685	-	1,685
Debt instruments measured at FVOCI				
- Treasury bills	-	16,677	-	16,677
- Federal Government bonds	-	4,825	-	4,825
- State Government bonds	-	2,256	-	2,256
- Corporate bonds	-	4,937	-	4,937
Equity instruments measured at FVOCI	2,395	26,000	-	28,395
Assets for which fair values are disclosed				
Loans and advances to customers				
- Term loans	-	-	1,908,096	1,908,096
- Advances under finance lease	-	-	18,202	18,202
- Other loans	-	-	270,462	270,462
Derivative financial assets	-	4,778	-	4,778
Debt instruments at amortised cost				
- Treasury bills	-	261,914	-	261,914
- Federal Government bonds	-	202,665	-	202,665
- State Government bonds	-	-	-	-
- Corporate bonds	-	15,843	-	15,843

(a)	Financial Instruments Measured at Fair Value - continued	Level 1 N'million	Level 2 N'million	Level 3 N'million	Total N'million
	Derivative financial liabilities		1,208	-	1,208
	Financial liabilities for which fair values are disclosed				
	Financial liabilities carried at amortised cost		-	-	-
	Debt issued and other borrowed funds		-	261,466	261,466
	Deposits from customers		-	1,095,539	1,095,539

31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Held for trading				
- Federal Government bonds	-	352		352
- State Government bonds			-	-
- Treasury bills	-	4,855	-	4,855
- Placement	-	-	-	-
				-
Debt instruments measured at FVOCI				-
- Treasury bills	-	75,084	-	75,084
- Federal Government bonds	-	17,473	-	17,473
- State Government bonds	-	4,127	-	4,127
- Corporate bonds	-	3,324		3,324
Equity instruments measured at FVOCI	**3,164**	**23,043**	**-**	26,207
				-
Financial assets carried at amortised cost	**-**	-	**-**	-
Loans and Advances				-
- Term loans	-	-	1,498,996	1,498,996
- Advances under finance lease	-	-	33,872	33,872
- Other loans	-	-	199,675	199,675
Derivative financial assets	**-**	49,574	-	-
				-
Debt instruments at amortised cost				-
- Treasury bills	-	250,502	-	250,502
- Federal Government bonds	-	186,673	-	186,673
- State Government bonds	-	-	-	-
- Corporate bonds	-	5,102	-	5,102
Financial liabilities at FVTPL				
Derivative financial liabilities	-	425	-	425
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				-
Debt issued and other borrowed funds	-	-	468,413	468,413
Deposits from customers			897,598	897,598

Notes to the Financial Statements

(c) Fair Valuation Methods and Assumptions

(i) Cash and balances with central banks

Cash and balances with central bank represent cash held with central banks of the various jurisdictions in which the Bank operates. The fair value of these balances approximates their carrying amounts.

(ii) Due from other banks

Due from other banks represents balances with local and correspondence banks, inter-bank placements and items in the course of collection. The fair value of the current account balances, floating placements and overnight deposits approximates their carrying amounts.

(iii) Derivatives

The Bank uses widely recognized valuation models for determining the fair value of common and simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable markets prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(iv) Treasury Bills and Bonds

Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Bank operates. The fair value of treasury bills are derived from the quoted yields, while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions was marked-to-model at 31 December 2022 and 31 December 2021 based on yields for identical assets. Fair value is determined using discounted cash flow model.

(v) Equity Securities

The fair value of unquoted equity securities are determined based on the level of information available. The investment in unquoted entities is carried at fair value. They are measured at fair value using price multiples.

(vi) Loans and Advances to customers

Loans and advances are carried at amortised cost net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(vii) Overdraft

The management assessed that the fair value of Overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

(viii) Other Assets

Other assets represent monetary assets which usually has a short recycle year and as such the fair values of these balances approximate their carrying amount.

(ix) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair values of fixed interest-bearing deposits and borrowings are determined using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

(x) Other Liabilities
Other liabilities represent monetary assets which usually has a short recycle year and as such the fair values of these balances approximate their carrying amount.

(xi) Debt Issued And Other Borrowed Funds
The fair of the Bank's Eurobond issued is derived from quoted market prices in active markets. The fair values of the Bank’s interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting year. The fair value is determined by using discounted cashflow method.

3.6 Operational Risk Management

Operational risk is the potential for loss arising from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and regulatory risk, but excludes strategic and reputational risk.

The scope of operational risk management in the Bank covers risk exposures that may lead to unavailability of service, information deficiency, financial loss, increased costs, loss of professional reputation, failure to keep or increase market share, risks which result in the imposition of sanctions on the Bank by regulators or legal proceedings against the Bank by third parties.

The event of Covid-19 situation made the Bank put additional focus on several operational risk aspects, such as:

- Business continuity plans to support our employees, customers and overall businesses.
- Potential increase of cyber risk due to new conditions in business management and remote working. Our cyber security programme continued to be improved by strengthening detection, response and protection mechanisms.
- Increase in technological support in order to ensure adequate customer service and correct performance of our services, especially in online banking and call centres.

Organizational Set-up
Operational Risk Management is an independent risk management function within Fidelity Bank. The Operational Risk & Service Measurements Committee is the main decision-making committee for all operational risk management matters and approves the Bank's standards for identification, measurement, assessment, reporting and monitoring of operational risk. Operational Risk Management is responsible for defining the operational risk framework and related policies while the responsibility for implementing the framework day-to-day operational risk management lies with the Bank's business and support units. Based on this business partnership model the Bank ensures close monitoring and high awareness of operational risk.

Operational Risk Framework
As is common with all businesses, operational risk is inherent in all operations and activities of the Bank. We therefore carefully manage operational risk based on a consistent framework that enables us to determine the Bank's operational risk profile in comparison to the Bank's risk appetite and to define risk mitigating measures and priorities. We apply a number of techniques to efficiently manage operational risk in the Bank's business, for example: as part of the Bank's strategy for making enterprise risk management the Bank's discriminating competence, the Bank has redefined business requirements across all networks and branches using the following tools:

Loss Data Collection
The Bank implements an event driven Loss Data Collection (LDC) system designed to facilitate collection of internal loss data triggered at the occurrence of a loss event anywhere within the divisions of the Bank. The LDC system captures data elements, which discriminate between boundary events related to credit, market and operational risk. The system facilitates collection of loss data arising from actual losses, potential losses and near misses. Work-flow capabilities built within the Bank's predefined Event Escalation Matrix enable risk incidents to

be reported to designated Event Identifiers, Event Managers, Event Approvers and Action Owners that manage each risk incident from point of occurrence to closure.

Risk and Control Self Assessments (RCSA)
The Bank implement a quantitative methodology for the Bank's Risk and Control Self Assessments, which supports collection of quantitative frequency and severity estimates. Facilitated top-down RCSA workshops are used by the bank to identify key risks and related controls at business unit levels. During these workshops business experts and senior management identify and discuss key risks, controls and required remedial actions for each respective business unit and the results captured within the operational risk database for action tracking.

Key Risk Indicators (KRIs)
The Bank measures quantifiable risk statistics or metrics that provide warning signals of risk hotspots in the Bank's entity. The Bank has established key risk indicators with tolerance limits for core operational groups of the Bank. The Bank's KPI database integrates with the Loss Data Collection and Risk & Control Self Assessment models and systems to provide red flags that typically inform initiatives for risk response actions in the Bank.

Business Continuity Management (BCM)
The Bank recognises that adverse incidences such as technology failure, natural and man-made disasters could occur and may affect the Bank's critical resources leading to significant business disruption. To manage this risk, our BCM plans assist is in building resilience for effective response to catastrophic events. In broad categories, the plans which are tested periodicaly, cover disaster recovery, business resumption, contingency planning and crisis management.

4. Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;

b. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

c. To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis.

The CBN requires each bank to: (a) hold the minimum level of the regulatory capital of N25 billion and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 15% for an international licensed Bank.

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the year ended 31 December 2022 and the comparative year 31 December 2021 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II ACord (Internal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

Notes to the Financial Statements

The Bank’s regulatory capital as managed by its Financial Control and Treasury Units is made up of Tier 1 and Tier 2 capital as follows:

Tier 1 capital: This includes only permanent shareholders' equity (issued and fully paid ordinary shares/common stock and perpetual non-cumulative preference shares) and disclosed reserves (created or increased by appropriations of retained earnings or other surpluses). There is no limit on the inclusion of Tier 1 capital for the purpose of calculating regulatory capital.

Tier 2 capital: This includes revaluation reserves, general provisions/general loan loss reserves, Hybrid (debt/equity), capital instruments and subordinated debt. Tier 2 capital is limited to a maximum of 33.3% of the total of Tier 1 capital.

The CBN excluded the following reserves in the computation of total qualifying capital:

1 The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;
2 Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and
3 Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2022 and as at 31 December 2021. During those two years, the Bank as an entity complied with all of the externally imposed capital requirements to which it is subject to.

	31 December 2022 N'million	31 December 2021 N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings	79,587	76,316
Statutory reserve	51,352	44,343
Small scale investment reserve	10,209	7,873
Tier 1 Deductions - Intangible Assets	(4,023)	(3,968)
Total qualifying Tier 1 capital	252,878	240,317
Regulatory adjustment	34,704	21,075
Adjusted qualifying Tier 1 capital	218,174	219,242
Tier 2 capital		
Eurobond Issue	-	-
Local Bond Issue (Discounted at 60%)	41,307	40,275
Revaluation reserve	-	-
Fair value reserve	30,019	34,644
Total Tier 2 capital	71,326	74,919

Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital	71,326	73,081
Total Tier 1 & Tier 2 Capital	289,500	292,323
Risk-weighted assets:		
Credit Risk Weighted Assets	1,326,811	1,230,370
Market Risk Weighted Assets	17,977	86,351
Operational Risk Weighted Assets	250,941	210,001
Total risk-weighted assets	1,595,729	1,526,722
Capital Adequacy Ratio (CAR)	**18.14%**	**19.15%**
Minimum Capital Adequacy Ratio	15%	15%

5 SEGMENT ANALYSIS

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Executive Committee (the chief operating decision maker). In 2022, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board . This segment is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions.

Transactions between the business segments are on normal commercial terms and conditions.

Segment result of operations
The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2022 is as follows:

	Retail banking N'millions	**Corporate banking N'millions**	**Investment banking N 'millions**	**Combined N'millions**
At 31 December 2022				
Revenue derived from external customers	162,950	99,488	74,612	337,050
Revenues from other segments	-	-	-	-
Total	162,950	99,488	74,612	337,050
Interest income	129,954	96,779	68,845	295,578
Interest expense	(67,628)	(47,987)	(27,268)	(142,883)
	-			
Profit before tax	27,597	15,379	10,701	57,928
Income tax expense	(4,499)	(1,447)	(1,007)	(6,953)
Profit for the year ended 31 December 2022	23,098	13,932	9,694	46,724
	-			
	-			
Total segment assets	2,264,637	942,561	781,811	3,989,009
Total segment liabilities	2,169,419	885,461	619,769	3,674,649
Other segment information	-			
Depreciation / amortization	**(4,007)**	**(1,568)**	**(1,041)**	**(6,616)**

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2021 is as follows:

	Retail banking N'millions	Corporate banking N'millions	Investment banking N 'millions	Combined N'millions
At 31 December 2021				
Revenue derived from external customers	112,161	80,921	57,691	250,773
Revenues from other segments	-	-	-	-
Total	112,161	80,921	57,691	250,773
Interest income	91,732	71,185	40,647	203,564
Interest expense	(51,984)	(35,441)	(21,262)	(108,687)
Profit before tax	**8,979**	**11,084**	**5,152**	**25,215**
Income tax expense	(1,096)	(693)	(322)	(2,111)
Profit for the year ended 31 December 2021	7,883	10,391	4,830	23,104
Total segment assets	1,980,705	847,565	452,184	3,280,454
Total segment liabilities	1,932,830	752,403	309,927	2,995,160
Other segment information				
Depreciation / amortization	**(4,541)**	**(1,687)**	**(946)**	**(7,174)**

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in the year ended 31 December 2022 and 31 December 2021 . The cashflow information for the reporting segment is not provided to the chief operating decision maker .

6 Interest and similar income using effective interest rate method

	31 December 2022 N'million	31 December 2021 N'million
Loans and advances to customers	230,951	159,370
Advances under finance lease	4,857	5,125
Treasury bills and other investment securities:		
-Fair value through other comprehensive income	7,734	4,712
-Amortised cost	34,330	17,453
Placements and short term funds	534	123
`	**278,406**	**186,783**

Interest and similar income represents interest income on financial assets measured at amortised cost and Fair value through other comprehensive income.

