

Defining Frontiers

FBN HOLDINGS PLC
ANNUAL REPORT AND ACCOUNTS 2022



IN THIS REPORT

The term 'FBN Holdings Plc' or the 'Group' means FBNHoldings together with its subsidiaries

FBN Holdings Plc is a financial holding company incorporated in Nigeria on 14 October 2010. The Company was listed on the Nigerian Exchange Limited (NGX) under the 'Other Financial Services' section on 26 November 2012 and has issued and fully paid-up share capital of 35,895,292,792 ordinary shares of 50 Kobo each (₦17,947,646,396).

In this Report, the abbreviations '₦mn', '₦bn' and '₦tn' represent millions, billions and trillions of Naira, respectively. The audited financial statements in this Annual Report have been prepared under the International Financial Reporting Standards (IFRS).

Unless otherwise stated, the income statement compares the 12 months of 2022 to the corresponding 12 months of 2021. The statement of financial position compares the closing balances as at 31 December 2022 with those of 31 December 2021.

All the balances and figures relate to continuous operations except as otherwise disclosed. Relevant terms used in this document but not defined under applicable regulatory guidance are explained in the abbreviation section of this Report.

There will be an option to view PDF copies of the FBNHoldings Annual Report, a list of unclaimed dividends and all business locations on the Investor Relations section of the FBNHoldings website.



At a Glance

FBN Holdings Plc is Nigeria's premier Financial Services Group, offering a diverse range of financial products and services across Commercial Banking, Merchant Banking, Capital Markets, Trustees and Insurance Brokerage. The Group's principal subsidiary, First Bank of Nigeria Limited, has been in business for over a century. It operates in seven African countries and the United Kingdom, with representative offices in France and China.

WHO WE ARE

FBN Holdings Plc is Nigeria's premier Financial Services Group. The institution, through its subsidiaries, offers a diverse range of financial products and services across Commercial Banking, Merchant Banking, Capital Markets, Trustees and Insurance Brokerage. These subsidiaries provide cutting-edge financial solutions across Africa, Europe and Asia.

NOTABLE MILESTONES



1. Oldest bank in Nigeria.
2. FirstMobile App achieved a milestone of 6 million downloads.
3. As at 31 March 2023.
4. Local government areas in Nigeria.
5. Largest number of ATMs.
6. Inclusive of mobile wallets.
7. 595 local branches, 144 Quick Service Points (QSPs) and agencies for FirstBank (Nigeria) and 86 (local and international) subsidiary locations.

OUR DIRECT SUBSIDIARIES

OUR BUSINESSES PROVIDE FINANCIAL SERVICES TO A VARIETY OF CUSTOMERS ACROSS COMMERCIAL BANKING, MERCHANT BANKING, CAPITAL MARKETS, TRUSTEES AND INSURANCE BROKERAGE.

COMMERCIAL BANKING

First Bank of Nigeria Limited

- FirstBank UK Limited
- FirstBank DRC Limited
- FirstBank Guinea Limited
- FirstBank Gambia Limited
- FirstBank Sierra Leone Limited
- FBNBank Senegal Limited
- FBNBank Ghana Limited
- First Pension Custodian Nigeria Limited

The Group's core business is to provide financial services to individuals, corporate institutions and the public sector.

The business segment includes the domestic and international offices offering commercial banking services in 10 countries.

MERCHANT BANKING

FBNQuest Merchant Bank Limited

- FBNQuest Asset Management Limited
- FBNQuest Securities Limited

The Group is committed to providing innovative banking and investment solutions for our diverse customer base, which comprises governments, financial and non-financial institutions, and high-net-worth individuals.

The Group creates value for our shareholders by offering investment banking services, wealth and fund management services, asset administration and securities trading.

CAPITAL MARKETS

FBNQuest Capital Limited

- FBNQuest Funds Limited

TRUSTEES

FBNQuest Trustees Limited

INSURANCE BROKERAGE

FBN Insurance Brokers Limited

The Company offers expert risk management, insurance brokerage, as well as advisory services in life and general insurance businesses.

VISION

TO BE THE LEADING AFRICAN FINANCIAL SERVICES PROVIDER DELIVERING INNOVATIVE SOLUTIONS.

STRATEGIC AMBITION

MAXIMISE SHAREHOLDER VALUE THROUGH A DIVERSIFIED PORTFOLIO FOCUSED ON PUTTING CUSTOMER "FIRST".

CORE VALUES

ENTREPRENEURIAL

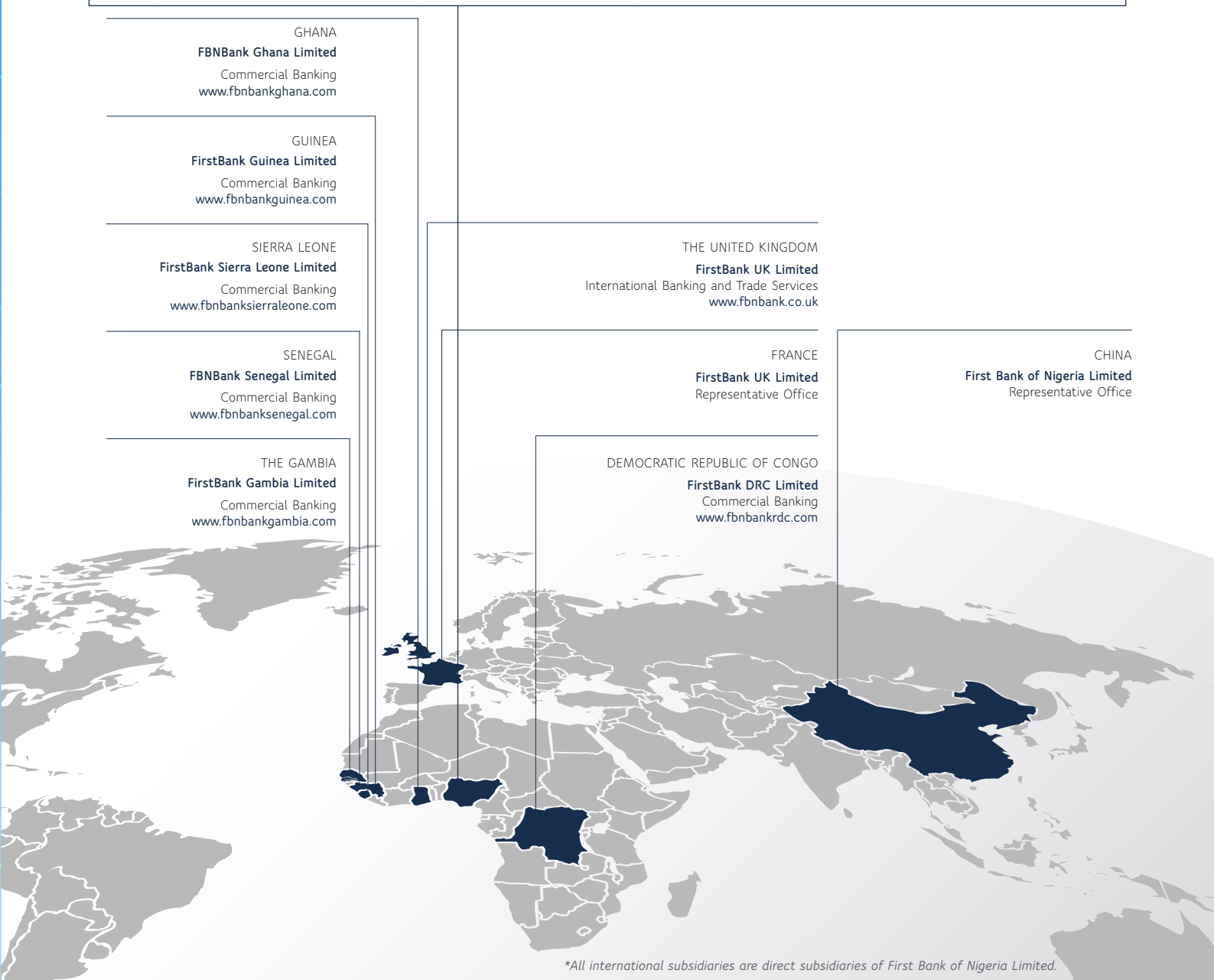
PROFESSIONALISM

INNOVATIVE

CUSTOMER-CENTRIC

OUR FOOTPRINTS

NIGERIA FBN Holdings Plc Commercial Banking, Merchant Banking, Capital Markets, Trustees and Insurance Brokerage www.fbnholdings.com				
First Bank of Nigeria Limited* Commercial Banking www.firstbanknigeria.com First Pension Custodian Nigeria Limited Pension Fund Custodian www.firstpensioncustodian.com First Nominees Nigeria Limited Non-Pension Asset Custodian	FBNQuest Merchant Bank Limited Coverage and Corporate Banking, Investment Banking, Fixed Income, Currencies and Treasury, Agency Services www.fbnquest.com	FBNQuest Capital Limited Structured Products www.fbnquest.com/capital	FBNQuest Trustees Limited Trusteeship, Estate Planning, Escrow Agency and Advisory Services www.fbnquest.com/trustees	FBN Insurance Brokers Limited Insurance Brokerage Services www.fbninsurancebrokers.com
FBNQuest Asset Management Limited Asset Management Services www.fbnquest.com/asset-management	FBNQuest Securities Limited Equities Brokerage and Research www.fbnquest.com/securities	FBNQuest Funds Limited Alternative Investments www.fbnquest.com/funds		



*All international subsidiaries are direct subsidiaries of First Bank of Nigeria Limited.

PERFORMANCE HIGHLIGHTS- FINANCIAL

DESPITE THE CHALLENGING OPERATING ENVIRONMENT, FBNHOLDINGS CONTINUES TO PROGRESS IN TRANSFORMING THE ENTERPRISE AND IN GENERATING SUSTAINABLE VALUE FOR ITS STAKEHOLDERS

GROSS EARNINGS

2022: ₦805.1bn

▲ 6.3%

2021: ₦757.3bn

Gross earnings increased due to strong net interest income growth.

NET-INTEREST INCOME

2022: ₦363.2bn

▲ 59.2%

2021: ₦228.2bn

Net interest income increased on the back of a 31.5% year-on-year growth in loans to customers and a higher interest rate environment, which positively impacted yields.

NON-INTEREST INCOME¹

2022: ₦227.2bn

▼ 37.7%

2021: ₦364.3bn

Year-on-year decline was due to an exceptional non-recurring recovery amount recorded in 2021 financial year.

PROFIT BEFORE TAX (PBT)

2022: ₦157.9bn

▼ 5.4%

2021: ₦166.7bn

PBT remains robust despite the one-off recovery amount recorded in 2021 financial year.

¹Non-interest income is net of fee and commission expenses.

CUSTOMER DEPOSITS

2022: ₦7,124.1bn

▲ 21.8%

2021: ₦5,849.5bn

Increase in customer deposits driven by sustained customer acquisition drive, enhanced Agent banking network and improved customer deposit funding stability through various digital platforms.

CUSTOMER LOANS AND ADVANCES (NET)

2022: ₦3,789.1bn

▲ 31.5%

2021: ₦2,881.9bn

Customer loans and advances grew in line with the Group's loan growth plan and focus on improving its earning assets base.

EARNINGS PER SHARE (EPS)²

2022: ₦3.74 (Kobo)

▼ 10.3%

2021: ₦4.17 (Kobo)

Decline in EPS as a result of the decline in profitability.

RETURN ON AVERAGE EQUITY (RoAE)³

2022: 14.5%

2021: 18.4%

RoAE reflects the direction of PBT as shareholders' funds further improve.

RETURN ON AVERAGE ASSETS (RoAA)⁴

2022: 1.4%

2021: 1.8%

RoAA moved in tandem with PBT, while total assets grow.

PERFORMANCE HIGHLIGHTS- NON-FINANCIAL

DISRUPTIVE INNOVATIONS

FirstBank

- Access to credit is now digitised through FirstAdvance and FirstCredit (Nano Lending), enabling customer access to credit on mobile platforms.
- The functionality of the self-service kiosks has been upgraded to enable customers to carry out a range of customer service tasks and financial transactions without the need to interact with branch personnel.
- Commenced deployment of the digital/smart account opening features to address gaps and improve the account opening process.
- Launched the card issuance machine to improve customer experience and turnaround time.
- Improved the mobile wallet capabilities to allow account funding options from other banks, seamlessly up tier accounts as well as provide enhanced securities features.
- Ranked as the Most Innovative Retail Banking Product in Nigeria by International Finance Awards.

FBN Insurance Brokers*

- FBNIB introduced a digital brokerage platform to the insurance sector. This will provide the leverage to drive retail insurance adoption and address the industry-wide challenge of low insurance penetration.

*FBN Insurance Brokers (FBNIB).

CUSTOMER FOCUS

FirstBank

- Increased the number of customer accounts (including digital wallets) to more than 41 million* (2021: more than 36 million).
- Sustained leadership position in digital banking by processing on average >253 million* electronic banking transactions per month.
- Grew the number of customers on our digital channels to almost 22 million* (2021: ~19 million).
- Increased the number of active card users to more than 12 million* (2021: more than 11.7 million).
- Bolstered the efficient distribution of loans and supported the financial inclusion agenda through the FirstAdvance and Agent Credit digital platforms. Increased the total amount disbursed to more than ₦23.5 billion* (2021: more than ₦11.4 billion).
- Improved customer satisfaction ranking in both the Wholesale and Retail Banking segments.
- Ranked Best Retail Bank in Nigeria by the International Finance and World Business Outlook Awards.
- Ranked as Highly Regarded by Euromoney Market Leaders for Corporate Banking.

FBNQuest

- Completed the integration of additional payment gateways on the Corporate Internet Banking platform to increase service offerings to customers.
- Upgraded the User Interface/User Experience on the FBNEdge (Asset Management) app, to enhance customer service delivery.

FBN Insurance Brokers

- FBNIB recorded an 85% external customer satisfaction survey score (2021: 84%). This score reflects the Company's efforts to provide customers with top-notch insurance and risk advisory services.

*As at 31 March 2023.

EMPLOYEE ENGAGEMENT

FBNHoldings

The Great Place to Work¹ Institute awarded the following accolades to FBNHoldings in 2022:

- 3rd place ranking and Gold Certification as a Great Workplace.
- Best in Learning and Development.

FirstBank

- The Bank ranked 5th in the Best Workplace in Nigeria in the Large Corporate category and was awarded the Best in Promoting Corporate Social Responsibilities Initiatives by the Great Place to Work Institute.
- Partnered with learning providers to ensure access to relevant training courses to improve staff skills and competencies.
- Implemented several initiatives for employees' transition into advanced roles, including leadership functions.

FBNQuest

- FBNQuest Trustees and FBNQuest Asset Management were awarded Silver Certification by the Great Place to Work Institute.
- Introduced a team recognition initiative structured to foster recognition and productivity at departmental levels across the Company.
- Finalised the FBNQuest Certificate Recognition Programme to drive learning and development in 2023.
- Launched the FBNQuest Employee Recognition Programme 2022, to reward the relevant departments that surpassed their target.

FBN Insurance Brokers

- FBNIB received a Gold Certification from the Great Place to Work Institute. This award recognises organisations with great work cultures and excellent work environments for their employees.
- FBNIB recorded an 86% internal customer satisfaction survey score (2021: 78%). This score accentuates FBNIB's innovative drive to continuously redesign and automate key internal processes.

¹Great Place to Work - A global authority on workplace culture.

²As at 31 March 2023.

³ Local Government Areas in Nigeria.

EXTENSIVE OUTREACH

FirstBank

- Grew the Agent Banking network to more than 200,000² (2021: ~167,000) agents across 772 LGAs³.
- Maintained 739 FirstBank branches.
- Recognised as the Agency Bank of the Year at the BAFI Awards for its success in leading the market by providing underserved communities with financial services through the innovative use of reliable, secure and robust technology that is affordable for both agents and customers.

FBN Insurance Brokers

- FBNIB operates branches in Abuja, Port Harcourt and Ibadan, has its head office in Lagos and can extend its services to clients in all parts of the country through FirstBank branches across Nigeria.
- The Company formed operational and corporate alliances with local and international players in the reinsurance industry, to enhance its capacity for offshore placements and to advance its skills, knowledge, professionalism and adoption of global best practice.

AWARDS AND RECOGNITIONS

FBNHoldings is globally recognised for its unwavering commitment to its mission to be the premier African financial services provider. As a Group, we define frontiers by offering cutting-edge innovative solutions to our stakeholders, and fostering a positive workplace environment for our employees to achieve their full potential whilst promoting our core values. The accolades received are further testament to our sustainable achievements and capabilities, confirming the strength of our brand.



Financial Holding Company of the Year

BUSINESSDAY

For the 5th consecutive year, FBNHoldings was recognised for its unwavering commitment and outstanding leadership role in the financial services industry.



Best Performing Stock of the Year for Holding Companies Category

NIGERIA INVESTORS VALUE AWARDS

FBNHoldings won the Award, as its share price on the Nigeria Exchange (NGX) outperformed the Index and posted a capital gain of 59.4%.



Best Stakeholders' Communications of the Year

NIGERIA INVESTOR VALUE AWARDS

The Award was presented to FBNHoldings for its outstanding stakeholder engagement, achieved by producing a high-quality, informative annual report, timely quarterly results communications and an extensive investor relations website.



Best Workplace for Learning and Development

GREAT PLACE TO WORK

FBNHoldings won the Award, reaffirming the Group's unwavering commitment to nurturing talent, offering opportunities and providing targeted, capability-building interventions to drive excellence and promote personal growth and development.



Gold Certification as a Great Workplace

GREAT PLACE TO WORK

FBNHoldings received the Gold Certification in recognition of its commitment to high-quality employee experience and the entrenchment of best-in-class workplace practices, policies and culture.



Overall Ranking as the 3rd Best Company to Work

GREAT PLACE TO WORK

The ranking underscores FBNHoldings' certification as a Great Workplace among participating organisations in Africa.

AWARDS AND RECOGNITIONS



Ranked Market Leader in Corporate Social Responsibility

EUROMONEY MARKET LEADERS

FirstBank was ranked as a market leader for its CSR initiatives. One of FirstBank's CSR initiatives, SPARK¹ Amplification, was especially commended for reinforcing and promoting a conscientious mindset of compassion, empathy and selfless service to the community.



Ranked Market Leader in Environmental Social Governance (ESG)

EUROMONEY MARKET LEADERS

FirstBank was recognised as a market leader in ESG for its exceptional role in adopting and implementing a robust ESG framework.



Best Corporate Social Responsibility Practice Bank in Western Africa

GLOBAL BANKING AND FINANCE

FirstBank won the Award for the impactful implementation of its SPARK initiative in fostering and advancing conscious acts of kindness across West Africa.



Best Corporate Social Responsibility Practice Bank in Africa

INTERNATIONAL BUSINESS MAGAZINE

FirstBank won the Award for its exemplary implementation of the SPARK initiative across Africa.



Best Retail Bank in Nigeria

INTERNATIONAL FINANCE AWARDS

The Award recognises FirstBank's unwavering commitment to advancing financial inclusion through its extensive branch network, Agency Banking and cutting-edge digital solutions that provide a wide range of retail products.



Best Retail Bank in Nigeria

WORLD BUSINESS OUTLOOK

The Award reaffirms FirstBank's resolve to promoting financial inclusion and innovation by offering exceptional service to its numerous customers.

¹Start Performing Acts of Random Kindness.

AWARDS AND RECOGNITIONS



Personal Lender of the Year

BUSINESSDAY BAFI AWARDS

The Award was presented to FirstBank in recognition of the remarkable accomplishments of its FirstAdvance, FirstCredit and Personal Loan Against Salary products.



Best Private Bank for Sustainable Investing in Africa

GLOBAL FINANCE

The Award acknowledges and applauds FirstBank's exceptional attention to the unique requirements of high-net-worth individuals as they seek to increase, protect and pass on their wealth.



Best Commercial Bank in Support of the Manufacturing Sector

INDEPENDENT NEWSPAPER

FirstBank won the Award for its significant contribution to sustaining the manufacturing sector in Nigeria.



Best Commercial Bank in Support of the Oil and Gas Sector

INDEPENDENT NEWSPAPER

The Award was presented to FirstBank in recognition of its outstanding support to the development of the Oil and Gas industry in Nigeria.



Best Corporate Banking in Western Africa

GLOBAL BANKING AND FINANCE

The Award recognises FirstBank's remarkable achievement in providing exceptional corporate banking services across Western Africa.



Best Internet Banking in Nigeria

INTERNATIONAL BUSINESS MAGAZINE

The Award was presented to FirstBank for the reliability and responsiveness of its FirstOnline platform.

AWARDS AND RECOGNITIONS



Best Banking Digital Transformation in Nigeria

INTERNATIONAL INVESTOR AWARDS

FirstBank was recognised as the Best Nigerian Bank in terms of its progress in digitalisation.



Most Innovative Retail Banking Product in Nigeria

INTERNATIONAL FINANCE AWARDS

FirstBank won the Award for demonstrating its commitment to innovative financial solutions by pioneering the FastTrack ATM. The touchless solution enables USSD string or mobile banking apps to initiate and later complete transactions by tapping a contactless Near Field Communication card on a designated ATM.



Best Payment Card Solution

NIGERIAN FINTECH AWARDS

FirstBank clinched the Award for launching the FirstBank Visa Debit Multi-Currency Card. The specialised card is the epitome of simplicity and convenience. Cardholders can use the same card for domestic and foreign purchases by linking to four accounts with different currencies: (USD, GBP, EUR and NGN).



Best Bank in Nigeria

INTERNATIONAL INVESTOR AWARDS

FirstBank was recognised as the Best Bank in Nigeria, providing innovative payment solutions



Best Performing Bank in Nigeria

THE BANKER MAGAZINE

FirstBank won the Award in recognition of its sterling performance.



Agency Bank of the Year

BUSINESSDAY BAFI AWARDS

FirstBank won the Award for its extraordinary performance in leading the market by providing cutting-edge financial solutions to underserved communities using reliable, secure, robust and affordable technology for its agents and customers.

AWARDS AND RECOGNITIONS



Best Innovation in Agency Banking

THE NIGERIAN FINTECH AWARDS

The Award was presented to FirstBank for its commitment to providing cutting-edge financial solutions and customer-friendly agency banking services nationwide.



Best Commercial Banking Brand

BRANDCOM AWARDS

The Award acknowledges and applauds FirstBank for maintaining its brand relevance in Nigeria.



The Next 100 Global Awards, Digital Experience Center

GLOBAL BANKING AND FINANCE AWARDS

The Award was presented to FirstBank for its prominent role in promoting innovation by launching the Digital Experience Centre.



The Next 100 Global Awards, Retail Banking

GLOBAL BANKING AND FINANCE AWARDS

FirstBank won the Award in appreciation of its sterling performance in the Retail Banking sector.



Best Social Media Initiative in Nigeria

THE ASIAN BANKER AWARDS

FirstBank won the Award in appreciation of its '#decemberissavybe' campaign, an excellent initiative to entertain its stakeholders.



Best Banking Brand in Nigeria

GLOBAL BRAND MAGAZINE

FirstBank was voted the Best Banking Brand in acknowledgment of its sustained relevance and pioneering prominence in Nigeria's corporate world.

AWARDS AND RECOGNITIONS



Superbrand Award

SUPERBRAND INTERNATIONAL

FirstBank won the Award for preserving a strong and positive brand image for more than 128 years. Customers/consumers across several major Nigerian cities choose FirstBank as Nigeria's 2nd strongest banking brand based on Superbrand's criteria.



Infrastructure and Project Finance House of the Year

BUSINESSDAY BANKS AND OTHER FINANCIAL INSTITUTIONS AWARDS

The Award was presented to FBNQuest Merchant Bank in recognition of the Bank's outstanding achievement as one of Nigeria's leading project financing institutions



Best Asset Manager in Nigeria

EMEA FINANCE AFRICAN BANKING AWARDS

FBNQuest Asset Management won the Award for the 5th consecutive time in recognition of the outstanding performance of its mutual funds across all public funds and bespoke portfolios.



Silver Certification as a Great Workplace

GREAT PLACE TO WORK

The silver certification reflects FBNQuest Asset Management's commitment to offering exceptional and distinctive workplace ethics, culture, values and employee experience.



Best Customer Care Diamond Award for Customer Service Excellence

WEST AFRICA INNOVATION AWARDS

The Award was presented to FBN Insurance Brokers to recognise excellence, ingenuity, creativity and professionalism in brand practice in West Africa.



Gold Certification as a Great Workplace

GREAT PLACE TO WORK

FBN Insurance Brokers received a Gold Certification for the Company's unique workplace ethics, culture and values that foster sterling performance.

AWARDS AND RECOGNITIONS



Most Trusted Pension and Finance Company of the Year

AFRICA BRAND AWARDS

The Award was presented to First Pension Custodian for its outstanding customer service in the Pension and Finance industry.



Best Customer Attraction and Retention Pension Company of the Year

AFRICA FINANCE AWARDS

First Pension Custodian won the Award in recognition of the Company's exemplary customer service across the Pension and Finance industry.



Non-Banking Deal of the Year

BUSINESSDAY BAFI AWARDS

First Pension Custodian won the Award for its excellence in completing the acquisition of the Access Pension Fund Custodian share capital.



Most Innovative Pension Custodian Provider

INTERNATIONAL FINANCE AWARDS

The Award was presented to First Pension Custodian for its prominent role in driving cutting-edge custodial services.



Best Pension Fund Custodian Brand

GLOBAL BRANDS MAGAZINE, UK

The Award recognises and applauds First Pension Custodian for maintaining its excellent brand relevance in the Pension Custodian industry.



Strategic Report

A diversified financial institution continuously providing innovative financial solutions.



FBNHoldings is determined to sustain optimum performance in line with its aspiration for market dominance and we will continue to pull all the necessary levers to ensure the creation and delivery of value for our shareholders.