Interest income accrued on impaired financial assets amount to N2,214 million (31 December 2021: N3,186 million) in the financial Statement .

Notes to the Financial Statements

7 Interest expense calculated using the effective interest rate method

	31 December 2022 N'million	**31 December 2021 N'million**
Term deposits	84,529	67,134
Debts issued and other borrowed funds	40,282	32,340
Savings deposits	8,800	4,007
Current accounts	4,251	3,835
Inter-bank takings	33	8
Intervention loan	4,988	1,363
	142,883	**108,687**

Total interest expense is calculated using the effective interest rate method as reported above and does not include interest expense on financial liabilities carried at fair value through profit or loss.

8 Credit loss expense

The table below shows the ECL charges on financial instruments for the year ended 31 December 2022 recorded in profit or loss:

	Note	Stage 1 Individual N'million	Stage 1 Collective N'million	Stage 2 Individual N'million	Stage 2 Collective N'million	Stage 3 N'million	POCI N'million	Total N'million
Balances with Central Bank of Nigeria		-	-	-	-	-	-	-
Due from banks (Note 19.2)		-	(252)	-	-	-	-	(252)
Loans and advances to customers (Note 22)		-	918	-	1,712	3,785	-	6,415
Debt instruments measured at FVOCI (24.6.1)		-	24	-	-	-	-	24
Debt instruments measured at amortised costs (24.4)		-	6	-	-	-	-	6
Financial guarantees (Note 31.3.1)		-	(29)	-	-	-		(29)
Letters of credit (Note 32.3.2)		-	(733)	-	-	-	-	(733)
		-	**(66)**	**-**	**1,712**	**3,785**	**-**	5,431
Other assets (Note 29)		12	-	-	-	-	-	**12**
		12	**(66)**	**-**	**1,712**	**3,785**	**-**	**5,443**

The table below shows the ECL charges on financial instruments for the year ended 31 December 2021 recorded in profit or loss:

	Note	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
		N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balances with Central Bank of Nigeria		-	-	-	-	-	-	-
Due from banks (Note 19.2)		-	(368)	-	-	-	-	(368)
Loans and advances to customers (Note 22)		-	8,792	-	5,671	(7,850)	-	6,613
Debt instruments measured at FVOCI (24.6.1)		-	(617)	-	-	-	-	(617)
Debt instruments measured at amortised costs (24.4)		-	461	-	-	-	-	461
Financial guarantees (Note 31.3.1)		-	352	-	-	-		352
Loan Commitments		-	-	-	-	-	-	-
Letters of credit (Note 32.3.2)		-	520	-	-	-	-	520
		-	**9,140**	**-**	**5,671**	**(7,850)**	**-**	**6,961**
Other assets (Note 29)		-	73	-	-	-	-	**73**
		-	**9,213**	**-**	**5,671**	**(7,850)**	**-**	**7,034**

9 Net fee and commission income

Fee and commission income is disaggregated below and includes a total fees in scope of IFRS 15, Revenues from Contracts with Customers:

	31 December 2022			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	5,424	3,409	-	8,833
Accounts maintenance charge	2,377	2,071	594	5,042
Commision on E-banking activities	1,464	871	496	2,831
Commission on travellers cheque and foreign bills	1,850	875	487	3,212
Commission on fidelity connect	1,338	477	321	2,136
Letters of credit commissions and fees	1,889	644	398	2,931
Commissions on off balance sheet transactions	1,348	513	486	2,347
Other fees and commissions	463	238	-	701
Commision and fees on banking services	282	251	22	555
Commision and fees on NXP	431	320	116	867
Collection fees	154	90	71	315
Telex fees	628	333	221	1,182
Cheque issue fees	55	16	-	71
Remittance fees	85	39	-	124
Total revenue from contracts with customers	**17,788**	**10,147**	**3,212**	**31,147**
Other non-contract fee income:				
Credit related fees	2,073	1,198	**-**	3,271
Total fees and commission income	19,861	11,345	**3,212**	**34,418**
Fee and commission expense	(8,263)	(3,725)	(707)	(12,695)
Net fee and commission income	**11,598**	**7,620**	**2,505**	**21,723**

The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

	31 December 2021			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	3,415	2,248	-	5,663
Accounts maintenance charge	2,147	1,727	273	4,147
Commission on E-banking activities	1,871	1,050	71	2,992
Commission on travellers cheque and foreign bills	1,835	701	419	2,955
Commission on fidelity connect	1,655	243	107	2,005
Letters of credit commissions and fees	965	460	353	1,778
Commissions on off balance sheet transactions	907	586	305	1,798
Other fees and commissions	433	200	-	633
Commission and fees on banking services	359	224	15	598
Commission and fees on NXP	536	299	6	841
Collection fees	230	63	13	306
Telex fees	810	333	-	1,143
Cheque issue fees	83	35	-	118
Remittance fees	82	41	-	123
Total revenue from contracts with customers	**15,328**	**8,210**	**1,562**	**25,100**
Other non-contract fee income:				
Credit related fees	2,351	1,956	**-**	4,307
Total fees and commission income	**17,679**	**10,166**	**1,562**	**29,407**
Fee and commission expense	(4,945)	(2,984)	(695)	(8,624)
Net fee and commission income	**12,734**	**7,182**	**867**	**20,783**

The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

10 Derecognition loss on financial asset

The table below shows the modification charge on financial instruments for the year 31 December 2022 recorded in profit or loss :

	31 December 2022 N'million	31 December 2021 N'million
Modified Loan Assets (Carrying Amount)	-	4,663
Specific allowances for impairment	-	-
	-	**4,663**
Derecognition loss	-	1
	-	**1**

In line with IFRSs, derecognition is carried out when the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, a modification was carried out on affected customers' loans, the cash flows of the original financial assets were deemed to have expired and therefore modified to reflect a new financial assets at fair value . The gross carrying amount of the loan before modification was N2.25 billion (December 2021 is Nil). The financial assets is not deemed to be credit impaired.

11 Other operating income

	31 December 2022 N'million	31 December 2021 N'million
Net foreign exchange gains	2,680	11,562
Dividend income	397	817
Profit on disposal of property, plant and equipment	(56)	69
Profit on disposal of unquoted securities	-	-
Loan Recoveries	3,967	5,214
Other income	66	141
	7,054	**17,803**

11a Dividend income represent dividend received from the Bank's investment in equity instruments held for strategic purposes and for which the Bank has elected to present the fair value and loss in other comprehensive income. See note 2.4.2.b

11b Net foreign exchange gain represent unrealised gains from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.

11c Loan recoveries represents amount recovered for previously written-off facilities. The amount is recognised on a cash basis only.

11d Other income relates to other miscellaneous income made during the financial year.

12 Net (losses) from financial instruments classified as fair value through profit or loss

	31 December 2022 N'million	31 December 2021 N'million
Net gains(losses)/gains arising from:		
- Bonds	(481)	(3,840)
- Treasury bills	3	(765)
- Placements	-	-
- Derivatives	(1,090)	(299)
	(1,568)	**(4,904)**

Net losses on debt instruments financial assets reclassified from other comprehensive income amount to N693 million (31 December 2021: N5,494 million) in the financial Statement.

	31 December 2022 N'million	31 December 2021 N'million
12.1 Other interest and similar income measured at FVTPL	**17,172**	**16,781**

Other interest income on financial assets measured at FVTPL are not calculated using the effective interest rate method and have been presented separately in the statement of profit or loss and other comprehensive income.

13 Personnel expenses

	31 December 2022 N'million	31 December 2021 N'million
Wages and salaries	26,077	21,995
End of the year bonus (see note 32)	3,164	1,014
Pension contribution	490	461
	29,731	**23,470**

14 Depreciation and Amortisation

Property, plant and equipment (Note 25)	3,732	3,283
Computer software (Note 27)	2,191	3,216
Depreciation of ROU asset (Note 26)	693	675
	6,616	**7,174**

Notes to the Financial Statements

15 Other operating expenses

	31 December 2022 N'million	31 December 2021 N'million
Marketing, communication & entertainment	21,883	5,824
Banking sector resolution cost	18,276	15,348
Outsourced cost	5,613	5,094
Deposit insurance premium	8,238	7,393
Repairs and maintenance	5,395	3,604
Other expenses	2,621	2,409
Computer expenses	4,422	1,136
Lease expense (Finance Cost)	45	-
Security expenses	1,484	1,568
Rent and rates	389	320
Cash movement expenses	817	948
Training expenses	568	502
Travelling and accommodation	1,363	897
Consultancy expenses	4,818	13,879
Corporate finance expenses	2,675	1,202
Legal expenses	657	399
Electricity	565	585
Office expenses	313	334
Directors' emoluments	982	654
Insurance expenses	411	553
Stationery expenses	658	416
Bank charges	1,674	777
Auditors' remuneration	185	195
Donation	108	1,377
Telephone expenses	124	107
Postage and courier expenses	153	147
Loss on disposal of property, plant and equipment	-	-
	84,437	**65,668**

15a Banking sector resolution cost represents AMCON a statutory levy chargeable annually on every Bank's total assets in Nigeria. This is applicable on total balance sheet size of the Bank. The current applicable rate in Nigeria based on AMCON Act of 2021 is 0.5% of total assets (inclusive of off-balance sheet)

15b The Bank paid external auditors' professional fees for the provision of non-audit services. The total amount of non-audit services provided to the external auditors during the year was N75.49 million. These non-audit services were for Competency and Capability Assessment (Competency Framework; Competency Catalogue; Critical Workforce Segmentation; Staff Competency Evaluation) (N66.43 million) from the previous year , Common Reporting Standard (CRS) Reporting (N1 million), Corporate Tax Reporting (N8.06 million). These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors as adequate safeguards were put in place .

15c The bank paid a total of N294.79 million as contribution to the Industrial Training Fund.

16 Taxation

		31 December 2022 N'million	31 December 2021 N'million
a	**Income tax expense**		
	Current taxes on income for the year (Minimum tax)	4,679	625
	Tertiary education tax (note 16g)	1,277	1,170
	Police Trust Fund (note 16e)	3	1
	National Agency for science and engineering infrastructure 0.25%	134	63
	Information Technology levy (note 16f)	537	252
	Current income tax expense	6,630	2,111
	Deferred tax expense	323	-
		6,953	**2,111**
b	**Total income tax expense in profit or loss**		
	Profit before income tax	53,678	38,066
	Income tax using the domestic corporation tax rate of 32.5% (Dec 2021 : 32.5%)	17,445	12,371
	Non-deductible expenses	11,854	1,954
	Tax exempt income	(7,653)	40,416
	Utilization of previously unrecognised tax losses	(23,851)	(54,742)
	Income Tax expense based on Minimum tax (note 16d)	4,679	624
	Tertiary education tax (note 16g)	1,277	1,385
	Police Trust Fund (note 16e)	3	2
	National Agency for science and engineering infrastructure 0.25%	134	95
	Information Technology levy (note 16f)	537	381
		6,630	**2,487**

Effective tax rate
The effective income tax rate is 12.95% (31 December 2021: 8.37%).

c The movement in the current income tax payable is as follows:

	31 December 2022 N'million	31 December 2021 N'million
At 1 January	3,523	2,307
Income tax paid	(1,707)	(581)
WHT recovered	-	(314)
Current income tax expense	6,630	2,111
At 31 December	**8,446**	**3,523**

d The income tax is based on minimun tax assessment in line with the Finance Act 2021 at 0.5% of Gross Earning Income as there is no taxable profit to charge tax. (2021: The basis of income tax is minimum tax assessment at 0.25% of Gross Earning Income in accordance with Finance Act 2020).

e The Nigerian Police Trust Fund Act (PTFA) 2019, stipulates that operating business in Nigeria to contribute 0.005% of their net profit to Police Trust Fund. In line with the Act, the Bank has provided for Police Trust Fund at the specified rate and recognised it as part of income tax for the year.

f The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate and recognised it as part of income tax for the year.

g Tertiary Education Tax (TET) as amended by Finance Act 2021, stipulates that 2.5% of assessable profit of bank shall be contributed to funding of tertiary educational institutions in Nigeria. A specified rate has been provided as Tertiary Education Tax and recognised it as part of income tax for the year by the Bank.

h National Agency for Science and Engineering Infrastructure Act (NASENI) stipulates that 0.25% of bank profit before tax should be contributed to funding the agency. The Bank has provided a specified rate for NASENI fund and recognised it as part of the income tax for the year.

17 Net reclassification adjustments for realised net gains

The net reclassification adjustments for realised net gains from other comprehensive income to profit or loss are in respect of debt instruments measured at fair value through other comprehensive income which matured during the year. See Other Comprehensive Income.