Alhaji Ahmad Abdullahi
Group Chairman
FBN Holdings Plc



GROUP CHAIRMAN'S STATEMENT

Distinguished Shareholders, members of the Board of Directors, Ladies and Gentlemen, I welcome you to the 11th Annual General Meeting of FBN Holdings Plc. It is with great delight that I present to you, our esteemed Shareholders, the Annual Report for the year ended 31 December 2022 and the business outlook for 2023.

2022 in Retrospect

The year 2022 was eventful and central to the ongoing Russia-Ukraine war, which triggered a global humanitarian crisis, drove up energy and commodity prices, led to food shortages, and escalated the cost of doing business across multiple regions. A dominant theme across most economies throughout the year was rising inflation, which started due to global supply chain disruption and increased financial support initiatives from governments during COVID-19 restrictions in prior years and was exacerbated by the Russia-Ukraine war. To ease inflationary pressure, most Central Banks adopted a restrictive approach and tightened their monetary policies.

In China, there was a resurgence of COVID-19 cases, which led to the country imposing strict lockdowns to curb further virus spread. The COVID-related restrictions impacted business activities within manufacturing hubs in China, thereby weakening the country's output for 2022 and disrupting international trade. Economies in the Sub-Saharan Africa region remained vulnerable to the spillover effects of these external shocks, including international capital flight to safety, with the region experiencing rising food and energy prices, increasing public debt and associated borrowing costs.

Nigeria was not spared from the impact of these global events. Our operating environment was tough, with inflation rates exceeding 20% by year-end, which diminished the purchasing power of consumers and further impacted the negative real interest rate on government securities. To stabilise prices, the Monetary Policy Committee adjusted the Monetary Policy Rate multiple times during the year to control inflation and prevent prices from escalating further. In addition, Nigeria contended with declining external reserves, soaring public debt, currency depreciation, foreign exchange illiquidity, low oil production, surging energy costs, lingering insecurity, fuel scarcity and the unprecedented emigration of its skilled and unskilled workforce, while preparing for a general election in the following year. Despite the challenging operating environment, Nigeria's economy was resilient, as it recorded 3.1% GDP growth in the year, albeit lower than the prior year (3.4%). The services sector, which continues to support economic activities, recorded the highest growth and contributed the highest proportion to the country's GDP growth in the year.

Our Performance

The Group continued to push through difficult and economically challenging times, working with Board and Management teams across its subsidiaries to deliver strong topline revenues at year-end 2022. When we isolate the exceptional income from one-off recoveries made in the prior year, gross revenues grew by 31% to close at ₦805.1bn, driven primarily by higher net interest income (+59% year-on-year) and supported by a marginal growth of 2% in non-interest income. Our operating expenses grew by 9%, less than the headline inflation rate in excess of 20%. Despite the challenging environment, the Group was able to deliver a profit before tax of ₦157.9bn. Our balance sheet remains strong, commanding a total asset base of ₦10.6tn, a customer deposit base of ₦7.1tn, and delivering decent returns on equity and assets of 14.5% and 1.4%, respectively. Our revamped Risk Management architecture continues to guide our creation of risk assets and ensures that loans are extended to high-quality customers. This has been instrumental in reducing our non-performing loans (NPL) and in driving our NPL ratio down and within the regulatory threshold of 5%.

Key to delivering our strong performance is our business model that allows us to operate diverse portfolio businesses in financial services that span across all customer segments and all sectors of the economy. Our structure continues to allow us benefit from the inherent synergies across our businesses and help us create unmatched value propositions along multiple customer value chains. Working together as one team, the Group was able to internally generate ₦23.8bn in cross-sell revenues by year-end 2022 (up 14% from 2021). To ensure we continue to derive value from cross-entity engagements, the Group actively develops targeted initiatives to strengthen our capacity to create value greater than the sum of the individual parts.

At FBNHoldings, technology and innovation are at the core of what we do. We recognise the competitive advantage innovation affords us and ensure it takes the front seat in the design, development and enhancement of our products and services. We are intentional in our approach to disruptive innovation and explore new boundaries in our quest for market leadership. At the heart of our digital transformation journey is our Digital Innovation Lab, an innovation hub, which, in collaboration with the Strategic Business Units, reimagines, redesigns and delivers

GROUP CHAIRMAN'S STATEMENT

new products, as well as product upgrades that ensure we are agile and adaptable in our fast-paced business environment with ever-changing customer needs.

Our largest franchise, FirstBank, remains a major player in the digital banking space, controlling a significant domestic market share in e-banking-related transactions. Additionally, our commitment to financial inclusion remains resolute, with our ever-expanding network of agents (more than 200,000¹ FirstMonie agents) serving the banked, underbanked and unbanked Nigerians nationwide. In attestation to the positive role our agents play in facilitating financial accessibility, FirstMonie agents conducted transactions worth about ₦24bn on average daily in the year 2022. To sustain value creation for customers, we have now equipped our agents to make quick lending decisions, leveraging artificial intelligence to profile and assign credit eligibility scores to customers. FirstBank is also making great strides in growing the array of digital loan products available to customers via its digital lending channels. These lending channels were instrumental in driving the disbursement of approximately 5 million digital loans worth ₦200bn to different customer segments in 2022.

Our achievements result from the contributions of our most valued assets – our highly engaged employees – whose sheer drive and commitment to excellence remain instrumental to the Group's performance. Acknowledging the vital role our employees play in creating shareholder value, we consistently leverage the best-in-class training and development programmes for upskilling and reskilling members of staff to enhance professional competence, drive innovation and boost overall corporate agility. Our people, across the cadres, have stayed true to our Core Values – Entrepreneurial, Professionalism, Innovative and Customer-Centricity (EPIC) – and have shown commitment to the Group's strategic aspirations. To further corroborate this, FBNHoldings maintained its 'Platinum' certification in the 2022 Great Place to Work (GPTW) Awards and ranked as the '3rd Best Place to Work' in Nigeria for the review period.

Sustainability: Environment, Social and Governance (ESG)

At FBNHoldings, we are committed to sustainability, which is the impetus for incorporating Environmental, Social and Governance considerations into our practices and processes. Our four guiding pillars remain:

- 1. Sustainable Finance and Investments:** Where our business decisions align with sustainable economic growth and development, the Group, through its flagship franchise, demonstrated strong support for traders by enlisting 1,000 markets nationwide and disbursing approximately ₦70bn in new loans and overdraft facilities through the First Trader Solution product programme.
- 2. People Empowerment:** Where we create safe workspaces for our employees to express their creativity and build professional competencies.
- 3. Community Support:** Where we partner with local communities to improve access to basic education and health care. We continued to deepen our FirstEdu loan programme, which supports schools in upgrading infrastructure and teaching techniques through asset acquisition, classroom expansion, staff salaries and expenses and other administrative costs. We also partnered with a Foundation to provide effective entrepreneurial training and mentoring to female-owned businesses.
- 4. Environmental Sustainability:** Where we work with relevant stakeholders to minimise any negative impact on the planet. Our policy on virtual alternative meetings and remote-work arrangements helps minimise the enormous amount of man-hours spent physically commuting between locations and, by extension, reduces the Group's overall carbon footprint across geographies.

In making business decisions, we always strive for the best possible outcomes from a sustainability standpoint for our stakeholders and the communities where we operate.

Our Board

In the last 12 months, the Board of FBNHoldings has continued to work with the Management of the Holding Company and its subsidiaries, to perform its fiduciary responsibilities through its statutory Committees. Our corporate governance framework ensures that the Board's independence is always maintained and that the highest ethical standards continue to guide our interactions within and outside the Group. During the review period, we had an addition to the FBNHoldings Board, following the appointment of Samson Oyewale Ariyibi as Executive Director, Finance, Investment Management and Oversight. With Oyewale Ariyibi's appointment, the Board now comprises eleven Directors, with the majority serving as Independent Non-Executive Directors in line with global standards. There was also an Executive Leadership expansion at First Bank of Nigeria Limited with the approved nomination of Patrick Iyamabo as an Executive Director by the Board in August 2022. In the same period, the Board of FBNQuest Merchant Bank Limited also approved the nomination of Dr Irene Akpofure as a Non-Executive Director.

I thank the Board members for their exceptional leadership and look forward to working with the newly appointed Directors across the subsidiaries to achieve our strategic ambition and deliver outstanding returns to our shareholders.

¹ As at 31 March 2023.

GROUP CHAIRMAN'S STATEMENT

Looking Ahead

Despite the profound challenges that reverberated through the global and local markets in 2022, as well as the negative impacts that these developments had on the financial services ecosystem, we are optimistic about the prospects for 2023. Global GDP growth is expected to expand but at a slow pace, with analysts suggesting a growth rate of between 1.6% to 2.8%, conditioned by the lingering effect of persistent inflation, rising interest rate and geopolitical as well as market uncertainties. For Nigeria, the International Monetary Fund predicts a GDP growth rate of 3.2% in 2023, a marginal increase from the 3.1% growth rate achieved by the country in 2022. It is expected that the removal of subsidies on petroleum products will put further strain on the inflation rate in the short term. We are, however, optimistic that the right policies will be instituted in all arms of government to address any challenge that may arise during the course of the year.

Going into the year, we plan to strengthen the Group's financial performance by taking full advantage of our portfolio businesses, digital innovation, brand equity and geographical footprints. Within our operating environment, we anticipate regulatory changes as the new government works to stabilise the economy and stimulate growth. We will continue to work closely with our regulators to observe and comply with all extant laws governing our business locally and globally.

We expect stiffer competition within the financial services space, as more competitors transition into Holding Companies and engage in a suite of businesses similar to ours. We also anticipate that non-traditional players such as FinTechs, Big Techs and Telcos, and fringe financial solutions providers, will continue to attack our market share across certain customer segments. To stay ahead of competition, we will continue to leverage our Digital

Innovation Lab to accelerate next-gen capabilities and deliver innovative products that will meet our customers' current and future needs. We expect our investments in cutting-edge technology to continually yield results. Given the ever-changing advancement in technology and its application in financial services, we remain committed to staying ahead of the curve.

FBNHoldings is determined to sustain optimum performance in line with its aspiration for market dominance and we will continue to pull all the necessary levers to ensure the creation and delivery of value for our shareholders. Our businesses will collaborate and leverage the power of Synergy to fully explore the customer value chain and deliver unparallel returns during the year. We are also focused on leveraging partnerships to achieve our goals and will keep forging the necessary alliances with relevant stakeholders locally and internationally.

In conclusion, on behalf of the Board of FBNHoldings, I would like to thank our employees again and appreciate our numerous customers who have remained loyal to the brand and are the reason we are in business. Your commitment to this partnership is not taken for granted. I also wish to appreciate our shareholders, who have invested and have remained committed to the long-term success of this great institution.

Thank you and God bless you all.



Alhaji Ahmad Abdullahi

Group Chairman
FBN Holdings Plc



Despite the various levels of economic disruptions in 2022, FBNHoldings maintained its growth trajectory, focusing on critical business elements that ensured sustainable returns are delivered to our shareholders.

Nnamdi Okonkwo

Group Managing Director
FBN Holdings Plc



GROUP MANAGING DIRECTOR'S REVIEW

In 2022, regional conflicts and, to some extent, COVID-19 restrictions and trade wars continued to slow down the full recovery of the global economy. The Russia-Ukraine war and China's long COVID-19 lockdown further disrupted the global supply chain, leading to an increase in headline inflation in most countries. Domestically, the Nigerian macroeconomic conditions did not fare better. The operating environment remained challenging for most of 2022, with the gross domestic product growth rate dropping 30 basis points to 3.1% at year-end. Sectoral performance varied during the year, with some sectors gaining and others lagging, arguably due to the impact of global externalities and the peculiarities of a pre-election year.

Despite the various levels of economic disruptions in 2022, FBNHoldings maintained its growth trajectory, focusing on critical business elements that ensured sustainable returns are delivered to our shareholders.

Our Performance

FBNHoldings delivered another strong performance in 2022, building on the successes recorded in the prior year. Revenues remained strong at ₦805.1bn, up by ₦48bn or 6.3% from ₦757.3bn reported in 2021. Performance was driven primarily by earnings from lending activities, which generated a net interest income of ₦363.2bn (2021: ₦228.2bn), representing a 59.2% growth year-on-year. This is largely supported by revenues from transactional activities. While net fees and commission income remained resilient, recording a growth of 2.4% to close the year at ₦144.0bn, total non-interest income continued to make a steady contribution to net revenue while noting the extraordinary income of ₦141bn in recoveries in 2021 from a previously written-off loan. Consequently, total operating income closed at ₦590.4bn, in FY 2021.

On the cost side, strict budget discipline, internal process realignment and the optimisation of our shared services model helped minimise the impact of external domestic exigencies on overall operating expenses. Total operating expenses closed at ₦364.1bn for the year, an increase of 9% over ₦334.2bn reported in 2021, largely on account of higher regulatory costs (mainly NDIC premium and AMCON charges). Despite this, the 9% growth in operating expenses is lower than the headline inflation rate of over 20%. This notwithstanding, we continue to explore opportunities for cost optimisation to improve efficiency.

The net results of 2022 represent a quantum leap in performance from our core operations (excluding exceptional recoveries in 2021). Consequently, pre-tax profits closed at ₦157.9bn for 2022 following a 59.2% growth in net interest income to ₦363.2bn.