18 Earnings per share (EPS)

Basic earnings 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 during the year. The diluted earnings per share is the same as basic EPS because there are no potential ordinary shares outstanding during the reporting year.

	31 December 2022	31 December 2021
Profit attributable to equity holders of the Bank (N'million)	46,724	23,104
Weighted average number of ordinary shares in issue (N'million)	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	**161.32**	**79.77**

a Basic and diluted earnings per share are the same, as the Bank has no potentially dilutive ordinary shares.

19 Cash and Cash equivalents

	31 December 2022 N'million	31 December 2021 N'million
Cash	33,300	42,755
Balances with central bank other than mandatory reserve deposits	121,216	42,720
Due from banks	145,829	133,777
	300,345	219,252

19.1 Due from Banks

Current accounts with foreign banks	132,500	122,301
Placements with other banks and discount houses	13,601	12,000
Sub-total	146,101	134,301
Less: Allowance for impairment losses	(272)	(524)
	145,829	**133,777**

		31 December 2022 N'million	31 December 2021 N'million
19.2	Movement in allowance for impairment losses		
	At 1 January	524	892
	profit or loss	(252)	(368)
	At 31 December	272	524

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities of less than three months. See Note 44

20 Restricted balances with central bank

	31 December 2022 N'million	31 December 2021 N'million
Mandatory reserve deposits with central bank (see note 20.1 below)	614,534	506,504
Special cash reserve (see note 20.2 below)	248,556	179,593
Carrying amount	**863,090**	**686,097**

20.1 Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. It represents a percentage of the Customers' deposits and are non interest-bearing. The amount, which is based on qualified assets, is determined by the Central Bank of Nigeria from time to time. For the purpose of statement of cash flows, these balances are excluded from the cash and cash equivalents.

20.2 Special cash reserve represents special Intervention funds held with Central Bank of Nigeria as a regulatory requirement.

20.3 Cash and Bank Balances was separated into Cash and Cash Equivalent ,and Balances with Central Bank to reflect best practice . See Note 44

21 Impairment Allowance for Due from Banks

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the external rating system are explained in Note 3.2.2 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 December 2022			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
External rating grade				
Performing				
High grade	121,725	-	-	121,725
Standard grade	19,007	-	-	19,007
Sub-standard grade	5,368	-	-	5,368
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**146,100**	**-**	**-**	**146,100**

	31 December 2021			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
External rating grade				
Performing				
High grade	87,450	-	-	87,450
Standard grade	36,864	-	-	36,864
Sub-standard grade	9,986	-	-	9,986
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**134,300**	**-**	**-**	**134,300**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	31 December 2022			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
Gross carrying amount as at 1 January 2022	134,302	-	-	**134,302**
New assets originated or purchased	14,161	-	-	**14,161**
Assets derecognised or repaid (excluding write offs)	(12,155)	-	-	**(12,155)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Changes in PD/LGD/EAD and Accrued Interest	(1,715)	-	-	**(1,715)**
Foreign exchange adjustments	11,507	-	-	**11,507**
At 31 December 2022	**146,100**	**-**	**-**	**146,100**

	31 December 2021			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
Gross carrying amount as at 1 January 2021	214,808	-	-	**214,808**
New assets originated or purchased	13,383	-	-	**13,383**
Assets derecognised or repaid (excluding write offs)	(100,672)	-	-	**(100,672)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Accrued Interest	-	-	-	**-**
Foreign exchange adjustments	6,782	-	-	**6,782**
At 31 December 2021	**134,301**	**-**	**-**	**134,301**

	31 December 2022			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
ECL allowance as at 1 January 2022	524	-	-	**524**
New assets originated or purchased	190	-	-	**190**
Assets derecognised or repaid (excluding write offs)	(440)	-	-	**(440)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount		-	-	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Changes in PD/LGD/EAD and Accrued Interest	(9)	-	-	**(9)**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	7	-	-	**7**
At 31 December 2022	**272**	**-**	**-**	**272**

	31 December 2021			
	Stage 1 individual **N'million**	Stage 2 Individual **N'million**	Stage 3 **N'million**	Total **N'million**
ECL allowance as at 1 January 2021	892	-	-	**892**
New assets originated or purchased	45	-	-	**45**
Assets derecognised or repaid (excluding write offs)	(440)	-	-	**(440)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on Year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount		-	-	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	27	-	-	**27**
At 31 December 2021	**524**	**-**	**-**	**524**

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 31 December 2022 and at 31 December 2021.

Notes to the Financial Statements

22 Loans and Advances to Customers

	31 December 2022 N'million	31 December 2021 N'million
Loans to corporate and other organisations	2,129,774	1,665,885
Loans to individuals	66,986	66,658
	2,196,760	1,732,543
Less: Allowance for ECL/impairment losses	(80,548)	(74,131)
	2,116,212	**1,658,412**
Loans to corporate entities and other organisations		
Overdrafts	256,424	187,122
Term loans	1,856,537	1,447,686
Advance under finance lease	16,813	31,077
	2,129,774	1,665,885
Less: Allowance for ECL/impairment losses	(75,203)	(68,210)
	2,054,571	**1,597,675**
Loans to individuals		
Overdrafts	14,038	12,553
Term loans	51,559	51,310
Advance under finance lease	1,389	2,795
	66,986	66,658
Less: Allowance for ECL/impairment losses	(5,345)	(5,921)
	61,641	60,737

Movement in Allowance for ECL/impairment losses for loans to corporate entities and other organization

Net loans and advances include	**2,116,212**	**1,658,412**

Notes to the Financial Statements

22.1 Impairment allowance for loans and advances to customers

22.1.1 Corporate and Other Organisations

The table below shows the credit rating of corporate obligors and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 December 2022				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	283,833	54,489	-	-	338,322
Standard grade (BBB - B)	1,224,621	250,631	-	-	1,475,252
Sub-standard grade (CCC - CC)	147,837	116,907		-	264,745
Past due but not impaired (C)				-	-
Non- performing:				-	-
Individually impaired	- -	-	51,455	-	51,455
Total	**1,656,291**	**422,027**	**51,455**	**-**	**2,129,774**

	31 December 2021				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	241,864	12,905	-	-	254,769
Standard grade (BBB - B)	899,652	227,714	-	-	1,127,366
Sub-standard grade (CCC - CC)	162,311	77,791	-	-	240,101
Past due but not impaired (C)	- -	-	-	-	-
Non- performing:	- -	-	-	-	-
Individually impaired	-	-	43,648	-	43,648
Total	**1,303,827**	**318,410**	**43,648**	**-**	**1,665,884**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	31 December 2022				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Gross carrying amount as at 1 January 2022	1,303,827	318,410	43,648	-	1,665,885
New assets originated or purchased	963,441	-	-	-	963,441
Assets derecognised or repaid (excluding write offs)	(551,915)	(15,038)	(28,644)	-	(595,597)
Transfers to Stage 1	(113,979)	106,543	7,436	-	-
Transfers to Stage 2	18,319	(18,290)	(29)	-	-
Transfers to Stage 3	(2,163)	41	2,122	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Unwind of discount	12,412	8,217	401		21,030
Amounts written off	(50)	(86)	(490)		(626)
Changes in PD/LGD/EAD Including Accrued Interest	22,934	20,386	25,835	-	69,155
Foreign exchange adjustments	3,465	1,845	1,176	-	6,486
At 31 December 2022	**1,656,291**	**422,027**	**51,455**	**-**	**2,129,774**

	31 December 2021				
	Stage 1 Individual N'million	**Stage 2 Individual N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2021	1,027,743	263,045	49,414	-	1,340,202
New assets originated or purchased	678,194	-	-	-	678,194
Assets derecognised or repaid (excluding write offs)	(419,956)	(27,554)	(10,534)	-	(458,045)
Transfers to Stage 1	28,870	(26,252)	(2,619)	-	-
Transfers to Stage 2	(7,200)	7,215	(15)	-	-
Transfers to Stage 3	(51,645)	69,999	(18,354)	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	-	-	-		-
Accrued Interest	39,777	29,802	24,516	-	94,095
Foreign exchange adjustments	8,044	2,155	1,240	-	11,439
At 31 December 2021	**1,303,827**	**318,410**	**43,648**	**-**	**1,665,885**

	31 December 2022				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2022 under IFRS 9	16,720	26,663	24,829	-	68,213
New assets originated or purchased	11,279	-	-	-	11,279
Assets derecognised or repaid (excluding write offs)	(2,491)	(6,417)	(3,743)	-	(12,651)
Transfers to Stage 1	(11,693)	6,166	5,527	-	-
Transfers to Stage 2	386	(376)	(10)	-	-
Transfers to Stage 3	(405)	402	3	-	-
Impact on year end ECL of exposures transferred between stages during the year				-	-
Unwind of discount	392	244	31	-	667
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Changes in PD/LGD/EAD Including Accrued Interest	4,629	1,990	1,577		8,197
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amounts written off	(50)	(86)	(490)	-	(626)
Foreign exchange adjustments	98	26	-	-	124
At 31 December 2022	**18,866**	**28,612**	**27,725**	**-**	**75,203**

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2021 under IFRS 9	9,605	21,300	36,038	-	66,943
New assets originated or purchased	5,100	-	-	-	5,100
Assets derecognised or repaid (excluding write offs)	(5,078)	(1,560)	(6,134)	-	(12,772)
Transfers to Stage 1	1,192	-	(1,192)	-	-
Transfers to Stage 2	(16)	15	-	-	(1)
Transfers to Stage 3	(2,432)	-	2,432	-	-
Impact on year end ECL of exposures transferred between stages during the year	8,270	6,290	(6,318)	-	8,242
Unwind of discount	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	79	618	3	-	697
At 31 December 2021	**16,720**	**26,663**	**24,829**	**-**	**68,209**

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 December : December 2021: nil).

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of in credit risk and changes in economic conditions. Further analysis of economic factors is outlined in Note 3.

22.1.2 Loans to individuals

The table below shows the credit rating of loans to individuals and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 December 2022				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	51,504	1,163	-	-	52,667
Sub-standard grade (CCC - CC)	1,130	-		-	1,130
Past due but not impaired (C)				-	-
Non- performing				-	-
Individually impaired	-	-	13,189	-	13,189
Total	**52,634**	**1,163**	**13,189**	**-**	**66,986**

	31 December 2021				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	-	-		-	-
Standard grade (BBB - B)	53,271	1,390	-	-	54,661
Sub-standard grade (CCC - CC)	976	-	-	-	976
Past due but not impaired (C)	4,497	-	-	-	4,497
Non- performing	-	-	-	-	-
Individually impaired			6,525	-	6,525
Total	**58,744**	**1,390**	**6,525**	**-**	**66,659**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

	31 December 2022				
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	POCI N'million	Total N'million
Gross carrying amount as at 1 January 2022	58,743	1,390	6,525	-	66,658
New assets originated or purchased	25,883	-	-	-	25,883
Assets derecognised or repaid (excluding write offs)	(19,954)	(407)	(840)	-	(21,201)
Transfers to Stage 1	293	(91)	(203)	-	-
Transfers to Stage 2	(439)	446	(8)	-	-
Transfers to Stage 3	(5,660)	(244)	5,905	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Unwind of discount	351	122	89		562
Changes in PD/LGD/EAD Including Accrued Interest	(6,417)	(43)	1,776		(4,684)
Amounts written off	(165)	(10)	(133)	-	(308)
Foreign exchange adjustments	-	-	76	-	76
At 31 December 2022	**52,635**	**1,163**	**13,188**	**-**	**66,986**

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	31 December 2022				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2022	1,740	318	3,863	-	5,921
New assets originated or purchased	1,250	-	-	-	1,250
Assets derecognised or repaid (excluding write offs)	(441)	(195)	(639)	-	(1,275)
Transfers to Stage 1	186	(4)	(182)	-	-
Transfers to Stage 2	(65)	65	(0)	-	-
Transfers to Stage 3	(1,486)	(102)	1,588	-	-
Impact on year end ECL of exposures transferred between stages during the year				-	-
Unwind of discount	21	10	3		34
Changes in PD/LGD/EAD Including Accrued Interest	(528)	(1)	251	-	(277)
Amounts written off	(166)	(10)	(133)	-	(308)
Foreign exchange adjustments	-	-	-	-	-
At 31 December 2022	**511**	**81**	**4,753**	**-**	**5,345**

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2021	49,492	294	3,636	-	53,422
New assets originated or purchased	20,760	-	-	-	20,760
Assets derecognised or repaid (excluding write offs)	(12,913)	(70)	(279)	-	(13,262)
Transfers to Stage 1	548	(61)	(487)	-	-
Transfers to Stage 2	(88)	127	(39)	-	-
Transfers to Stage 3	(1,033)	(156)	1,188	-	-
Changes to contractual cash flows Other than transfer or modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	1,857	1,184	2,374		5,416
Accrued Interest	-	-	-	-	-
Foreign exchange adjustments	119	70	132	-	322
At 31 December 2021	**58,742**	**1,388**	**6,525**	**-**	**66,658**

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross Carrying amount as at 1 January 2021	63	10	502	-	575
New assets originated or purchased	1,708	-	-	-	1,708
Assets derecognised or repaid (excluding write offs)	(14)	-	(80)	-	(94)
Transfers to Stage 1	76	-	(76)	-	
Transfers to Stage 2	-	31	(31)	-	
Transfers to Stage 3	(1)	-	1	-	-
Impact on year end ECL of exposures transferred between stages during the year	(92)	276	3,547	-	3,731
Unwind of discount				-	-
Amounts written off				-	-
Foreign exchange adjustments	-	-	-	-	-
At 31 December 2021	**1,741**	**316**	**3,863**	**-**	**5,920**

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.