The Group's balance sheet is sturdy, with total assets closing at ₦10.6tn by year-end 2022, representing a growth of 18.4% from FY 2021. Loans and advances to customers grew by ₦900bn, or 31.5%, from ₦2.9tn to ₦3.8tn in FY 2022. This cautious growth in risk assets was primarily enabled by our robust risk management framework and guided by our 'Quality at Entry' policy. Deposits from customers recorded a 21.8% growth during the year to close at ₦7.1tn, up from ₦5.8tn achieved in 2021. Notably, we actively managed our loans and deposit mix to help keep the funding costs low, further strengthening our Assets and Liabilities Management position and keeping the Group on the path of sustainable earnings generation. Looking at key financial ratios that measure the returns and operational efficiency of the business, our net interest margin (NIM) improved to 5.8% from 4.5% in FY 2021 and Cost of Risk (CoR) declined by 150 basis points from 3.2% in 2021 to 1.7% in 2022. Non-performing loans (NPL) ratio dropped to 4.3%, which is well within the regulatory threshold of 5%, while our NPL coverage ratio improved to 86.6%, a 24.4% points improvement over 2021. The Group's return on average equity (RoAE) and return on average assets (RoAA) ratios closed at 14.5% (2021: 18.4%) and 1.4% (2021: 1.8%), respectively, while our cost-to-income ratio (CIR), which stood at 61.7%, closed 5.3 basis points higher than 2021.

Beyond the numbers, the Group also recorded significant improvements in many key non-financial components in 2022. Our client acquisition drive led to a 16% increase in customer accounts, to 41.6 million* from the 36.0 million reported in 2021. As a Group, we have 3,089** ATMs, 17,426** POS and 12 million** Cards in circulation, and customers of our flagship franchise, FirstBank, conduct over 80% of their banking transactions via our digital channels. On average, we processed

*Includes Digital Wallets.

**As at 31 March 2023.

GROUP MANAGING DIRECTOR'S REVIEW

more than 253 million electronic banking transactions per month in 2022 and control over a 20% market share of the transactions processed by the most dominant switching network in Nigeria.

This lends credence to increased consumer confidence regarding the robustness, reliability and accessibility of our alternative channels and digital platforms.

Our growing network of more than 200,000** FirstMonie agents in Nigeria has been key to actualising our financial inclusion aspirations of banking the unbanked and the underbanked in Nigeria. Working closely with our regulators, we will keep striving to deepen banking penetration across regions by leveraging our network of banking agents and physical branches.

Our Strategic Business Units (SBUs)

The Commercial Banking Group (CBG) [FirstBank and its Subsidiaries]

FirstBank, our flagship franchise, remained the major contributor to our earnings. Double-digit growth in net interest income (+58.3% year-on-year), lower impairment charges (-45.8% year-on-year) and a sub 9% growth in operating expenses translated to a 12.4% year-on-year growth in PBT for the Commercial Banking group.

The Bank was able to achieve these noteworthy feats by pushing three strategic levers:

1. The Bank cautiously expanded its loan book through targeted lending and an automated credit scoring system that ensures only quality risk assets are originated. This has helped increase the overall quality of the loan portfolio, kept impairments low and maintained non-performing vintage loans below 1%. The Bank upscaled its digital lending capabilities by leveraging artificial intelligence to profile borrowing customers and assign associated credit scores. This enabled the Commercial Bank to efficiently determine eligibility, improve turnaround time to loan disbursements and, ultimately, broaden the range of digital loan products that could be extended to different customer segments. Through its FirstAdvance, FirstCredit, AgentCredit and other digital channels, the Bank disbursed about 5 million digital loans, up from 2.6 million in 2021 (+90% year-on-year growth). The value of total digital loans disbursed in FY 2022 amounted to ₦200bn.
2. The Bank aggressively accelerated its digitalisation programmes through PRIMUS 2.0 and expanded digital banking capabilities. The Bank revamped its Biller Aggregation Platform (BAP) to enhance the ease of payments across channels. During the year, about 111 million transactions worth ₦133bn were executed on the platform, representing a 77% year-on-year growth in

transaction volume and a 45% growth in transaction value compared to 2021.

3. The Bank actively engaged its International Subsidiaries and extracted value therefrom, leveraging the economies of scope and scale that the group structure guarantees. Total contribution to pre-tax profits from the Bank's international subsidiaries grew to 30.0% in FY 2022, up from 25.5% recorded in FY 2021.

The Merchant Banking and Asset Management Group (MBAM)

The FBNQuest group delivered remarkable results in 2022, showing double-digit growth across key indicators. Gross revenues increased 24.3% year-on-year, driven by higher operating income (+16.0% year-on-year) and lower operating expenses (-2.7% year-on-year), which culminated in higher pre-tax profits (+42.2% year-on-year).

To deliver value in 2022, the FBNQuest group was guided by three strategic imperatives:

1. **Optimisation** focused on People, Revenue and Costs. On the People side, the FBNQuest group changed its Core Values to EPIC - Entrepreneurship, Professionalism, Innovation and Customer Centricity - to align its operating culture with the rest of the group. The FBNQuest group also realigned the job roles of its employees to maximise competency levels and boost overall productivity across the sub-entities within the FBNQuest group. To drive revenue growth, the FBNQuest group was guided by diversification and sustainability of earnings. MBAM modified its client coverage model for the Asset Management business to enhance scalability and service delivery. To contain costs amidst rising inflation, FBNQuest leveraged strict budget discipline, emphasising a 'Zero Waste' approach to procurement. In addition, IT spend and licenses were streamlined with that of the Commercial Banking group, serving as the Centre of Excellence in the Group Shared Services arrangement of FBNHoldings.
2. **Innovation** focused on accelerating digitisation and internal process automation. The Internet Banking platform was revamped to enhance payments and collections capabilities and provide clients with more transaction options. FBNQuest also developed an Omnichannel platform that serves as a gateway to the group's service offerings. This platform is being piloted internally and should be available to clients in 2023. Another notable development during the review period is the launch of the 'Simple Wills' portal, a self-service platform that enables customers and non-customers of the group to create 'Simple Wills' to protect liquid and near-liquid assets.

***As at 31 March 2023.*

GROUP MANAGING DIRECTOR'S REVIEW

3. **Partnerships** focused on building and sustaining strong, value-adding business relationships with Strategic Partners locally and internationally. These Partnerships reinforced FBNQuest's technical competencies, providing alternative avenues to broaden the revenue base and accelerate business growth. At the close of the year, FBNQuest had successfully executed some strategic partnerships, contributing to the revenue uplift for the franchise in 2022.

FBN Insurance Brokers Limited

It is also noteworthy that the Insurance Brokerage business of FBN Insurance Brokers Limited attained ₦1bn revenue in 2022 and the outlook remains optimistic for the business under its reconstituted Board of Directors.

Conclusion

While 2022 was a difficult year, with its highs and lows, it is important to note that the Group pulled through by leveraging the strengths and capabilities inherent in our portfolio of businesses to convert opportunities during the year. Furthermore, the Management and staff worked tirelessly to deliver value to our customers across segments and geographies.

Looking ahead in 2023, the economic viability of the year will be greatly determined by the overall policy direction of the new administration. Macroeconomic fundamentals remain decent, with GDP estimated to grow, albeit marginally, between 2.3% and 3.5% by year-end 2023, with non-oil output expected to drive this growth. Other leading and lagging economic indicators vary in optimism, with headline inflation estimated to remain at double digits throughout the year, exacerbated by the rising cost of food items, transportation costs occasioned by fuel subsidy removal, and energy supply costs. The youth unemployment rate, presently at 33%, is not expected to decline significantly in 2023, as there is typically a lag time between policy deployment and the impact thereof. We expect the new administration to focus on economic reforms targeted at stabilising the economy, reducing high domestic and foreign debt obligations, as well as increasing government revenue capabilities, amongst others.

As we progress into the year, we will remain nimble in our service delivery approach, noting that transaction velocity and business complexity are in constant flux within the evolving financial services landscape. To better position the Group to take full advantage of opportunities in the new year, we will be guided by the following imperatives:

1. **Enhancing revenue and profitability generation** by activating 'next-gen' capabilities to jumpstart the next digital financial services growth phase and broaden our non-funded revenue base. We will continue to revamp our digital product development and delivery models to support our customer acquisition drive.
2. **Enhancing our value proposition** by leveraging the strength of our unique business Group to enhance customer experience. The focus remains to own the customer journey across physical and digital channels (locally and internationally).
3. **Optimising operational efficiency** by eliminating operational duplications, promoting process automation and leveraging Group scale.

We strongly believe that, by clinically executing our strategic imperatives, FBNHoldings will be able to sustain its current growth trajectory and continue to deliver shareholder value in the medium-to-long term. The entire Management and staff remain committed to exploring new markets, capitalising on emerging opportunities and defining new frontiers that will shape the financial services landscape domestically and in all the countries where we operate.

Thank you, and God bless.

Nnamdi Okonkwo

Group Managing Director
FBN Holdings Plc

BUSINESS MODEL

Commercial Banking Group

First Bank of Nigeria Limited, the flagship of the Group, was founded in 1894. It provides financial services to individuals, corporate institutions and public institutions through its domestic and international offices in 10 countries. FirstBank's subsidiaries include FirstBank UK, FirstBank DRC, FirstBank Guinea, FirstBank Gambia, FirstBank Sierra Leone, FBNBank Senegal and FBNBank Ghana. The Bank also has representative offices in France and China.

Core Services



How We Create Value

- We bridge the gap between the providers and borrowers of money by taking deposits and creating risk assets.
- We deploy our broad-based financial expertise to deliver innovative products that help our customers achieve their financial objectives.

How We Deliver Value

Retail Banking	Commercial Banking	Corporate Banking	Public Sector	Treasury and International Banking	Pension Custodian
Serves individual customers and SMEs (with an annual turnover of up to ₦1bn), including local governments.	Serves mid-to-large-sized businesses with a turnover of ₦1bn to ₦5bn.	Serves all top-end and blue-chip institutional corporates, multinationals and specialised industries with good corporate governance and an annual turnover greater than ₦5bn.	Concentrates on Federal Government institutions (ministries, departments and agencies), state governments, multilateral agencies and institutions, with an emphasis on providing payments and collections services.	Focuses on driving business growth and profitability for the Bank and all international subsidiaries through effective balance sheet management strategies and sophisticated treasury offerings.	Provides pension fund custody services in Nigeria.

FBNQuest Merchant Banking Group

FBNQuest Merchant Bank Limited is a corporate and investment banking subsidiary of the Group, which offers investment and risk management products, manages funds, administers assets and trades securities. Its businesses include Coverage and Corporate Banking, Investment Banking, Sales and Trading of Fixed Income Securities, Currencies and Equities, Wealth Management, Facility Agency Services and Asset Management.

FBNQuest Merchant Bank is committed to providing innovative banking solutions to its diverse client base, including governments, financial and non-financial institutions, high-net-worth individuals and other retail clients.

Business Divisions

Corporate and Investment Banking Division

Investment Banking

- Capital Markets
- Debt Solutions
- Financial Advisory

Corporate Banking

- Liability Products
- Trade Services
- Loans and Credit Products

Institutional Securities Division

Fixed Income, Currencies, Sales and Trading (FICT)

- Wealth Management
- Financial Institutional Sales
- Asset and Liability Management
- Fixed Income Treasury Bills
- Fixed Income FGN Bonds
- Foreign Exchange
- Correspondent Banking

Securities

- Equities Brokerage

Investment Management Division

Asset Management

- Liquidity Management
- Mutual Fund
- Discretionary Portfolio Management

Agency Services

- Acts as a facility agent on syndicated lending transactions, club deals and project finance transactions

Clients: Governments, large- or mid-tier corporates, financial institutions, ultra-high-net-worth individuals, high-net-worth individuals, family offices and the affluent.

Locations: Lagos, Port Harcourt and Abuja.

How We Create Value

Our world-class team, rich heritage as part of the FBNHoldings Group, local insights and unrivalled network put us in a unique position within the merchant banking space. Our broad product platform enables us to cater for the diverse business needs of our clients and our focus on customer centricity differentiates us from our peers, as we can anticipate and proactively meet our customers' requirements. We continue to transform our business in line with the ever-evolving operating environment. We aim to achieve our goal of being the dominant Investment Bank and Asset Management firm in Nigeria.

How We Deliver Value

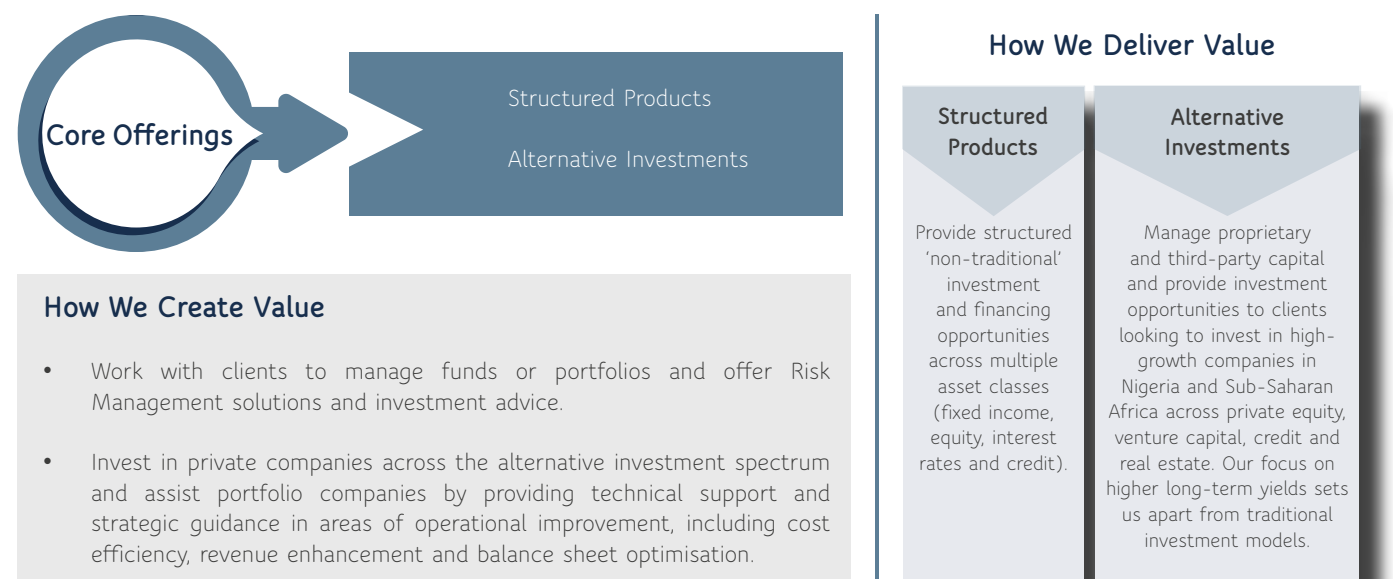
Investment Banking	Coverage and Corporate Banking	Fixed Income, Sales Currencies & Trading (FICT)	Agency Services	Asset Management	Securities
Provides strategic advisory services across various sectors and arranges tailor-made financing structures to manage risk and, ultimately, assist business growth.	Offers a platform providing a full range of bespoke investment and wholesale banking services (lending, trade services and transaction banking) to mid-sized and large institutions.	Combines market knowledge and trading strategies to help clients achieve their financial goals. The Wealth Management and Financial Institutional Sales teams within the FICT group manage the investment portfolios for ultra-high-net-worth and high-net-worth individuals and a broad segment of investors, including Pension Fund Administrators, Insurance Companies, Banks, Financial Institutions, Local and Offshore Portfolio Managers and Co-operative Societies.	Serves as the primary point of contact between transaction parties to a syndicated loan, manages communication between parties, handles the flow of funds and provides ongoing transaction support.	Assists individuals and institutional investors with strategies best suited for their investment goals and portfolios through various solutions, including mutual funds, independent portfolio management and treasury management.	Provides clients with strong products and sector expertise through our Equities and Fixed Income teams.

FBNQuest Capital

Overview

FBNQuest Capital offers structured products and alternative investment opportunities across multiple assets such as derivatives, debt, credit and commodities.

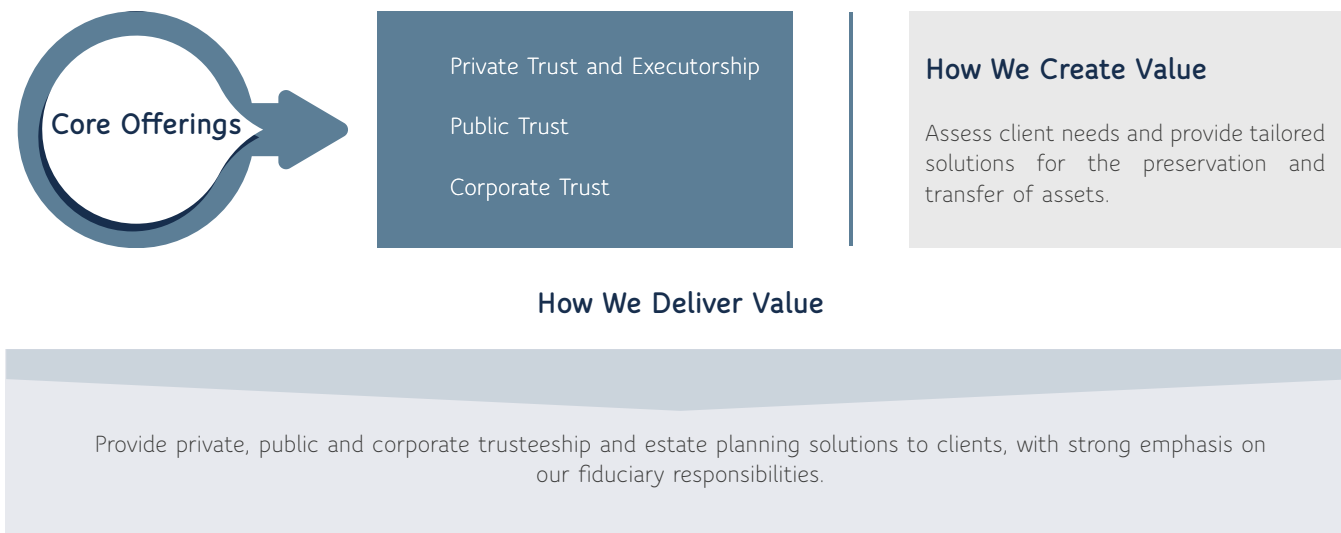
FBNQuest Capital collaborates with subsidiaries across the FBNHoldings group to develop bespoke solutions for clients.



FBNQuest Trustees

Overview

FBNQuest Trustees Limited is the leading trust services provider in Corporate Trust, Public Trust, Private Trust and Estate Planning, assisting clients in navigating the complexities of life and business while ensuring that their assets and legacies are preserved.



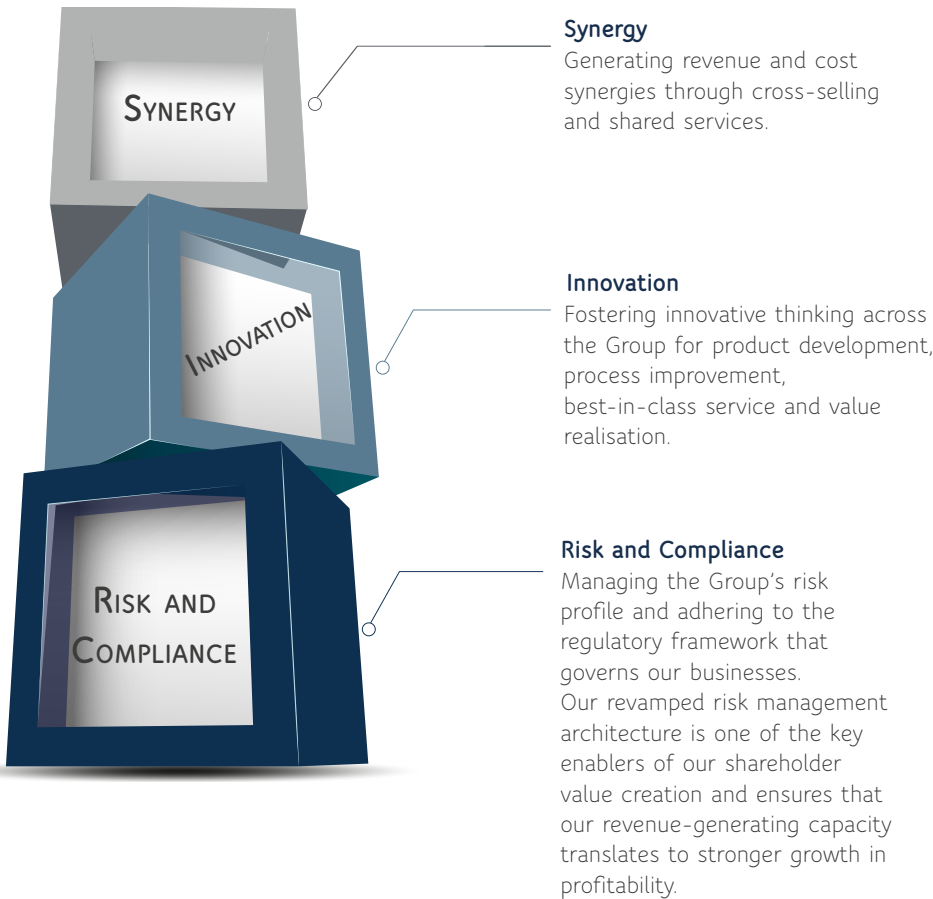
FBN Insurance Brokers

Overview

FBN Insurance Brokers Limited offers expert risk management and insurance brokerage services in Life and General Insurance businesses.



DELIVERING ON OUR BUSINESS MODEL



The periodic reviews of the business and operating environment inform the formulation of strategic imperatives from which initiatives are conceived and executed, guided by the FBNHoldings Board of Directors and a dedicated Management team committed to achieving the Company's objectives.

These initiatives aim to identify natural synergies between our business groups, identify growth segments and restructure for profitable growth, while considering the realities of the current and future operating environment. The successful implementation of our strategic plans will reflect on our financial performance and increase value to our stakeholders.

FINANCIAL REVIEW

FBNHoldings continues to make good progress in transforming the enterprise, despite the uncertain and complex operating environment, by leveraging the execution capabilities of top talents across the Group to generate sustainable value for all our stakeholders.

In 2022, we grew net interest income by 59.2% year-on-year to ₦363.2bn, which ultimately delivered a robust profit before tax of ₦157.9bn from the ordinary business of the Group. As a reaffirmation of our commitment to drive revenue and profitability leveraging the strengthened balance sheet, loans and advances grew 31.5% year-on-year to ₦3.8tn and total assets grew 18.4% year-on-year to ₦10.6tn, while our investments in technology and strong transactional and digital banking capabilities continue to support non-interest income generation.

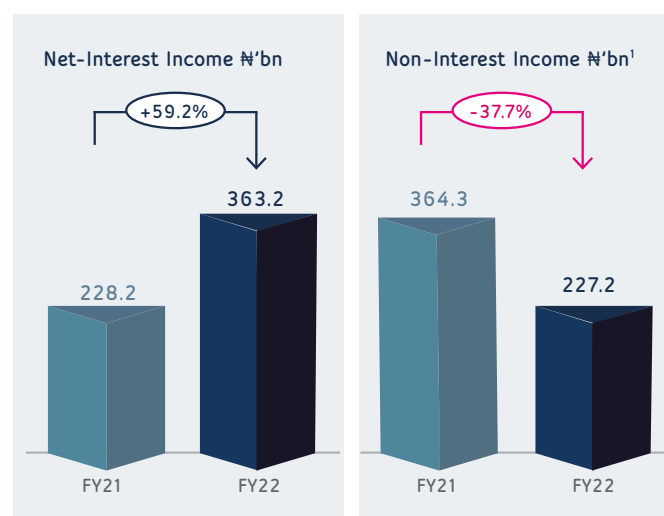
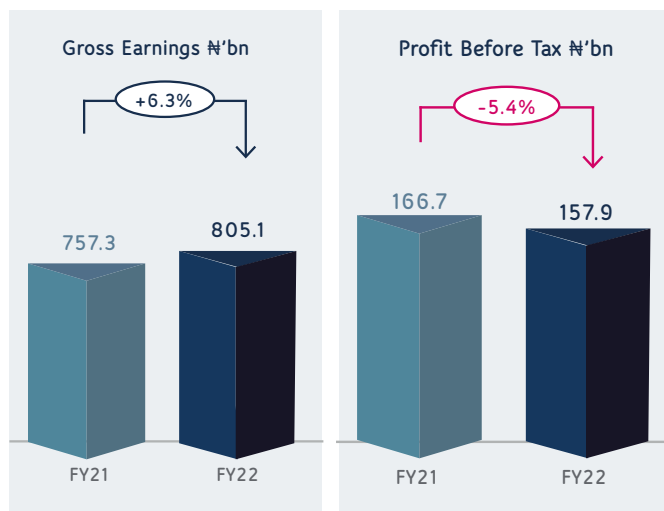
In line with our strategic priorities, we are driving further revenue and profitability growth through a carefully evaluated delivery model of service offerings, with a focus on owning the customer journey while deepening our unique value proposition across markets. We are re-imagining our digital client acquisition and product offerings and accelerating next-generation capabilities to exceed current requirements of existing and potential customers. In addition, we remain committed to enhancing our operational efficiency, with a focus on optimising processes through technology and digital platform delivery, while ensuring its availability and stability.

Finally, we see endless possibilities ahead as we keep defining frontiers of financial services, optimising the depth and breadth of our unique portfolio of businesses to unlock the full potential of FBNHoldings.