Notes to the Financial Statements

22.1 Advances under finance lease may be analysed as follows:

	31 December 2022 N'million	31 December 2021 N'million
Gross investment		
- No later than 1 year	6,621	10,113
- Later than 1 year and no later than 5 years	11,448	33,783
- Later than 5 years	133	158
Less:	18,202	44,054
Allowance for ECL/impairment losses	-	-
Unearned future finance income on finance leases	(70)	(10,182)
Net investment	18,132	33,872
The net investment may be analysed as follows:		
- No later than 1 year	6,616	8,824
- Later than 1 year and no later than 5 years	11,382	24,890
- Later than 5 years	134	158
	18,132	33,872

22.2 Nature of security in respect of loans and advances:

	31 December 2022 N'million	31 December 2021 N'million
Secured against real estate	502,967	307,548
Secured by shares of quoted companies	-	-
Secured others	1,640,770	1,381,154
Advances under finance lease	42,954	29,739
Unsecured	10,069	14,102
Gross loans and advances to customers	**2,196,760**	**1,732,543**

23 Derivative Financial Instruments

The Bank entered into derivative contracts with counter parties; Total Return Swap with Standard Chartered Bank (“SCB”) , Mashreq Bank and Non-deliverable Forwards with the Central Bank of Nigeria (“CBN”). The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts’ underlying instrument (being foreign currency and treasury bills). The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

23a Derivative financial Assets

	31 December 2022 N'million	31 December 2021 N'million
Total return swap contracts	4,363	49,574
Non-deliverable forwards -	415	-
Futures Contracts	-	-
Total derivative financial Assets	**4,778**	**49,574**
Notional Amount		
Forward contracts	27,399	50,109
Futures Contracts	-	-
Total	**27,399**	**50,109**

		31 December 2022	31 December 2021
23b	**Derivative financial liabilities**	**N'million**	**N'million**
	Total return swap contracts	1,208	
	Non-deliverable forwards	-	425
	Futures Contracts	-	-
	Total derivative financial Liabilities	**1,208**	**425**
	Notional Amount		
	Forward Contract	15,370	42,098
	Futures Contracts	-	-
	Total	**15,370**	**42,098**

i The Bank enters into currency forward contracts with counter parties. On initial recognition, the Bank estimates the fair value of derivatives transacted with the counter parties in line with IFRS 13. In many cases, all significant inputs into the valuation techniques are wholly observable (e.g with reference to similar transactions in the dealer market.) See note 2.4.2 c

ii During the year, various derivative contracts entered into by the Bank generated a net loss which was recognized in the statement of profit or loss and other comprehensive income , while additional liability was recognized for the liabilities .

iii All derivative contracts are current .

24 Investment Securities

		31 December 2022	31 December 2021
24.1	**Financial assets at fair value through profit and loss (FVTPL)**	**N'million**	**N'million**
	Held for trading:		
	Federal Government bonds	351	352
	Treasury bills	1,685	4,855
	Placements	-	-
	Total financial assets measured at FVTPL	**2,036**	**5,207**
24.2	**Debt instruments at fair value through other comprehensive income (FVOCI)**		
	Treasury bills	16,677	75,084
	Federal Government bonds	4,825	16,106
	State bonds	2,256	4,127
	Corporate bonds	4,938	4,691
	Total debt instruments measured at FVOCI	**28,696**	**100,008**

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		31 December 2022 N'million	31 December 2021 N'million
24.3	**Equity instruments at fair value through other comprehensive income (FVOCI)**		
	Unquoted equity investments:		
	- Pay Attitude Global	20	16
	- African Finance Corporation (AFC)	4,928	3,321
	- Unified Payment Solution (UPSL)	12,791	12,627
	- Nigerian Inter Bank Settlement System (NIBBS)	4,618	3,540
	- African Export–Import Bank (AFREXIM BANK)	452	275
	- The Central Securities Clearing System (CSCS)	2,334	3,164
	- Investment in FMDQ	2,356	3,215
	Quoted equity investments:		
	- Nigerian Exchange Group (NGX)	61	49
	Total equity instruments at FVOCI	**27,560**	**26,207**

24.3.1 The Bank has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading , see note **2.4.2.b.** During the year ended 31 December 2022 , the Bank recognised dividends of N387 million (December 2021 - N817 million) from its FVOCI equities which was recorded in the profit or loss as other operating income.

		31 December 2022 N'million	31 December 2021 N'million
24.4	**Debt instruments at amortised cost**		
	Treasury bills	261,914	250,502
	Federal Government bonds	202,665	186,673
	Corporate bonds	15,843	5,102
	Sub-total	480,422	442,277
	Allowance for impairment	(830)	(824)
	Total debt instruments measured at amortised cost	**479,592**	**441,453**
	Reconciliation of allowance for impairment		
	At beginning of year	(824)	(364)
	Additional allowance for impairment	(6)	(460)
	At end of year	(830)	**(824)**
	Total investments	**537,884**	**572,875**

24.5 Pledged Assets

The assets pledged as collateral were given to the counter parties without transferring the ownership to them. These are held by the counter party for the term of the transaction being collateralized.

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company Plc (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank pledged Treasury bills and Bonds in its capacity as collection bank for government taxes and Interswitch electronic card transactions. The Bank also pledged Federal Government bonds in foreign currency to Standard Chartered Bank (“SCB”) in respect of its short term borrowings.

The nature and carrying amounts of the assets pledged as collaterals are as follows:

	31 December 2022 N'million	31 December 2021 N'million
Treasury bills - Amortised cost	40,411	33,768
Federal Government bonds - Amortised cost	107,889	70,014

Notes to the Financial Statements

24.6 Impairment losses on financial investments subject to impairment assessment

24.6.1 Debt Instruments Measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and Year-end stage classification. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

	31 December 2022			
Internal rating grade	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Performing				
High grade	21,503	-	-	**21,503**
Standard grade	7,194	-	-	**7,194**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	28,697	-	-	**28,697**

	31 December 2021			
Internal rating grade	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Performing				
High grade	92,557	-	-	**92,557**
Standard grade	7,451	-	-	**7,451**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	100,008	-	-	**100,008**

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	31 December 2022			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2022	100,009	-	-	**100,009**
New assets originated or purchased	20,138	-	-	**20,138**
Assets derecognised or matured (excluding write-offs)	(77,817)	-	-	**(77,817)**
Change in fair value	(15,097)	-	-	**(15,097)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	-	-	-	**-**
Unwind of discount	1,214			**1,214**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	249	-	-	**249**
At 31 December 2022	28,696	-	-	**28,696**

	31 December 2022			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2022	168	-	-	**168**
New assets originated or purchased	35	-	-	**35**
Assets derecognised or matured (excluding write offs)	(85)	-	-	**(85)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount (recognised in interest income)	64	-	-	**64**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations		-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	10			**10**
At 31 December 2022	192	-	-	192

	31 December 2021			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2021	265,980	-	-	**265,980**
New assets originated or purchased	91,313	-	-	**91,313**
Assets derecognised or matured (excluding write-offs)	(214,502)	-	-	**(214,502)**
Change in fair value	(42,782)	-	-	**(42,782)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At December 2021	100,009	-	-	**100,009**

	31 December 2021			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2021	785	-	-	**785**
New assets originated or purchased	140	-	-	**140**
Assets derecognised or matured (excluding write offs)	(808)	-	-	**(808)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount (recognised in interest income)	51	-	-	**51**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations		-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
At 31 December 2021	168	-	-	168

24.6.2 Debt Instruments Measured at Amortised Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

	31 December 2022			
Internal rating grade	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Performing				
High grade	464,578	-	-	**464,578**
Standard grade	15,843	-	-	**15,843**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**480,421**	**-**	**-**	**480,421**

	31 December 2021			
Internal rating grade	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Performing				
High grade	437,175	-	-	**437,175**
Standard grade	5,102	-	-	**5,102**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**442,277**	**-**	**-**	**442,277**

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

	31 December 2022			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2022	442,277	-	-	**442,277**
New assets originated or purchased	277,011	-	-	**277,011**
Assets derecognised or matured (excluding write-offs)	(241,715)	-	-	**(241,715)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	-			**-**
Unwind of Discount	2,849			**2,849**
Amounts written off		-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2022	480,422	-	-	480,422

	31 December 2022			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2022	824	-	-	**824**
New assets purchased	282	-	-	**282**
Assets derecognised or matured (excluding write offs)	(359)	-	-	**(359)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the year		-	-	**-**
Unwind of discount (recognised in interest income)	83	-	-	**83**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-		-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2022	**830**	**-**	**-**	**830**

	31 December 2021			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2021	138,168	-	-	**138,168**
New assets originated or purchased	363,812	-	-	**363,812**
Assets derecognised or matured (excluding write-offs)	(65,812)	-	-	**(65,812)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes Other than modifications not derecognised	6,109			**6,109**
Amounts written off		-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2021	442,277	-	-	442,277

	31 December 2021			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2021	364	-	-	**364**
New assets purchased	462	-	-	**462**
Assets derecognised or matured (excluding write offs)	(146)	-	-	**(146)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the year		-	-	**-**
Unwind of discount (recognised in interest income)	144	-	-	**144**
Changes Other than modifications not derecognised	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-		-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2021	**824**	**-**	**-**	**824**

25 Property, Plant and Equipment

	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2022	**15,669**	**17,379**	**3,852**	**6,638**	**1,744**	**13,706**	**4,936**	**1,402**	**65,326**
Additions	355	573	77	625	167	1,913	907	2,507	7,124
Reclassifications	(345)	366	17	259	-	348	-	(645)	-
Disposals	-	(6)	(17)	(134)	(15)	(125)	(377)	-	(674)
At 31 December 2022	**15,679**	**18,312**	**3,929**	**7,388**	**1,896**	**15,842**	**5,466**	**3,264**	**71,776**
Accumulated depreciation									
At 1 January 2022	-	(3,785)	(2,877)	(5,258)	(1,507)	(9,083)	(3,377)	-	(25,887)
Charge for the year	-	(353)	(204)	(639)	(95)	(1,793)	(648)	-	(3,732)
Reclassifications		(8)	(1)	8	-	-	-		
Disposals	-	2	13	131	14	94	246	-	500
At 31 December 2022	**-**	**(4,144)**	**(3,069)**	**(5,758)**	**(1,588)**	**(10,782)**	**(3,779)**	**-**	**(29,119)**
Carrying amount at 31 December 2022	**15,679**	**14,168**	**860**	**1,630**	**308**	**5,060**	**1,687**	**3,264**	**42,657**
Cost									
At 1 January 2021	15,543	17,066	3,835	9,835	2,336	19,132	5,531	998	74,276
Additions	111	46	24	327	150	1,347	1,226	1,122	4,353
Reclassifications	70	290	-	219	3	136	-	(718)	-
Disposals	(55)	(23)	(6)	(3,742)	(745)	(6,910)	(1,820)	-	(13,301)
At 31 December 2021	**15,669**	**17,379**	**3,853**	**6,639**	**1,744**	**13,705**	**4,937**	**1,402**	**65,328**
Accumulated depreciation									
At 1 January 2021	-	(3,463)	(2,661)	(8,423)	(2,174)	(14,392)	(4,717)	-	(35,830)
Charge for the year	-	(345)	(222)	(571)	(77)	(1,591)	(476)	-	(3,282)
Disposals	-	23	6	3,736	744	6,901	1,816	-	13,226
At 31 December 2021	**-**	**(3,785)**	**(2,877)**	**(5,258)**	**(1,507)**	**(9,082)**	**(3,377)**	**-**	**(25,886)**
Carrying amount at 31 December 2021	**15,669**	**13,594**	**976**	**1,381**	**237**	**4,623**	**1,560**	**1,402**	**39,442**

a Work in progress relates to capital cost incured in setting up new branches. When completed and available for use, they are transfered to the respective property, plant and equipment classes and depreciation commences.

b All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

c There were no impairment losses on any class of property , plant and equipment during the year (31 December 2021: Nil)

d There were no pledged assets in any class of property, plant and equipment during the year (31 December 2021: Nil)

26 Right-of-Use Asset

	31 December 2022 N'million	31 December 2021 N'million
Cost		
Balance at beginning of year	3,466	3,011
Additions	535	578
Lease Addition	480	-
Disposal during the year	-	(123)
Balance	**4,481**	**3,466**
Accumulated amortization		
Balance at beginning of year	(1,989)	(1,359)
Amortisation for the year	(693)	(676)
Disposal during the year	-	46
Balance	(2,682)	(1,989)
Carrying amount	**1,799**	**1,477**

Expense of Low value Item :
The expense for low value items and short term leases is N389,30 million (31 December 2021: N68.86 million).

27 Intangible Assets - Computer Software

	31 December 2022 N'million	31 December 2021 N'million
Cost		
Balance at 1 January	7,410	8,399
Additions	2,246	3,901
write offs during the year	(295)	(4,890)
Balance as at 31 December	**9,361**	**7,410**
Accumulated amortization		
Balance at 1 January	(3,442)	(5,116)
Amortisation for the year	(2,191)	(3,216)
write offs during the year	295	4,890
Balance as at 31 December	(5,338)	(3,442)
Carrying amount	**4,023**	**3,968**

These relate to purchased softwares
All intangible assets are non-current with finite useful life and are amortised over the year . The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N2,191bn for the year ended 31 December 2022 (31 December 2021: N3,126bn).

28 Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 32.5% as applicable (2021: 30% or 32.5%).

Deferred tax assets and liabilities are attributable to the following items:

28.1 Deferred Tax Assets

	31 December 2022 N'million	31 December 2021 N'million
Deferred tax assets		
Property, plant and equipment		-
Allowances for loan losses	15,753	9,240
Tax loss carried forward	-	440
Unutilised tax credits (capital allowances)	6,793	14,599
	22,546	24,279
Unrecognised deferred tax assets	**(17,240)**	**24,279**
Net	5,306	-

28.2 Deferred tax Liabilities

	31 December 2022 N'million	31 December 2021 N'million
Property, plant and equipment	5,585	5,376
Fair value adjustments	44	-
	5,629	5,376

28.3

Movements in temporary differences during the year:	**1 Jan 2022**	**Recognised in P&L**	**Recognised in OCI**	**31 Dec 2022**
Accelerated tax depreciation	(5,376)	(209)	-	(5,585)
Unutilised capitalised allowance	14,599	-	-	6,793
Allowances for loan losses	9,240	-	-	15,754
Tax loss carry forward	440	-	-	-
Fair value adjustments	-	-	-	(44)
	18,903	(209)	-	16,918

Movements in temporary differences during the year:	**1 Jan 2021**	**Recognised in P&L**	**Recognised in OCI**	**31 Dec 2021**
Accelerated tax depreciation	(4,570)	(806)	-	(5,376)
Unutilised capitalised allowance	12,249	-	-	14,599
Allowances for loan losses	4,308	-	-	9,240
Tax loss carry forward	24,212	-	-	440
	36,199	-	-	18,903

29 Other Assets

	31 December 2022 N'million	31 December 2021 N'million
Financial assets		
Sundry receivables	24,921	14,956
Electronic payment receivables	75,423	24,951
Investments in SMESIS	7,109	5,330
Shared Agent Network Expansion Facility (SANEF)	50	50
	107,503	45,287
Less:		
Specific allowances for impairment	(1,351)	(1,648)
	106,152	43,639
Non financial assets		
Prepayments	5,259	611
Others	414	460
Other non financial assets	1,090	819
	6,763	1,890
Total	**112,915**	**45,529**
Reconciliation of Allowance for Impairment		
At 1 January	1,648	1,575
Charge for the year	12	73
Write-off during the year	(309)	-
At 31 December	**1,351**	**1,648**

a The Bank's investments under the Small and Medium Enterprises Equity Investment Scheme ("SMEEIS") is in compliance with the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). There is no existence of either Control or Joint control in SMESIS.

b Prepayment relates to payments made by the bank on items whose benefits covers specified future year of time beyond the reporting year e.g. Insurance premiums, Adverts and publicity, Computer expenses and Subscriptions. They are short tenured and are quickly settled.

c Other non-financial assets comprises of balances on settlement accounts such as: Stock of ATM cards, stock electronic cards, and stock cheque books and stationeries and sundry receivables. These assets are short tenured and are quickly settled.

d The Shared Agent Network Facility (SANEF) is an intervention fund under the MSME Development Fund to provide ten (10) year loans to CBN Licensed and pre-qualified Mobile Money and Super- Agent operators for the purposes of rolling out of a Shared Agent Network. The objective of the Shared Agent Network is to deepen financial inclusion in the country with the offering of basic financial services such as Cash-in, Cash-out, Funds, Bills Payments, Airtime Purchase, Government disbursements as well as remote enrollment on BMS infrastructure (BVN).

30 Deposits from Customers

	31 December 2022 N'million	31 December 2021 N'million
Demand	862,425	636,768
Savings	599,331	477,173
Term	398,793	503,276
Domicilliary	696,745	394,322
Others	23,303	13,264
	2,580,597	2,024,803
Current	2,580,597	2,024,803
Non-current	-	-
	2,580,597	**2,024,803**

30a Others relate to accrued interest payable of deposit liabilities which are considered to be component of deposits.

31 Other Liabilities

	31 December 2022 N'million	31 December 2021 N'million
Customer deposits for letters of credit (see note 31.1)	57,221	50,216
Accounts payable (see note 31.2)	202,980	21,145
FGN Intervention fund (see note 31.3)	473,604	377,492
Manager's cheque	4,256	4,622
Payable on E-banking transactions (see note 31.4)	74,981	25,043
Other liabilities/credit balances (see note 31.5)	(1,324)	12,237
Accruals for year end bonus (see note 31.6)	3,164	1,014
Lease liability (see note 31.8)	525	-
	815,407	**491,769**

31.1 Customer deposits for letters of credit relates to liabilities generated from loans granted to customers for trade finance transactions, it mirrors the value of the confirmation line enjoyed by the customer with the offshore bank for the purpose of facilitating the letters of Credit.

31.2 Account payable represents balances in internal accounts drawn for the purpose of settlement of obligations which are due against the bank either from bank expense or customer transaction settlement e.g. accrual/provision for expenses that has or will fall due, Ebanking settlement values drawn from customers account, customers deposit drawn for FX bid with CBN for letters of credit etc.

31.3 FGN Intervention Fund (On Lending facilities)

	2022 N'million	2021 N'million
CBN state bailout fund	82,065	89,782
Real Sector Support Facility - Differentiated Cash Reserves Requirement - (DCRR)	211,001	147,227
Real Sector Support Facility - (RSSF)	10,941	15,383
Commercial Agriculture Credit Scheme - (CACS)	8,089	10,217
Bank of Industry BG backed	80,981	71,920
Bank of Industry - Restructured and Refinance scheme	297	457
Bank of Industry on lending	67	123
Development Bank of Nigeria - (DBN)	40,015	19,985
Nigeria Export Import Bank - (NEXIM)	19,613	16,094
Power Airline Intervention Fund - (PAIF)	3,871	5,911
CBN Paddy Aggregate Scheme (PAS) Funds	5,000	-
Accelerated Agriculture Credit Scheme - (AADS)	-	375
CBN 100 for 100 PPP - (Policy on Production and Productivity)	11,644	-
Nigerian Incentive-based Risk Sharing system for Agricultural Lending - (NIRSAL)	19	18
	473,603	**377,492**

a FGN Intervention fund is CBN Bailout Fund of N82.07billion (31 Dec 2021: N89.78 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 9% per annum. **See Note 31.3 k**

b The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 2% per annum, and disbursed at 9% per annum to the beneficiary .

c The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector. The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to the Bank's customers. This facility is not secured.

d The Central Bank of Nigeria (CBN) / Bank of Industry (B0I) - SME / Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing / restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The total facility is secured by Nigerian Government Securities. A management fee of 1% per annum is deductible at source and the Bank is under obligation to on-lend to customers at an all-In interest rate of 7% per annum. The Bank is the primary obligor to CBN / BOI and assumes the risk of default.

e Federal Government through CBN, BOI and DBN to enable DMOs avail loans at single digit rates or rates lower than the normal commercial rate to qualifying institutions in line with the guidelines provided by CBN, BOI and DBN.

f Non-oil Export Stimulation Facility (NESF): This Facility was established by the Central Bank of Nigeria to diversify the economy away from the oil sector, after the fall in crude prices. The Central Bank invested N500billion debenture, issued by Nigerian Export-Import Bank (NEXIM). The facility disbursed per customer shall not exceed 70% of total cost of project, or subject to a maximum of N5 billion. Funds disbursed to the Bank from CBN are at a cost of 2% which are then disbursed to qualifying customers at the rate of 9% per annum.

g The purpose of granting new loans and refinancing / restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 2% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to customers at an all-in interest rate of 9% per annum. This facility is not secured.

h Accelerated Agricultural Development Scheme (AADS) was established by the Central Bank of Nigeria to help states develop at least 2 crops/agricultural commodities in which they have comparative advantage. The fund is disbursed to the Bank at 2% per annum. Each state is availed the facility at 9% per annum and repayments are made via ISPO deductions.

i CBN PAS FUND - The Paddy Aggregation Scheme (PAS) is for Integrated Rice Millers and Large-Scale Aggregators to enable them to purchase home-grown rice paddy at a single digit interest rate to promote the Federal Government of Nigeria’s National Food Security Programme (NFSP). It is to provide credit facilities to Integrated Rice Millers and Large-scale rice paddy aggregators at single digit interest rate to increase local production of rice towards effecting lower prices and enhancing national food security.. The fund is disbursed to the Bank at 6% per annum. Each enterprise is availed the facility at 9% per annum and repayments are made via ISPO deductions.

j CBN 100 for 100 PPP - (Policy on Production and Productivity) was established by the Central Bank of Nigeria to stimulate investments in Nigeria’s manufacturing sector with the core objective of boosting production and productivity necessary to transform and catalyse the productive base of the economy. The fund is disbursed to the Bank at 2% per annum. Each enterprise is availed the facility at 9% per annum and repayments are made via ISPO deductions.

k The Bailout fund is for a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum until March 2020 , the rate was reduced to 5% for 1 year due to Covid 19 pandemic to March 2021 after which it was extended to February 2023 . CBN on August 17 2022 further reviewed the rates in response to economic outlook and approved the following order; All intervention facilities granted effective July 20, 2022 shall be at 9% per annum while all existing intervention facilities granted prior to July 20, 2022 shall be at 9% per annum effective September 1, 2022.

l The bank carries out modification test on all Intervention funds / loans . The modification test was performed and there was no material impact on the financial statement from the assessment.

31.4 Payable on E-banking transactions are settlement balances for RTGS/NIBSS transaction and Etransact transactions .

31.5 Other liabilities/credit balances are credit balances for other liabilities, other than the ones relating to customers deposit.

31.6 A provision has been recognised in respect of staff year end bonus, the provision has been recognised based on the fact that there is a constructive and legal obligation on the part of the Bank to pay bonus to staff where profit has been declared. The provision has been calculated as a percentage of the profit after tax. This was previously reported under provisions in prior year, this has however been reclassified to other liabilities in 2022 financial year.

	31 December 2022 N'million	31 December 2021 N'million
Movement in provision for year end bonus		
At 1 January	1,014	2,548
Arising during the year	3,164	1,014
Utilised	(1,014)	(2,548)
At 31 December	3,164	1,014

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31.7 Maturity Analysis is presented in Note 44.

31.8 This relates to lease rental for properties used by the Bank. The net carrying amount of leased assets, included within Right of Use Assets is N480 million as at 31 December 2022. (31 December 2021: Nil) for Bank.