Group Financial Review

Gross earnings grew by 6.3% to ₦805.1bn (December 2021: ₦757.3bn). This was driven by strong growth in interest income (+49.6% year-on-year) to ₦551.9bn (December 2021: ₦369.0bn). The increase in interest income benefited primarily from 31.5% year-on-year growth in loans to customers. This was further supported by the higher interest rate environment, which positively impacted yields. On the other hand, an interest expense growth of 34.0% year-on-year to ₦188.7bn (December 2021: ₦140.8bn) was contained, following strategic growth in deposit mobilisation and funding at optimised rates. As a result, net interest income improved impressively by 59.2% year-on-year to ₦363.2bn (December 2021: ₦228.2bn).

We remain focused on optimising non-interest revenue across the business. In line with this, fees and commission income grew 2.4% year-on-year to ₦144.0bn (December 2021: ₦140.6bn), increasing largely due to higher number of transactions. Furthermore, fees from electronic banking supported non-interest revenue, despite the proliferation of fintechs and competition in the industry. Overall, the contribution of non-interest income to net revenue remains steady.

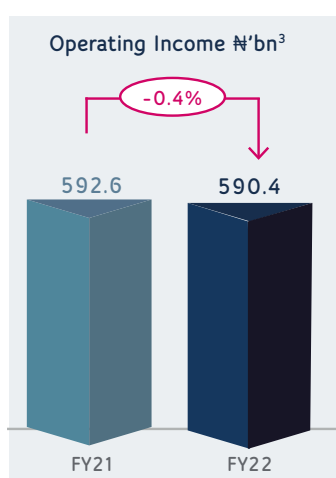


¹Non-interest income is net of fee and commission expenses.

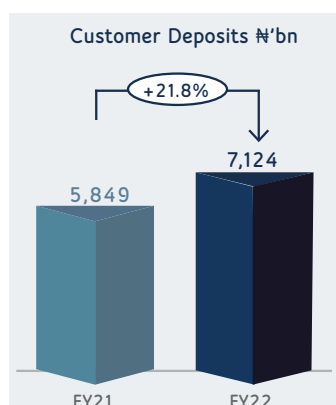
²Full year (FY) Changes may vary due to rounding numbers.

FINANCIAL REVIEW

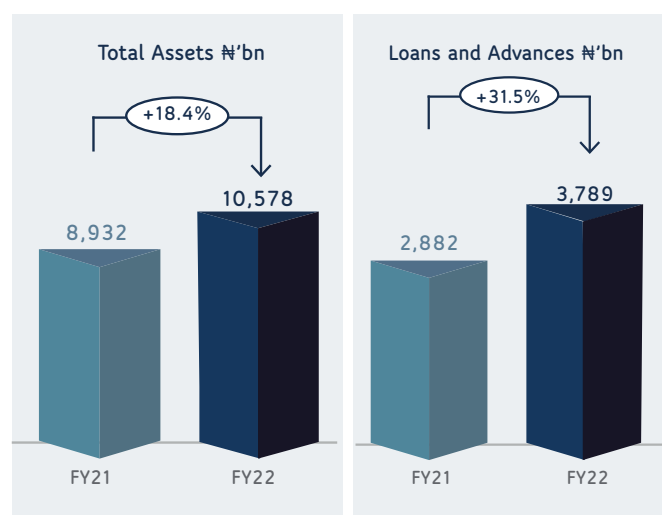
In 2022, we were faced with various macro-economic challenges, including high inflation and currency depreciation, the effect of which contributed to the 9.0% year-on-year increase in operating expenses to ₦364.0bn (December 2021: ₦334.2bn). Despite these challenges, the Group maintained operating expenses growth at well below the year-end inflation rate of 21.3%. Notwithstanding the macro pressures, operating income remains robust at ₦590.4bn (December 2021: ₦592.6bn), resulting in a cost-to-income ratio of 61.7%. Going forward, we remain focused on further improving efficiency.



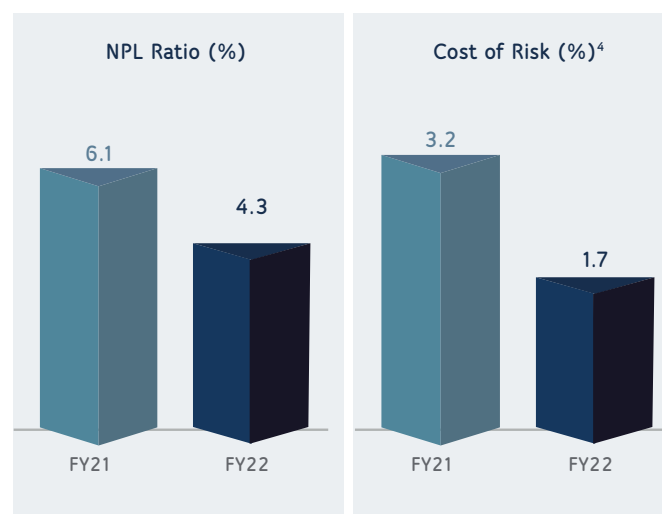
Deposits from customers increased by 21.8% year-on-year to ₦7.1tn (December 2021: ₦5.8tn), further reinforcing the robust funding base. Deposits grew across all the lines, primarily along the low-cost segments. As a result, current and savings accounts now represent 91.9% of total deposits (December 2021: 91.2%). The deposit base remains well diversified, driven by the rich retail franchise, thereby enhancing our strong liquidity position. The Group sustained its customer acquisition drive and enhanced its financial inclusion through the increasing Agent banking network, while increasing customer deposit funding stability through various digital platforms. In view of this and despite the increasing rate environment, cost of funds increased only marginally to close at 2.3% (December 2021: 2.1%). The Group continues to enjoy strong brand recognition and market access, providing robust funding opportunities.



Total assets grew 18.4% year-on-year to ₦10.6tn (December 2021: ₦8.9tn), driven by a 31.5% year-on-year increase in net customer loans and an 18.6% year-on-year increase in investment securities.



The Group's transformed risk management architecture continues to support the sustainable improvement in overall earnings. This has been demonstrated by the continuously improving asset quality metrics, despite the peculiar challenges across different markets. Specifically, the non-performing loan ratio further declined to 4.3% (December 2021: 6.1%), within the regulatory benchmark of 5%, while the coverage ratio further improved to 86.6% (December 2021: 62.2%). Similarly, cost of risk dropped to 1.7% (December 2021: 3.2%).



³Operating income defined as net interest income plus non-interest income.

⁴Cost of risk computed as credit impairment charges divided by the average opening and closing gross loan balances.

FINANCIAL REVIEW

The strengthened balance sheet provides a solid platform for resilient and sustainable earnings generation to support capital. On the back of this, our banking subsidiaries continue to maintain

a disciplined approach to capital management, supported by improving coverage ratios. As such, all entities maintain capital in compliance with regulatory guidance.

Performance by Business Groups

Commercial Banking

- Gross earnings of ₦748.6 billion, up 4.4% y-o-y⁵ (December 2021: ₦716.8 billion)
- Net interest income of ₦357.2 billion, up 58.3% y-o-y (December 2021: ₦225.7 billion)
- Non-interest income of ₦198.5 billion, down 42.0% y-o-y (December 2021: ₦342.2 billion)
- Operating expenses of ₦341.9 billion, up 8.9% y-o-y (December 2021: ₦313.9 billion)
- Profit before tax of ₦147.0 billion, up 12.4% y-o-y (December 2021: ₦130.9 billion)
- Profit after tax of ₦129.4 billion, up 9.8% y-o-y (December 2021: ₦117.8 billion)
- Total assets of ₦10.1 trillion, up 18.1% y-o-y (December 2021: ₦8.5 trillion)
- Customers' loans and advances (net) of ₦3.7 trillion, up 30.5% y-o-y (December 2021: ₦2.8 trillion)
- Customers' deposits of ₦6.9 trillion, up 22.4% y-o-y (December 2021: ₦5.6 trillion)

The Commercial Banking Group continued the strong performance trajectory from the 2021 results, with gross earnings up 4.4% year-on-year to ₦748.6bn and profit before tax of ₦147.3bn, a 12.4% year-on-year growth. Total assets grew by 18.1% year-on-year to ₦10.1tn, despite the unprecedented macroeconomic challenges and dynamic regulatory environment. The impressive growth in profit before tax (PBT) was driven by a 58.3% year-on-year growth in interest income from ₦255.7bn to ₦357.2bn, arising from business growth and improved optimisation of our balance sheet. This is in keeping with our Quantum Profitability Leap agenda.

As a Group, we continue to reap the benefits of our investments in technology, transaction and digital banking capabilities, which enable us to offer better customer experiences to our clients. This was further reflected in the impressive 22.4% and 28.5% year-on-year growth in customer deposits and loans, respectively, demonstrating customers' confidence in our service delivery and value proposition.

In the face of the increasingly competitive landscape, we are continually looking to the future to build an enduring and sustainable institution. We remain focused on the disciplined execution of our strategic initiatives aimed at positioning the Commercial Banking Group for improved profitability, facilitating performance excellence and exceeding the expectations of all our stakeholders.

Merchant Banking & Asset Management (MBAM)/FBNQuest

The FBNQuest Group delivered a solid performance in 2022, despite the challenging macroeconomic and operating environment. The Group recorded a 42.2% year-on-year growth in profit before tax to achieve a four-year high of ₦13.9bn. The performance was underpinned by a 25.4% increase in gross earnings to ₦53.1bn, and the successful implementation of cost optimisation initiatives saw operating expenses drop by 2.7%, despite inflationary pressures. We continue to make progress in growing non-interest, annuity-type income, with non-interest

income representing 82.8% of net revenues, growing by 13.9% year-on-year. We also grew net interest income by 27.0%, despite the rising cost of funds and increased regulatory charges.

The FBNQuest Group's total assets increased by 28.5% to ₦495.4bn, and the Group remains well capitalised, with shareholders' funds of ₦63.3bn. The Merchant Bank's capital adequacy ratio (CAR) stood at 16.3%, comfortably above the regulatory requirement of 10%.

The Investment Management Division continues to be a major driver of our success, increasing its contribution to top-line revenues to 36.2% in 2022 from 30.2% in 2021. Our Alternative Investment business delivered a particularly strong performance, following the profitable exit from one of its portfolio companies that was carefully managed over the years. The Asset Management business delivered a 28.3% increase in revenues compared to 2021, while the Trustees business continues to generate stable revenues.

Despite the challenging environment for growing risk assets, the Corporate and Investment Banking (CIB) Division performed well, contributing 30.4% to top-line revenues. The division remained top of mind for clients, as we participated in several capital markets transactions and closed a major syndicated facility in the oil and gas sector during the year.

The Institutional Securities Division contributed 33.4% to top-line revenues. The Fixed Income, Currencies and Treasury business continue to be a major driver, accounting for 35.6% of divisional top-line revenue, whilst the Equity Brokerage business has grown by 48.8%.

As we look ahead to 2023, we will remain focused on the effective execution of our strategic objectives to purposely accelerate revenue growth, provide an enabling environment for our people to excel, intensify our efforts to enhance the client experience across all our channels and deliver value to our shareholders.

⁵Year-on-year (y-o-y).

CUSTOMER EXPERIENCE AND COMPLAINTS MANAGEMENT

Customer Experience Monitoring and Complaints Management

In 2022, the Bank continued to track key experience indicators, such as the Customer Satisfaction Score and the Net Promoter Score, across various touchpoints¹ to aid service improvements and service recovery. In a bid to prompt faster responses from relevant stakeholders, an extensive customer experience strategy was implemented. The implementation focused on real-time measurement and monitoring of the contact centre and premium services for immediate customer sentiment reporting across these touchpoints, inclusive of performance snapshots. The customers' feedback was constantly analysed for improvement purposes.

During the year, two rounds of spot checks were carried out at various branches across the country to monitor customer experience and ensure maintenance of high standards, irrespective of the geographical location of the branch.

2022 Customer Experience Initiatives

An enterprise catalogue was developed to capture customer experience initiatives for all stakeholders across the Bank within the Retail, SMEs and Wholesale Banking segments. Of the initiatives submitted, 17 were classified as top priority. The major focus of these initiatives was based on customer experience anchors such as products and propositions, service recovery, self-service, processes, awareness and security.

Complaints Management

Detailed below is a breakdown of the complaints handled in 2022 compared to 2021 and the financial implications on the Bank:

Customer Complaints Received in 2022

S/N	Description	Number		Amount Claimed (₦)		Amount Refunded (₦)	
		2022	2021	2022	2021	2022	2021
1	Pending complaints brought forward	46,645	33,174	792,255,539.07	701,628,867.89	-	-
2	Received complaints	1,366,842	737,736	32,309,370,814.35	13,814,415,829.26	-	-
3	Resolved complaints	1,326,232	724,265	30,986,017,709.31	13,723,789,158.08	13,624,898,254.69	9,774,866,482.02
4	Unresolved complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the Bank carried forward	87,255	46,645	2,115,608,644.11	792,255,539.07	-	-

In 2023, we will further leverage the CRM tool and artificial intelligence to:

- Improve the complaints handling process and customer convenience by introducing new self-service options for lodging complaints;
- Ensure calibration of the dispute resolution tools for new and existing transaction dynamics to align strictly with regulatory

Optimising Our Complaints Handling Framework

Following a rigorous audit of the end-to-end complaints management process across our locations by the British Standards Institute in November 2022, our commitment to maintaining a world-class complaints management framework was verified by the Bank's ISO 9001 Quality Management System recertification.