The future minimum lease payments on the lease liabilities extend over a number of years. This is analysed as follows:

	31 December 2022 N'million	31 December 2021 N'million
Not more than 1year	-	-
Over one year but less than five years	525	-
More than five years	-	-
At end of the year	525	-

32 Provision

	31 December 2022 N'million	31 December 2021 N'million
Provisions for litigations and claims	883	623
Provision for guarantees and letters of credit (Note 32.3.1 - 32.3.2)	1,013	1,776
	1,896	2,399

32.1 Movement in provision for litigations and claims

	31 December 2022 N'million	31 December 2021 N'million
At 1 January	623	623
Arising during the year	260	-
Utilised	-	-
At 31 December	883	623

32.2

	31 December 2022 N'million	31 December 2021 N'million
Current Provision	5,060	3,413
Non-current provisions	-	-
	5,060	**3,413**

32.3 Impairment losses on guarantees and letters of credit

An analysis of changes in the gross carrying amount and the corresponding allowances for impairment losses in relation to guarantees and letters of credit is as follows:

32.3.1 Performance bonds and guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	10,042	-	-	**10,042**
Standard grade	474,101	-	-	**474,101**
Sub-standard grade	5,475	-	-	**5,475**
Past due but not impaired	-	-	-	**-**
Non- performing	-	-	-	**-**
Individually impaired	-	-	-	**-**
Total	**489,618**	**-**	**-**	**489,618**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	1,846	-	-	**1,846**
Standard grade	277,663	-	-	**277,663**
Sub-standard grade	8,484	-	-	**8,484**
Past due but not impaired	-	-	-	**-**
Non- performing	-	-	-	**-**
Individually impaired	-	-	-	**-**
Total	**287,993**	**-**	**-**	**287,993**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2022	287,993	-	-	**287,993**
New exposures	387,908	-	-	**387,908**
Exposure derecognised or matured/lapsed (excluding write-offs)	(188,042)	-	-	**(188,042)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	1,758	-	-	**1,758**
At 31 December 2022	**489,617**	**-**	**-**	**489,617**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2022	359	-	-	**359**
New exposures	245	-	-	**245**
Exposure derecognised or matured/lapsed (excluding write-offs)	(343)	-	-	**(343)**
Impact on year end ECL of exposures transferred between stages during the year		-	-	**-**
Unwind of discount		-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	69	-	-	**69**
At 31 December 2022	**329**	**-**	**-**	**329**

Notes to the Financial Statements

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	208,433	-	-	**208,433**
New exposures	205,686	-	-	**205,686**
Exposure derecognised or matured/lapsed (excluding write-offs)	(127,146)	-	-	**(127,146)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	1,020	-	-	**1,020**
At 31 December 2021	**287,993**	**-**	**-**	**287,993**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	7	-	-	**7**
New exposures	351	-	-	**351**
Exposure derecognised or matured/lapsed (excluding write-offs)	(4)	-	-	**(4)**
Impact on year end ECL of exposures transferred between stages during the year		-	-	**-**
Unwind of discount		-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	5	-	-	**5**
At 31 December 2021	**359**	**-**	**-**	**359**

32.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank’s internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	63,940	-	-	**63,940**
Standard grade	150,254	-	-	**150,254**
Sub-standard grade	1,503	-	-	**1,503**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**215,697**	**-**	**-**	**215,697**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	85,415	-	-	**85,415**
Standard grade	67,683	-	-	**67,683**
Sub-standard grade	626	-	-	**626**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**153,724**	**-**	**-**	**153,724**

Notes to the Financial Statements

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2022	153,725	-	-	**153,725**
New exposures	177,400	-	-	**177,400**
Exposure derecognised or matured/lapsed (excluding write-offs)	(122,896)	-	-	**(122,896)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	7,467	-	-	**7,467**
At 31 December 2022	**215,696**	**-**	**-**	**215,696**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2022	1,417	-	-	**1,417**
New exposures	614	-	-	**614**
Exposure derecognised or matured/lapsed (excluding write-offs)	(1,564)	-	-	**(1,564)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	217	-	-	**217**
At 31 December 2022	**684**	**-**	**-**	**684**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	134,082	-	-	**134,082**
New exposures	132,696	-	-	**132,696**
Exposure derecognised or matured/lapsed (excluding write-offs)	(114,625)	-	-	**(114,625)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	1,572	-	-	**1,572**
At 31 December 2021	**153,725**	**-**	**-**	**153,725**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	897	-	-	**897**
New exposures	1,262	-	-	**1,262**
Exposure derecognised or matured/lapsed (excluding write-offs)	(837)	-	-	**(837)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	96	-	-	**96**
At 31 December 2021	**1,418**	**-**	**-**	**1,418**

		31 December 2022 N'million	31 December 2021 N'million
33	**Debts Issued and Other Borrowed Funds**		
	Long term loan from African Development Bank (ADB) (see note 33.1)	16,671	20,294
	European Investment Bank Luxembourg (see note 33.2)	640	1,813
	$400 Million Euro Bond issued (see note 33.4)	178,242	339,165
	Local Bond issued (see note 33.5)	41,307	40,275
	Repurchased transaction with Renaisance Capital (see note 33.6)	-	22,024
	Development Bank of Nigeria (see note 33.7))	15,268	20,099
	Afrexim (see note 33.3)	9,338	24,745
		261,466	**468,415**
	Reconciliation of Borrowings during the year:		
	At 1 January	468,415	260,971
	Additions during the year	-	226,657
	Accrued interest	25,796	10,910
	Payment of interest	(28,625)	(29,299)
	Repayment of principal during the year	(213,379)	(29,601)
	Foreign exchange difference	9,259	28,777
	At 31 December	**261,466**	**468,415**

33.1 The amount of N16,670.68 billion (2021: N20,293.89 billion) represents the amortized cost balance in the on-lending facility of $50million granted to the Bank by ADB. The first tranche of $40 million was disbursed July 27, 2019 while the second tranche of $10 million was disbursed June 3, 2020 with both to mature February 1, 2026 and October 1, 2026 respectively at an interest rate of Libor plus 4.5% per annum. Interest and principal is repaid semi-annually. The borrowing is an unsecured borrowing.

33.2 The amount of N639.72 million (2021: N1,812.50 billion) represents the amortised cost balance in the on-lending facility of $21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March, 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing is an unsecured borrowing.

33.3 The amount of N9,337.63 billion, (2021: N24,744.86 billion) represents amortised cost balance of $150 million borrowing from AFREXIM (under the repurchase agreement), with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

33.4 On 28 October , 2021, $400 million 5-year 2026 Senior Notes at a 7.625 percent coupon was issued. The proceed from the new issue is for general corporate purposes including supporting the Bank's trade finance business.. The amount of N178,124.86 billion represents the amortised cost of the Issued Notes as at 31 December 2022; N339,164.62 billion represents the amortised cost at the end of the financial year 2021 (December 31 , 2021) of $400 million, 5-year, 10.50% Senior Notes issued at 99.48% on the 11 October, 2017 which matured in October 2022 and $400 million, 5-year, 7.625% Senior Notes issued at 98.98% in October 2021 with maturity in October 2026. Coupon is paid semi-annually for the Notes .

33.5 The amount of N41,306.78 billion (2021 : N40,274.66billion) represents the amortized cost of 10-Year N41.2 billion Subordinated Unsecured Series I Bonds issued at 8.5% p.a. in January 2021. The coupon is paid semi-annually. The proceeds from the Series I Bonds will support the Bank’s SME and Retail Banking Businesses as well as its Information and Technology Infrastructure.

Notes to the Financial Statements

33.6 The amount of N22,023.58 billion of 31 December 2021 represents a $51.6 million dollar borrowing under a repurchase agreement from Renaissance Capital, with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy back. The Principal and Interest have been fully paid.

33.7 The amount of N15,267.71 billion (2021: N20,099.00 billion) represents the amortised cost of a N20 billion of wholesale borrowing from Development Bank of Nigeria, to mature 27th April, 2024 at an interest rate of 10% per annum. Interest is paid semi-annually, with principal repayment after 1 year moratorium year, effective 27th October 2022 to maturity. The borrowing is an unsecured borrowing.

33.8 Maturity Analysis is presented in Note 44.

34 Share Capital

	31 December 2022 N'million	31 December 2021 N'million
Authorised		
32 billion ordinary shares of 50k each (2021: 32 billion ordinary shares	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2021: 28,963 million ordinary shares)	14,481	14,481

There is no movement in the issued and fully paid shares during the year.

35 Other Equity Accounts

The nature and purpose of the other equity accounts are as follows:

Share Premium
Premiums from the issue of shares are reported in share premium.

Retained Earnings
Retained earnings comprise the undistributed profits from previous years and current year, which have not been reclassified to the other reserves noted below.

Dividends
The following dividends were declared and paid by the Bank during the year

	31 December 2022 N'million	31 December 2021 N'million
Balance, beginning of year	-	-
Final dividend declared		6,372
Interim dividend declared	2,896	
Payment during the year	(2,896)	(6,372)
Balance, end of year		

Statutory Reserve
This represents regulatory appropriation to statutory reserve of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

Small Scale Investment Reserve
The Small scale investment reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Non-Distributable Regulatory Reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-distributable regulatory risk reserve.

Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS fund is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

36 Cash Flows Generated from Operations

	Note	31 December 2022 N'million	31 December 2021 N'million
Profit before income tax		53,677	25,215
Adjustments for:			
– Depreciation and amortisation	14	6,616	7,174
– Loss/(profit) on disposal of property, plant and equipment	11	56	(69)
– Net foreign exchange difference		6,579	17,215
– Net gains from financial assets at fair value through profit or loss	12	1,568	4,904
– Increase in Provisions	32	(503)	(662)
– Credit loss expense	8	5,443	7,035
– Impairment on other debt instrument		-	-
– Impairment reversal / charge on other assets	8	(297)	73
– Dividend income	11	(397)	(817)
– Gain on debt instruments measured at FVOCI reclassified from equity	17	(693)	(5,494)
– Write off of loans and advances			
– Net interest income		(152,695)	(94,877)
		-	-
		(80,646)	(40,303)
Changes in operating assets			
– Net changes in Cash and balances with the Central Bank (restricted cash)	20	(176,993)	(145,968)
– Loans and advances to customers	22	(412,924)	(301,436)
– Financial assets held for Trading		47,182	(6,213)
– Other assets	29	(67,386)	(1,151)
Changes in operating liabilities			
– Deposits from customers	30	545,755	319,515
– Other liabilities	31	323,638	(26,338)
Cash flows from/(used in) operations		**178,626**	**(201,894)**

Notes to the Financial Statements

37 Contingent Liabilities and Commitments

37.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N5.24 billion (2021: N4.48billion). The capital commitments relate to property plant and Equipment.

37.2 Confirmed credits and other obligations on behalf of customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	31 December 2022 N'million	31 December 2021 N'million
Performance bonds and guarantees (Note 31.3.1)	489,618	287,993
Letters of credit (Note 31.3.2)	215,697	153,725
AGSMEIS Disbursement	1	48
	705,316	**441,766**

Included in Performance bonds and guarantees is N80.19 bn (31 December 2021: N75.91 billion) Bank of industry backed guarantee. Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transactions.

37.3 Claims and Litigation

The Bank is a party to legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel , none of the outcomes that result from the proceedings will have a material adverse effect on the financial position of the bank either individually or collectively

As at reporting date, the Bank is currently involved in 58 cases as defendant (December 2021 54) and 15 cases as Plaintiff (December 2021 14) . The total amount claimed against the Bank is estimated at N12.06 billion as at 31 December 2022 (2021: N7.26billion) while the amount in the 15 cases instituted by the Bank is N5.19 billion as at 31 December 2022 (31 Dec 2021: N4.07billion, 14 Cases). Based on the advice of the Bank's legal team and the case facts, the management of the Bank estimates a potential loss of N883 million (31 Dec 2021: N623 million) upon conclusion of the cases. A provision for the potential loss of N883 million is shown in Note **32.**

Notes to the Financial Statements

38 Related party transactions with Key Management Personnel

The related party transactions in respect of Entity controlled by Key Management Personnel have been disclosed in compliance with Central Bank of Nigeria circular BSD/1/2004.