Similar to our offering on the Lit Mobile App, our drive to improve customer convenience through the self-service option expansion led to the creation of the Complaints Portal, which tracks and lodges major types of complaints without engaging a branch or FirstContact.

In the same year, the Intelligent Business Process Suite was enhanced by introducing robotics for efficient automated processing of interbank card transaction disputes from customer complaints received through the various touchpoints. In addition, the Bank's Customer Relationship Management tool (Microsoft Dynamics 365) was optimised for centralised complaints tracking, to promote faster resolutions and root cause analysis to promptly address unusual complaint trends in managing customer expectations.

To improve complaints handling across the Bank, various training was conducted across touchpoints, while knowledge resource repositories and continuous collaboration channels were developed to bridge identified knowledge gaps and aid staff onboarding within the complaints handling role.

timelines for complaints resolution;

- Gain speed and quality in card complaint resolution using automations and platform integrations; and
- Further examine the voice of our customers to improve the complaints handling process from survey feedback mechanisms currently available and in use on the platform.

¹Branches, Quick Service Points, ATM, USSD, FirstMobile, Wholesale Banking, Agent Banking, FirstOnline, First Contact, Premium Services, Teller Cash Recycler, FirstMonie Wallet and Diaspora Banking.



Corporate Responsibility & Sustainability

By integrating ESG into its overall strategy the Group is creating long-term stakeholder value

EMPOWERING OUR PEOPLE

Setting The Tone

FBNHoldings remains committed to putting our people at the centre of everything we do. We motivate our people through initiatives that assist in developing their skills and learning opportunities, acknowledging that their drive for excellence is fundamental to the success of the Group.

Given the rapidly evolving and competitive business landscape and recent trends around the changing workforce demographics, new ways of working, re-defined work modes and alternative workforce structures, it has become increasingly important to strategically manage talents.

With this in mind, the overall focus of the FBNHoldings 'People Agenda' is to foster a highly engaged, innovative and agile workforce and ensure our people are future-ready, with the requisite capabilities to deliver on our overarching aspiration to become a top-3 Employer of Choice by 2024.

In 2022, the Group Human Resource (HR) function implemented specific cross-functional and collaborative initiatives driven by our core values of EPIC (Entrepreneurship, Professionalism, Innovation and Customer centricity). These initiatives were derived from the three pillars of our 'People Agenda', as illustrated below, and aim to harness the full potential of our talented and multiskilled workforce towards attaining the Group's strategic objectives.

STRATEGIC PILLARS



We motivate our people through initiatives that assist in developing their skills and learning opportunities, and their drive for excellence is fundamental to the success of the Group.



EMPOWERING OUR PEOPLE

Strategic Pillars Achievement

Deepening our Employee Value Proposition

The FBNHoldings' Employee Value Proposition is driven by our unwavering commitment to be the hub for the best industry talent by implementing best-in-class strategies to attract, develop, motivate, engage and retain talent to achieve our short-, mid- and long-term strategic objectives.

- a. **Talent Attraction and Sourcing:** Implemented well-crafted strategies to support our workforce tactic 'Buy, Build, Borrow', with an overall focus on a positive candidate experience across all touch-points of the resourcing process.

Structured onboarding and corporate induction programmes for smooth integration into the system.

Graduate trainee programme: A total of 425 candidates were admitted into the programme as part of our strategy to build a robust talent pipeline.

Experienced hire recruitment: A total of 541 new hires assumed duty in various roles across the Group.

Internship and vacation jobber programmes for specific role requirements.

Specialist boot camps for Information Technology function to build a steady pipeline of talent to fill critical roles.

- b. **Talent Nurturing and Development:** Operationalised a robust learning and capability development framework to build employee, leadership and organisational capabilities through experience, exposure and competency-based interventions.

Leadership development programmes across workforce categories, to include senior, middle and junior management.

Coaching and mentoring programmes, to include; executive coaching, reverse mentoring and, subject-matter-expert mentoring.

Training achievement: a total of 560,323 training hours achieved via our blended approach to learning-open enrolment, in-plant programmes, on-the-job training, knowledge-sharing sessions and e-learning.

Personal development platforms to encourage individual capability building and development.

Career development interventions, such as job rotation schemes, secondments and cross-postings.

- c. **Performance Management:** Deployed specific interventions to drive a high-performance culture.

Robust performance management system with structured target-setting process and well-designed scorecards for transparency and accountability.

Talent matrix system to support classification across various talent segments.

Potential assessment for leadership capability and ability to take on greater responsibilities in the future, as part of the wider talent management strategy.

- d. **Talent Motivation and Retention:** Implemented transparent, market-competitive programmes to drive our 'Total Reward' approach for talent appreciation and retention.

Recognition and commendation schemes.

CEO awards/honours scheme.

Robust compensation and benefits structure.

Health and wellbeing: corporate wellness programmes, mental health support, fitness/lifestyle/nutrition advisory programmes, on-site clinic, local and international health insurance.

Work-life integration and bonding: inter- and intra-business group bonding programmes.

Flexible work practice: hybrid work modes, flex hours and remote working.

Workforce Optimisation

We aim to improve employee efficiency by instituting appropriate structures and processes in line with our 'Work Smarter' agenda.

- a. **Employee Delivery Model and Organisational Design:** Revamped employee delivery models and structures to encourage employee and organisational productivity.

Work modes and service delivery platforms, such as 'People Connect System' and Office 365 platform to support workforce productivity.

Revamped organisational structure for improved responsiveness and efficiency.

- b. **Competency Framework:** Revalidated the competency framework and dimensioned the specific core skills required for superior job performance.

Organisation-wide competencies aligned to core values.

Technical competencies aligned with job requirements.

EMPOWERING OUR PEOPLE

Key competency indicators and proficiency level requirements.

- c. **Job Design:** Instituted job matrix to ensure appropriate manning profiles and grade benchmarks to aid redeployment and placement of employees in appropriate roles.

Workforce definition and realignment.

Manpower adequacy and workload analysis.

Job profiles, job evaluation and personnel specification.

Culture

As a Group, we are committed to entrenching our value-driven culture as part of our shared system of beliefs and conduct. We implemented a series of programmes to reinforce the essence of our core values, EPIC, to ensure all culture initiatives are carefully and consistently implemented to trigger the right behaviour and performance.



- a. **Culture Refresh Initiatives:** Revived and bolstered our culture transformation agenda.
 - Culture campaigns: Top-down and bottom-up.
 - Culture advocacy through executive champions, change/culture agents.
 - Culture mantra to codify attitudes and behaviours.
 - Culture training and refresher programmes.
- b. **Employee Share of Voice:** Facilitated employee involvement and feedback.
 - CEO webcasts.
 - Town hall/village meetings.
 - Voice of the millennials.
 - Focus group sessions.

- c. **External Workplace Assessments:** Participated in best practice surveys to ascertain the quality of our HR practices.

Employee engagement surveys.

Culture audits.

Best practice ranking.

Employer trust index.



Our Approach to Human Rights and Professional Code of Conduct

- a. **Human Rights:** FBNHoldings recognises the fundamental rights of citizens under the constitution of the various countries where we operate and expects that all employees are covered under the provisions of relevant regulations and laws.
- b. **Grievance Policy:** The policy emphasizes our commitment to creating a safe and fair workplace with defined processes to report and escalate grievances and/or workplace discrimination that impacts employees' fundamental human rights.
- c. **Anti-Money Laundering, Combating the Financing of Terrorism and Combating Proliferation Financing (AML/CFT/CPF):** FBNHoldings has rolled out mandatory training programmes on AML/CFT/CPF for all employees to deepen understanding and establish compliance requirements.
- d. **Whistleblowing:** This policy is clearly defined in our employee handbook and provides the protocols for reporting misconduct to project a positive image for the Group.
- e. **Gift Policy:** This policy sets out the general rules for employees accepting gifts, offerings, advertisements, awards or tokens of appreciation. The policy prohibits bribery and corruption.

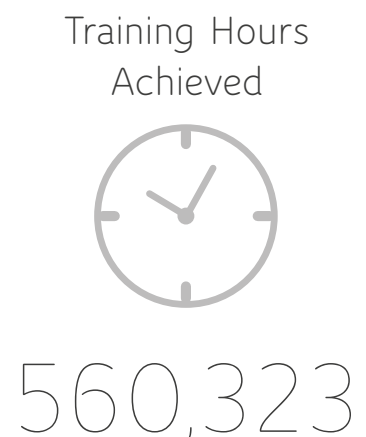
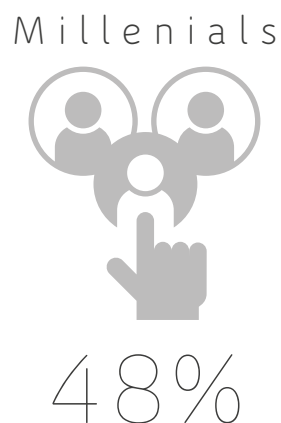
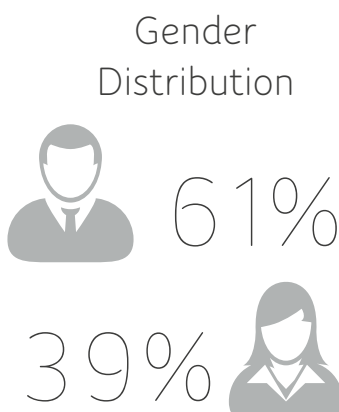
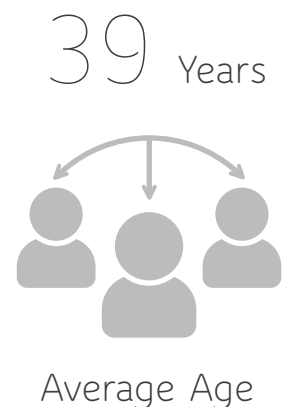
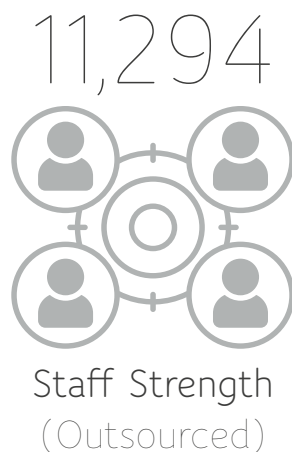
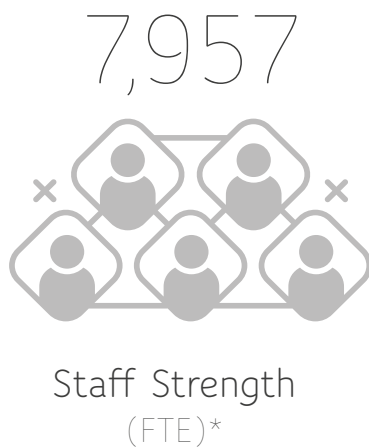
EMPOWERING OUR PEOPLE

Diversity and Inclusion Practice

The Group is committed to fostering and promoting a diverse and inclusive environment that accepts and values differences. It also provides an environment where employees can thrive and achieve their full potential in the workplace.

- a. **Equal Opportunity Employer Stance:** Reinforced to guarantee the right to be treated fairly without discrimination. This includes specific framework and escalation protocols to guide against unconscious bias and discrimination in the work place.
- b. **Female Economic Empowerment Initiatives:** Revamped the 'Women's Network' platform to drive the female empowerment agenda as an avenue to create growth opportunities. This is being gradually rolled out across the Group.
- c. **Employee Volunteer Scheme:** Delivered ethical and environmentally friendly community outreach programmes through our Employee Volunteer Scheme, as part of our corporate social responsibility agenda.
- d. **Diversity Management:** Rolled out refresher training programmes on diversity management with Group-wide celebrations for religious, social and cultural events.
- e. **Workplace Harassment:** Revamped the policy to further reiterate our stance for a harassment-free work environment.

Workforce Statistics



*Full-Time Employees.

DIGITAL BANKING INNOVATIONS

At FirstBank, innovation resides at the core of product design, development and enhancement. This is apparent across many of the Bank's offerings, especially those targeted at the retail customer segment, where most of the country's financially excluded population falls. The Bank's innovative approach includes venturing into new frontiers as an industry pacesetter.

In Nigeria, FirstBank remains a major player in digital banking, with almost 22 million* customers utilising the various services (payments, lending, etc.) on the Bank's digital channels. According to the Nigeria Inter-Bank Settlement Scheme data, in 2022, FirstBank processed about 12% of the inter-bank transactions across the country and 22% of the transactions on the Interswitch Front End Processor platform. In the same year, FirstBank disbursed about 5 million digital loans worth ₦200bn.

Online Banking (FirstMobile/FirstOnline)

Digital technology fosters convenient financial service delivery. Hence, FirstBank's continuous investment in delivering and promoting its flagship mobile banking app, FirstMobile, and its internet banking platform, FirstOnline. Through FirstMobile, and the new Lit App, FirstBank has effectively acquired a broad cross-section of the target demography, with a clear proposition of owning bank accounts and utilising various financial services from the comfort of their locations. In line with FirstBank's commitment to providing customers with the best-in-class electronic banking experience, the Bank upgraded FirstMobile and FirstOnline with additional services and features while driving customer adoption of the platforms. In 2022, the number of customers on FirstMobile grew 14% year-on-year, while the number of customers on FirstOnline grew 41% year-on-year. Our customers consummated about 430 million transactions worth ₦33tn on our online banking channels (FirstMobile/FirstOnline) in the same year.