38.1 Deposits/ Interest Expense from Related Parties

Entity Controlled by Key Management Personnel	**Related party**	**Nature Relationship**	**Deposits at 31 December 2022 N**	**Interest expense 31 December 2022 N**	**Deposits at 31 December 2021 N**	**Interest expense 31 December 2021 N**
Cy Incorporated Nig Ltd (DSRA)	Insider related	Former Director	31,886	-	-	-
Equipment Solutions and Logistics Services Limited	Insider related	Former Director	63,942	-	-	-
The Genesis Restaurant Limited	Insider related	Former Director	4,146,727	-	387,010	-
John Holt Plc	Insider related	Former Director	356,686,651	-	16,471	-
Tenderville Ltd	Insider related	Former Director	359,030	-	46,650	-
Genesis Hub Limited	Insider related	Former Director	20,427,560	-	-	-
Genesis Deluxe Cinemas	Insider related	Former Director	3,526,896	301	518,811	18,630
Sub total			**385,242,692**	**301**	**968,942**	**18,630**
A-Z Petroleum Products Limited	Insider related	Current Director	77,322,045	-	1,193,560	-
Neconde Energy Limited	Insider related	Current Director	258,628,141	-	-	-
Dangote Industries Limited	Insider related	Current Director	927,721	-	330,415,483	-
Agric Int'l Tech and Trade	Insider related	Current Director	2,983,292	-	12,615,166	-
Mr. Mustafa Chike-Obi	Insider related	Current Director	52,331,219	-	14,060,896	-
Pastor Kings C. Akuma	Insider related	Current Director	44,816,681	-	416,139	29,462
Chief Charles Chidebe Umolu	Insider related	Former Director	14,830,659	-	-	-
Mr. Okeke Ezechukwu Michael	Insider related	Former Director	1,266,268	-	-	-
Alhaji Isa Inuwa	Insider related	Current Director	9,811,386	-	11,736,133	-
Mr. Alex Chinelo Ojukwu	Insider related	Former Director	263,304	-	12,760	35
Mr. Chidi Agbapu	Insider related	Current Director	40,679,192	-	14,414,318	15,373
Mr. Chinedu Okeke	Insider related	Current Director	49,268,305	4,242	10,377,866	26,796
Mr. Henry Obih	Insider related	Current Director	128,090,805	-	85,615,526	-
Mrs. Amaka Onwughalu	Insider related	Current Director	12,942,161	7,844	4,609,088	8,155
Chief Nelson C, Nweke	Insider related	Current Director	67,067,335	-	10,169,206	-
Mrs. Morohunke Bammeke	Insider related	Current Director	6,666,010	-	5,152,174	-
Sub total			**767,894,524**	**12,086**	**500,788,315**	**79,821**
Transactions with Key Management Personnel	Insider related		319,919,876	-	89,395,040	208,180
TOTAL			**1,473,057,092**	**12,387**	**591,152,297**	**306,631**

Notes to the Financial Statements

38.2 Loans and Advances/ Interest Income from Related parties

Entity Controlled by Key Management Personnel	**Related party**	**Loan amount Outstanding Dec 2022 N**	**Interest Income Dec 2022 N**	**Loan amount Outstanding Dec 2021 N**	**Interest Income Dec 2021 N**	**Facility Type**	**Status**	**Collateral Status**
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu (Former Director)	286,276,066	-	286,276,066	-	Finance Lease/Overdraft	Lost	Perfected
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu	767,029,435	-	767,029,435	-	Term Loan/Overdraft	Lost	Perfected
Blancote Oil & Gas Ltd	Ichie Nnaeto Orazulike	0	-	171,488,694	36,529,050	Term Loan/Overdraft	Performing	Perfected
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	98,999,888	20,577,418	99,480,920	20,216,367	Term Loan/Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	154,281,689	19,193,045	249,894,114	27,314,747	Term Loan/Overdraft	Performing	Perfected
Genesis Hub Ltd	Ichie Nnaeto Orazulike	17,851,522	4,588,399.00	24,065,543	2,981,289	Term Loan/Overdraft	Performing	Perfected
Genesis Food Nigeria Ltd	Ichie Nnaeto Orazulike	647,987,746	58,981,475	948,504,359	93,644,223	Term Loan/Overdraft	Performing	Perfected
Genesis F&B Nigeria Limited	Ichie Nnaeto Orazulike	312,433,504	20,355,586			Term Loan/Overdraft	Performing	Perfected
Genesis Sojourner Ltd	Ichie Nnaeto Orazulike	1,031,204,957	73,555,912	1,257,489,470	73,878,297	Term Loan/Overdraft	Performing	Perfected
Genesis Technical Company Limited	Ichie Nnaeto Orazulike	600,000,000	-					
Stanchions Nigeria Ltd	Ichie Nnaeto Orazulike	-	-	254,102,898	51,962,859	Term Loan/Overdraft	Performing	Perfected
A-Z Petroleum Products Ltd	Mr. Alex Ojukwu	2,575,466,736	413,584,415	11,362,245,775	859,823,881	Term Loan/Overdraft	Performing	Perfected
Agric Int'l Tech and Trade	Mr. Ernest Ebi	800,000,000	62,375,342	1,200,000,000	70,793,922	Term Loan	Performing	Perfected
Dangote Industries Ltd	Mr. Ernest Ebi	47,463,109,162	4,194,290,480	53,906,742,317	7,333,428,562	Term Loan	Performing	Perfected
Dangote Fertilizer Ltd	Mr. Ernest Ebi	1,017,518	1,494,738	25,256,729	20,426,626	Term Loan	Performing	Perfected
Dangote Oil Refining Company Ltd	Mr. Ernest Ebi	3,750,000,000	272,465,753	4,750,000,000	246,156,902	Term Loan/Overdraft	Performing	Perfected
Dangote Cement Plc -Obajana Plant	Mr. Ernest Ebi	29,504,809,611	2,514,033,399	21,244,030,777	1,352,649,082	Term Loan	Performing	Perfected
Dangote Sugar Refinery PLC	Mr. Ernest Ebi	3,371,600,084	5,754,290	48,871,688	10,141,523	Term Loan	Performing	Perfected
SUB-TOTAL		**91,382,067,918**	**7,661,250,253**	**96,595,478,785**	**10,199,947,330**			
Related party	**Key management personnel**							
Onyeali-Ikpe Nnekachinwe	Managing Director	137,108,499	4,337,829	167,968,178	5,058,815	Term Loan/Credit Card	Performing	Perfected
Hassan Imam Galadanchi	Executive Director	98,126,107	4,475,974	115,219,658	4,728,132	Term Loan/Credit Card	Performing	Perfected
Kevin Chukwuma Ugwuoke	Executive Director	101,348,758	3,880,819	122,391,885	3,635,475	Term Loan	Performing	Perfected
Kenneth Onyewuchi Opara	Executive Director	109,037,100	4,543,507	126,870,555	4,323,178	Term Loan/Credit Card	Performing	Perfected
Kings Chukwu Akuma	Non Executive Director	684,284	316,003	1,855,565	998,180	Credit Card	Performing	Perfected
Chidozie Bethram Agbapu	Non Executive Director	76,246,279	10,471,746	88,034,188	10,428,277	Overdraft	Performing	Perfected
Kennedy Onyeali Ikpe	Managing Director	-	-	513	35,974	Credit Card	Performing	Perfected
Reginald U. Ihejiahi	Former Director	-	-	2,775,224	1,552,812	Credit Card	Performing	Perfected
Ikemefuna A. Mbagwu	Former Director	669,181	54,123	194,388	85,139	Credit Card	Performing	Perfected
Ichie Nnaeto Orazulike	Former Director	9,956,970	1,667,467	1,651,924	983,275	Credit Card	Performing	Perfected
Chief Charles Chidebe Umolu	Former Director	752,869	93,523	92,479	10,880	Credit Card	Performing	Perfected
Okonkwo Nnamdi John	Former Director	85,583,727	3,588,980	97,041,180	5,786,792	Term Loan/Credit Card	Performing	Perfected
Odinkemelu Aku	Former Director	77,173,753	2,884,237	86,820,472	3,221,567	Term Loan	Performing	Perfected
Adegbolahan Simisola Joshua	Former Director	97,714,286	3,810,575	119,579,493	4,772,549	Term Loan	Performing	Perfected
Obaro Alfred Odeghe	Former Director	102,819,445	5,084,627	172,957,865	11,072,424	Term Loan	Performing	Perfected
Yahaya Umar Imam	Former Director	29,213,405	4,671,755	34,331,844	3,905,910	Overdraft/Credit Card	Performing	Perfected
SUB-TOTAL		**926,434,663**	**49,881,165**	**1,137,785,411**	**60,599,379**			
TOTAL		**92,308,502,581**	**7,711,131,417**	**97,733,264,196**	**10,260,546,709**			

38.3 Bank Gurantees in Favour of Key Management Personnel

December 2022

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
BOI	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	144,975,738
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	629,086,327
BOI	GENESIS SOJOURNER LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	1,004,374,482
OGUN STATE PROPERTY AND INVESTMENT COMPANY LIMITED	A-Z PETROLEUM PRODUCTS LIMITED- OPERATIONAL ACCOUNT	MR. ALEX OJUKWU	FORMER DIRECTOR	1,000,000,000
TRUSTEES UNDER THE NOTE ISSUING PROGRAMME	A-Z PETROLEUM PRODUCTS LIMITED- OPERATIONAL ACCOUNT	MR. ALEX OJUKWU	FORMER DIRECTOR	5,000,000,000
				7,778,436,547

December 2021

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
BOI	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	27,450,974
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	808,825,278
BOI	GENESIS SOJOURNER LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	1,233,111,319
FLOUR MILLS OF NIG	GENESIS F&B NIGERIA LIMITED - OPS A-C	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000
				2,094,387,571

38.4 Key Management Compensation

	December 2022 N'million	December 2021 N'million
Salaries and other short-term employee benefits (Executive directors only)	430	362
Pension cost	16	11
Other employment benefits paid	139	153
	585	**526**

38.5 Loan and Advances to Staff members

	December 2022 N'million	December 2021 N'million
At start of the year	12,019	9,878
Granted during the Year	2,950	4,516
Repayment during the Year	(3,192)	(2,375)
At end of the year	**11,777**	**12,019**

Loans to Staff members include mortgage loans and other personal loans. The loans are repayable from various repayment monthly cycles over the tenor and have an average interest rate of 3.5%. Loans granted to staff are performing.

39 Employees

The number of persons employed by the Bank during the year was as follows:

	Number December 2022	Number December 2021
Executive directors	5	5
Management	453	433
Non-management	2,580	2,536
	3,038	**2,974**

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Number 2022	Number 2021
N300,000 - N2,000,000	7	9
N2,000,001 - N2,800,000	6	12
N2,800,001 - N3,500,000	-	806
N3,500,001 - N6,500,000	1,654	1,185
N6,500,001 - N7,800,000	306	330
N7,800,001 - N10,000,000	606	318
N10,000,001 and above	459	314
	3,038	**2,974**

40 Directors' Emoluments

Remuneration paid to the Bank's executive and non-executive directors (excluding certain allowances) was:

Notes to the Financial Statements

	Number 2022 N'million	Number 2021 N'million
Fees and sitting allowances	138	116
Executive compensation	260	196
Other directors' expenses	301	172
	699	**484**

Fees and other emoluments disclosed above include amounts paid to:

Chairman	40	28
Highest paid director	**110**	**110**

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

	Number 2022	Number 2021
Below N1,000,000	**-**	-
N1,000,000 - N2,000,000	**-**	-
N2,000,001 - N3,000,000	**-**	-
N5,500,001 - and above	**14**	14
	14	**14**

41 Compliance with Banking Regulations

Contravention

41.1 The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions Act, 2020 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the year ended 31 December 2022

Schedule of Regulatory Contraventions As At 31 December 2022

Nature of Contravention	**Amount (N'000)**
Penalty - Cryptocurrecy Infraction - CBN	85,714
Penalty - late returns - CBN	5,000
Penalty - Employment Infraction - CBN	10,000
	100,714

Schedule of Regulatory Contraventions As At 31 December 2021

Nature of Contravention	**Amount (N'000)**
Penalty - late returns - CBN	900
Penalty - Cryptocurrecy Infraction - CBN	14,286
Penalty - Excess Bank charges - CBN	5,000
Penalty - Credit Policy manual Infraction - CBN	5,150
Penalty - Fx trade Infraction - CBN	60,000
	85,336

Notes to the Financial Statements

41.2 In line with circular FDR/DIR/CIR/GEN/01/20, the returns on customers' complaints for the year ended 31 December 2022 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
				Million	Million	Million	Million
1	Pending complaints b/f	54,909	60	1,542	2,002	N/A	N/A
2	Received complaints	1,162,541	907,715	29,778	40,812	N/A	N/A
3	Resolved complaints	1,136,900	852,866	26,454	41,272	904	1,718
4	Unresolved complaints escalated to CBN for intervention	24	2	1,748	91	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	80,550	54,909	4,866	1,542	N/A	N/A

41.3 Whistle Blowing Policy

The Bank complied with the CBN circular of May 2014 - FPR/DIR/GEN/01/004 code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing Policy in Nigeria for the year ended 31 December 2022.

42 Gender Diversity

31 December 2022

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	3	23%	10	77%	13
Management staff (AGM & Above)	12	24%	37	76%	49
Total	**15**		**47**		**62**

31 December 2021

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	11	26%	32	74%	43
Total	**14**		**43**		**57**

43 Statement of Prudential Adjustments

a Provisions under prudential guidelines are determined using the time-based provisioning specified by the revised Prudential Guidelines issued by the Central Bank of Nigeria. This is at variance with the expected credit loss (ECL) model required under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments provisions required under the two methodologies. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS when IFRS is adopted. However, Banks would be required to comply with the following:

Transfer to Regulatory Risk Reserve

The regulatory body Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Commission (NDIC) stipulates that provisions recognized in the profit or loss account shall be determined based on the requirements of IFRS (International Financial Reporting Standards). The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the retained earnings to a non-distributable regulatory reserve.

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

b The non-distributable reserve is classified under Tier 1 as part of the core capital for the purpose of determining capital adequacy.
In the guidelines to IFRS implementation, the Central Bank of Nigeria (CBN) directed banks to maintain a regulatory credit risk reserve in the event that the impairment on loans determined using the CBN prudential guideline is higher than the impairment determined using IFRS principles. As a result of this directive, the Bank holds credit risk reserves of N52.1 billion as at 31 December 2022 (31 December 2021 - N27.4billion) .

	31 December 2022 N'million	31 December 2021 N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	110,782	47,595
General provision	33,606	56,871
Provision for other assets	2,846	2,669
Provision for litigations and claims	-	-
Provision for investments	-	-
Provision for off-balance sheet exposure	-	-
Total prudential provision (A)	**147,234**	**107,135**
IFRS provision:		
Specific impairment (see note 22)	32,478	28,690
Collective impairment	48,070	45,442
Provision for other assets (see note 28)	1,351	1,648
Provision for litigations and claims (see note 31)	883	623
Provision for investments (see note 24)	1,294	1,516
Provision for off-balance sheet exposure	1,013	1,775
Total IFRS provision (B)	**85,089**	**79,694**
Difference between prudential and IFRS impairment (A-B)	**62,144**	**27,440**
Movement in Non-Distributable Regulatory Risk Reserve (RRR)		
Opening balance in RRR	27,440	6,365
	-	
Net changes in the year	34,704	21,075
Balance in RRR at the end of the year	**62,144**	**27,440**

44 Maturity Analysis Of Assets and Liabilities

Maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December 2022

	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
ASSETS			
Cash and Cash equivalents	300,661	-	300,661
Restricted balances with central bank	248,556	614,535	863,091
Loans and advances to customers	941,357	2,251,440	3,192,797
Derivative financial assets	4,778	-	4,778
Investments:			-
- Financial assets at fair value through profit or loss	1,684	1,109	2,793
- Debt instruments at fair value through other comprehensive income	19,348	25,119	44,467
- Equity instruments at fair value through other comprehensive income	-	27,560	27,560
- Debt instruments at amortised cost	289,103	486,888	775,991
Other assets	100,344	7,159	107,503
Property, plant and equipment	-	42,657	42,657
Right of Use Assets	-	1,799	1,799
Intangible assets	-	4,023	4,023
TOTAL ASSETS	**1,905,831**	**3,462,289**	**5,368,120**
LIABILITIES			
Deposits from customers	1,125,801	1,812,454	2,938,255
Derivative financial liability	1,208		1,208
Current income tax payable	8,446	-	8,446
Other liabilities	254,550	606,240	860,790
Provision	1,896	-	1,896
Debts issued and other borrowed funds	55,427	293,814	349,241
TOTAL LIABILITIES	**1,447,328**	**2,712,508**	**4,159,836**

As at 31 December 2021

ASSETS	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Cash and Cash equivalents	219,253	-	219,253
Restricted balances with central bank	-	686,097	686,097
Loans and advances to customers	663,151	995,261	1,658,412
Derivative financial assets	49,574	-	49,574
Investments:			-
- Financial assets at fair value through profit or loss	4,749	458	5,207
- Debt instruments at fair value through other comprehensive income	75,236	24,773	100,009
- Equity instruments at fair value through other comprehensive income	-	26,207	26,207
- Debt instruments at amortised cost	246,925	194,527	441,452
Other assets	45,287	13,096	58,383
Property, plant and equipment	-	39,440	39,440
Right of Use Assets	-	1,477	1,477
Intangible assets	-	3,968	3,968
TOTAL ASSETS	**1,304,175**	**1,985,304**	**3,289,479**
LIABILITIES			
Deposits from customers	125,556	1,899,250	2,024,806
Derivative financial liability	425		425
Current income tax liability	3,899	-	3,899
Other liabilities	76,998	413,757	490,755
Provision	3,413	-	3,413
Debts issued and other borrowed funds	22,863	445,550	468,413
TOTAL LIABILITIES	**233,154**	**2,758,557**	**2,991,711**

45 Reclassifications

During the Year, all electronic payment related receivables were separated from Sundry receivables to Electronic payment receivables as a separate line item on Note 29 - Other Assets as well as Provision for year-end bonus which was reclassified from Provision to Other Liabilities . These disaggregations were done to comply with the requirement of Financial Reporting Council of Nigeria (FRCN) and IAS 38 (Provisions, Contingent Liabilities and Contingent Assets) respectively .

46 Restatements

Restatement of the Financial Statements arose from a payment of N12.9bn, which had been classified as a prepayment in lieu of a legal dispute. The amount is considered recoverable and was to be amortized over the expected life of the dispute, until resolution. However, on grounds of prudence, the 2021 financial statements have been restated to expense the full amount in 2021 Financial Year .to comply with International Financial Reporting Standard.

As at 31 December 2021	As previously reported N'million	Adjustments N'million	As restated N'million
Other Operating expenses	(52,814)	(12,854)	(65,668)
Net income	90,883	-	90,880
Profit before income tax	38,066	(12,854)	25,215
Income tax expense	(2,487)	376	(2,111)
Profit for the year	35,579	(12,478)	23,104

As at 31 December 2021	As previously reported	Adjustments	As restated
	N'million	N'million	N'million
Other Assets	58,383	(9,026)	49,357
TOTAL ASSETS	**3,289,479**	**(12,854)**	**3,280,454**
Other liabilities	490,755	4,842	495,597
Current income tax payable	3,899	(376)	3,523
Provision	3,413	(1,014)	2,399
TOTAL LIABILITIES	**2,991,710**	**3,452**	**2,995,160**
Retained earnings	67,716	(12,478)	55,241
Total equity	297,769	(12,478)	285,294
TOTAL LIABILITIES AND EQUITY	3,289,479	(9,026)	3,280,454

Impact on equity (increase/(decrease) in equity)	31 December 2021
	N'million
Other Assets	(9,026)
Total Assets	(9,026)
Net impact on Total Liabilities and Equity	9,026

Impact on statement of profit or loss (increase/(decrease) in profit)	31 December 2021
	N'million
Other operating expenses	(12,854)
Income tax credit	376
Impact on profit for the year	(12,478)

Impact on basic and dilluted earnings per share(EPS) (increase/(decrease) in EPS)	31 December 2021
	N'million
Other operating expenses	(0.43)
Net impact on EPS	(0.43)

The change did not have impact on the OCI for the year.

47 Events after reporting year

In compliance with the provisions of Section 124 of CAMA 2020, the bank commenced the process of issuing the 3,037,414,308 units of unissued shares by way of Private Placement prior to the end of the 2022 financial year. All required approvals including receipt of proceeds have been received subsequent to yearend. In line with the timetable for the issuance program, the shares will be listed before the closure of the share register for the payment of the final dividends. To accommodate the new shares that will rank pari-passu with existing shares the final dividend will be based on 32,000,000,000 units of 50k shares for completeness.

Value Added Statement

	2022 N'million	%	2021 N'million	%
Interest and similar income	295,578	288	203,566	327
Interest and similar expense	(142,883)	(139)	(108,687)	(175)
`	152,695	149	94,879	153
-Brought in services	(50,095)	(49)	(32,711)	(53)
Value added	**102,600**	**100**	**62,168**	**100**
Distribution				
Employees:				
Salaries and benefits	29,731	29	23,470	38
Shareholders:				
Dividends paid during the year	13,033	13	6,372	10
Government:				
				-
Income tax	4,679	5	625	1
Tertiary education tax	1,277	1	1,170	2
Police trust fund levy	3	-	1	-
IT levy	537	1	252	-
The future:				
-Asset replacement (depreciation and amortisation)	6,616	6	7,174	12
-Profit for the year (transfers to reserves)	46,725	46	23,104	37
	102,600	**100**	**62,168**	**100**

Value added represents the additional wealth the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among the employees, shareholders, government and the portion re-invested for creation of more wealth.

Five - Year Financial Summary
Financial Position as at

	31 December				
	2022	**2021**	**2020**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Assets:					
Cash and Cash equivalents	300,345	219,253	328,493	259,915	246,950
Restricted balances with central bank	863,090	686,097	540,129	343,346	249,614
Loans and advances to customers	2,116,212	1,658,412	1,326,106	1,126,974	849,880
Derivative assets	4,778	49,574	7,072	-	-
Investments:					
Financial assets at fair value through profit or loss	2,036	5,207	47,118	45,538	14,052
Debt instruments at fair value through other comprehensive income	28,696	100,009	265,980	134,846	157,639
Equity instruments at fair value through other comprehensive income	27,560	26,207	17,685	14,536	9,977
Debt instruments at amortised cost	479,592	441,452	137,804	118,569	118,662
Available for sale	-	-	-	-	-
Held to maturity	-	-	-	-	-
Deferred tax Assets	5,306	-	-	-	-
Other assets	112,915	49,357	44,380	28,756	35,124
Property, plant and equipment	42,657	39,441	38,446	38,392	36,909
Right of Use Assets	1,799	1,477	1,652	1,529	-
Intangible assets	4,023	3,968	3,283	1,636	1,076
Total Assets	**3,989,009**	**3,280,454**	**2,758,148**	**2,114,037**	**1,719,883**
Financed by:					
Liabilities					
Deposits from customers	2,580,597	2,024,806	1,699,026	1,225,213	979,413
Derivative liabilities	1,208	425	1,143	-	-
Current income tax payable	8,446	3,523	2,307	2,339	1,609
Deferred income tax liabilities	5,629	-	-	-	-
Other liabilities	815,407	495,597	517,093	397,074	300,335
Provision	1,896	2,399	4,075	3,795	3,343
Debts issued and other borrowed funds	261,466	468,413	260,971	251,586	240,767
Retirement benefit obligations	-	-	-	-	-
Total Liabilities	**3,674,649**	**2,995,160**	**2,484,615**	**1,880,007**	**1,525,467**
Equity					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium	101,272	101,272	101,272	101,272	101,272
Retained earnings	44,883	55,241	66,700	43,642	37,133
Statutory reserve	51,352	44,343	39,006	35,008	30,744
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	62,144	27,440	6,365	13,897	408
Fair value reserve/ Remeasurement reserve	30,019	34,644	39,615	20,969	7,038
AGSMEIS reserve	9,445	7,109	5,330	3,997	2,576
Total Equity	**314,360**	**285,294**	**273,533**	**234,030**	**194,416**
Total Liabilities and Equity	**3,989,009**	**3,280,454**	**2,758,148**	**2,114,037**	**1,719,883**

Statement of Profit or loss and Other Comprehensive Income
For the year ended

			31 December		
	2022	**2021**	**2020**	**2019**	**2018**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Operating income					
Net interest income	152,695	94,877	104,123	83,055	73,356
Impairment charge for credit losses	(5,443)	(7,035)	(16,858)	5,292	(4,215)
Net interest income after impairment charge for credit losses	**147,252**	**87,842**	**87,265**	**88,347**	**69,141**
Commission and other operating income	27,209	33,681	30,566	33,971	31,422
Modification loss on financial asset	-	-	-	-	-
Other operating expenses	(120,784)	(96,310)	(89,777)	(91,965)	(75,474)
Profit before income tax	**53,677**	**25,213**	**28,054**	**30,353**	**25,089**
Income tax expense	(6,953)	(2,111)	(1,404)	(1,928)	(2,163)
Profit after tax	**46,724**	**23,102**	**26,650**	**28,425**	**22,926**
Other comprehensive income	(4,628)	(4,971)	18,646	14,375	(2,207)
Total comprehensive income for the year	**42,096**	**18,133**	**45,296**	**42,800**	**20,719**
Per share data in kobo:					
Earnings per share (basic & diluted)	**161k**	**79k**	**92k**	**98k**	**79k**
Net assets per share	**1,085k**	**985k**	**944k**	**808k**	**671k**

Note:
The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at year end .
Net assets per share have been computed based on the net assets and the number of issued shares at year end.