USSD (*894#), Quick Banking

The *894# banking remains an important channel by which the Bank penetrates the critical mass with various digitalised banking services. The number of users on the channel grew to 14.4 million in 2022. New accounts (new-to-bank customers) were acquired through the channel and over 1 billion transactions worth ₦4.5tn were processed.

Consolidating ATM Services

With over 3,000 ATMs, FirstBank remains the Bank with the largest ATM footprint in Nigeria. The Bank's ATM touchpoints are widely spread across the country and remain the solution hubs for the cash and value-added needs of FirstBank and non-FirstBank customers. Despite the increased adoption of the Agent Channel cash-out service by the banking public, FirstBank's ATMs dispensed about ₦2tn in over 143 million transactions in 2022. FirstBank continues to improve its ATM services to ensure customer satisfaction.

Easing Payment Acceptance Channels Through Innovation

The Bank continued to ease payments across its channels, leveraging the revamped Biller Aggregation Platform. FirstBank deliberately upgraded the platform's capabilities and improved it with quality billers throughout 2022. The Bank closed the year with over 420 billers on board. Similarly, about 111 million transactions worth ₦133bn passed through the platform in the same year. This implies a 77% year-on-year growth in transaction volume and a 45% growth in transaction value.

The Bank continues to develop innovative financial solutions to provide multiple options for our customers (individuals and micro-, small- and medium-sized enterprises) to make and receive payments and grow their businesses. In addition to the existing capabilities, FirstBank is focused on a robust, AI-driven API framework that enables third-party businesses to integrate the Bank's financial services on their platforms, to drive embedded payments and lending.

*As at 31 March 2023.

Driving Financial Inclusion Through Firstmonie Agent

Throughout 2022, the Bank continued to penetrate the unbanked and underbanked segments of the society and remained at the forefront of driving financial inclusion in Nigeria. With more than 200,000* Firstmonie agents serving millions of Nigerians across the country, several rural communities lacking financial service points have been provided access to financial services. Where individuals previously covered long distances to perform financial transactions, agents are now strategically positioned within neighbourhoods to render services such as account opening, fund transfers, airtime purchase, bill payments and much more.

To further enhance the experience for customers utilising agent touchpoints, the Agent Banking platform was reconstructed to improve efficiency. In 2022, our agents processed about 1 million transactions worth approximately ₦24bn daily.

In addition, the Agent Scheme empowers agents financially through additional revenue from commissions and incentives. This contributes to the country's economic development by creating jobs for the unemployed. In 2022, FirstBank paid over ₦21bn to its agents and disbursed over ₦125bn through the Agent Credit facility to support their liquidity.

For more details on the Agent Banking programmes and Firstmonie Agent locations, please refer to the link <https://www.firstbanknigeria.com/personal/ways-to-bank/firstmonie/agent-banking/>

Upscaling Digital Lending

FirstBank offers a wide range of digital loan products to different customer segments, leveraging artificial intelligence to profile and assign credit eligibility scores to customers in making lending decisions. Throughout 2022, the Bank continued to scale Digital Lending services on its channels (FirstMobile, USSD and Agent App), making life easier for our customers through easy access to quick and affordable credit facilities to meet their immediate needs.

Through the Bank's FirstAdvance digital lending product, salaried employees with steady and verifiable income enjoy instant access to Salary Advance to meet their immediate needs. Agent Credit is another digital lending product that supports banking agents by providing a bridge loan as working capital to support their business. FirstCredit, on the other hand, is targeted at the mass and affluent segment who are not necessarily in paid employment.

In 2022, the Bank disbursed about 5 million digital loans worth ₦200bn, recording a 90% year-on-year growth on the 2.6 million digital loans disbursed across all channels in 2021. Our immediate aspiration is to continue to penetrate the market with our digital offerings by extending the lending services to our other channels (ATM, Web, etc), creating a digital lending marketplace leveraging strategic partnerships and positioning the Bank as a top-of-mind, quality digital lender to the banking public.

Exploring Disruptive Innovation Through the Digital Lab

The Digital Lab (the 'Lab') continued to serve as FirstBank's foundation for driving innovation in the Bank's digital product engine. The Lab is tasked with engineering our products to adapt to our fast-paced business environment and meet the ever-changing customer needs. The Lab conceptualised and developed the Lit App and was instrumental to several product upgrades and enhancements. As a strategic pillar in the Bank's digital transformation journey, the Lab is currently involved in several digital solution programmes across the Bank's franchise.

Looking Forward

In line with our brand promise of putting our customers first, FirstBank will continue to leverage its digital platforms to offer cutting-edge financial solutions. Furthermore, the Bank will maintain its aggressive promotion of the Cashlite initiative through its digital channels and the country's goal of financial inclusion through its Firstmonie Scheme to assert the institution as the industry's leading electronic banking service provider.

*As at 31 March 2023.

OUR SOCIAL COMMITMENT

Across the Group, sustainability is about creating long-term value for our stakeholders, which includes enhancing our environmental, social and governance (ESG) performance and minimising our negative ESG impacts in all aspects of its decision-making, operations and investment. Our corporate responsibility and sustainability approach includes citizenship, stakeholder and impact management.

Citizenship and stakeholder management considers stakeholders’ needs in decision-making, while impact management strives to minimise negative impacts and increase the positive impact of our operations on our community. The Group is committed to creating long-term stakeholder value by leveraging opportunities and managing the associated environmental, social and governance risks.

Our Strategic Pillars

The four strategic pillars of our corporate responsibility and sustainability practice are:



Sustainable Finance and Investments

We consider environmental, social and governance in designing products and services for our customers and in our investment decisions to support sustainable economic growth and development.



People Empowerment

We provide our people with opportunities, a supportive environment and a culture designed to foster personal growth and development.



Community Support

We enrich our communities by investing time and resources and modulating the impact of our operations on our stakeholders.



Environmental Sustainability

We make responsible lending and investment decisions and remain committed to driving climate finance, promoting climate thought leadership to avoid or minimise adverse environmental impacts.

OUR SOCIAL COMMITMENT

This report consists of two FBNHoldings direct subsidiaries - FirstBank and FBNQuest.

FirstBank

Corporate Responsibility and Sustainability Approach

In 2022, FirstBank and its subsidiaries implemented a number of projects initiated and funded by the staff of various directorates and departments. Some of the initiatives implemented include:

SPARK Amplification

The SPARK (Start Performing Acts of Random Kindness) Amplification activities continue to provide the Commercial Banking Group with a unique opportunity to extend kindness to various communities beyond the Bank's annual Corporate Responsibility and Sustainability Week. As part of the SPARK activities, directorates and departments were assigned a month each to implement kindness projects of their choice. In 2022, over ₦75mn was expended and 21,015 volunteering hours achieved. From the SPARK Amplification activities of 10 directorates/departments, seven hospitals benefited through renovation and donation of health equipment while eight schools benefited through infrastructure renovation and donation of learning tools. In addition, 21 NGOs/Institutions were beneficiaries of the SPARK activities, reaching about 24,000 people.

S tart
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K indness



As part of FirstBank's SPARK Amplification activities, Retail and Commercial Banking South donated a well-equipped music studio, play swing and lawn mower to Ekulu Primary School, Enugu State.

FUTUREFIRST

This is a unique programme that promotes financial literacy, career counselling and entrepreneurship among young people. Financial literacy provides secondary school students with the requisite financial knowledge, such as access to quality financial education to make informed choices on money matters and guides on how to take effective actions for their financial wellbeing.

FirstBank partnered with Junior Achievement Nigeria (JAN), a non-profit organisation to implement the FutureFirst programme. JAN's programme aligns with FutureFirst's vision and curriculum, which has positively impacted students in different locations across the country. Through the partnership with JAN, senior

secondary school students gained practical business experience under the three pillars of Financial Literacy, Work Readiness and Entrepreneurship. The programme offers an experiential supplement to the students' business and economics studies. It provides insights into the rudiments of business organisation and operations. It helps to develop critical thinking, speaking and leadership skills required to understand the rewards of the free enterprise system, learn about career opportunities and gain basic workforce readiness skills. The programme fosters a positive relationship between young people and the business community. JAN's Company Programme teaches senior secondary school students how to start and run their own business, develop a product or service and how to market their brand with the support of a volunteer.

OUR SOCIAL COMMITMENT

Post-COVID-19 pandemic, in 2022, the National Company of the Year (NCOY) Competition was held physically in Lagos State, hosting 12 secondary schools across Nigeria. The highlights of the 2022 NCOY competition were the participation of a Special Education School for the blind and deaf from Tundun, Maliki, Kano State; the hosting of the African Company of the Year (ACOY) Competition and the successful integration of FirstBank's SPARK Initiative into the Company Programme. This is FirstBank's approach of strategically institutionalising the kindness culture into the Nigerian educational system. Theraphyllia Company of Heritage Global Academy won the SPARK Schools Engagement for their outstanding SPARK project. Leveraging new media, the team hosted a webinar on anti-suicide advocacy campaigns.

With the theme 'Fueling Change Makers', 12 outstanding student companies participated in the 2022 NCOY Competition. The student companies include:

- Green Apex student company from International School, University of Lagos State produced a biodegradable sanitary pad for women;
- Champion Squad student company from Taidob College, Asero, Ogun State produced wearable totes made from a revamping process of used clothes with creative and fashionable local attire;
- Nexus Queens Creation student company from Queens School, Ibadan, Oyo State developed a decorative LED lamp made from 80% carton;
- Octagram student company from Redeemer's International Secondary School, Rivers State developed a gas detector which alerts users of leakages and also produced honey candy that aids digestion, heals sore throats and reduces cholesterol;
- Amazing Explorer student company from Government Secondary School, Tundun Wada, Jos, Plateau State developed a pig dung. This is a renewable energy product that produces methane gas when connected to a burner. It has the required energy to cook and a free energy generator built from scrap materials;
- Unique Standard Technology student company from Unique Standard Academy, Kaduna State developed an Infinity DC Generator;
- Kundila Energy concept student company from Government Arabic Secondary School, Kundila, Kano State developed the Kmasgas;
- Government Science and Technical College, Garki, Abuja, FCT developed interlocks;
- Peace Elshadai Model Academy, Auta Balefi, Nasarawa State developed a laptop power bank;
- Top Faith International Secondary School, Akwa Ibom State developed a vacuum cleaner;
- De Perficent student company St. John's of God Secondary

School, Enugu State developed a Verso Bot; and

- The straw recyclers company, from Special Education School, Tudun Maliki, the Plateau State (School for the Blind and Deaf), made home accessories from straw.

Overall, the Green Apex student company from the International School, University of Lagos, emerged as the winner and represented Nigeria at the African Company of the Year.

The African Company of the Year Competition was held in Lagos State for the first time and FirstBank was one of the sponsors. The event hosted amazing companies and their innovative projects from nine African countries. These included:

- Kibega Company, Arusha Science School, Tanzania developed the Kibega App. This is a digital platform where grocery carriers (vibega) can earn a living as they assist people in getting fresh produce from local markets;
- Moxes Sanitary Sports Enterprise, State Lodge B Secondary School, Zambia created unique and original sportswear with an artistic touch while improving athletes' sanitary aspects;
- Seksolin, Serwaa Kesse Girls' Senior High School, Ghana created a product that converts solar energy into electric energy to power electrical appliances that can be used for cooking;
- Time Out Company, Sifundzani High School, Eswatini, produced a power monitor device called a smart switch that works with an app to conserve electricity consumption in a household;
- Hekima Inc, Maranatha Christian High, Zimbabwe is a software developing company that specialises in making education-specific technology aimed at making education accessible;
- Aquatech JA Students' Limuru Girls High School, Kenya built a portable fishpond in various sizes to meet the customers' needs;
- Aqua Pure JM Ntsime Secondary School, South Africa made an H2O Instant Purifier. The product is made from sodium hypochlorite, vitamin C and essence to create a pleasant smell;
- Green Apex Africa, International School University of Lagos, Nigeria produced biodegradable sanitary pads for women; and
- City Multi-Tech Stars Company, St. Bernards's ss Mannya, Uganda produced carrier trolleys (Little Boy Trolley), drones (Neptune Space Master) and DIY Wi-Fi (Do It Yourself Wi-Fi).

The following winners emerged: Hekima Inc Company, Zimbabwe won with their Buddy App and Green Apex Company, Nigeria won the FirstBank FutureFirst Award for Finance.

OUR SOCIAL COMMITMENT

Employee Giving and Volunteering

The Employee Giving and Volunteering programme encourages employees to give back to the community. The programme focuses on two areas: giving material resources, including cash or in kind, and volunteering time and skill to support philanthropic activities. In 2022, staff volunteers participated in Global Money Week and Financial Literacy Day, World Savings Day, SPARK Amplification and Corporate Responsibility and Sustainability Week. Amplification of the Bank's Employee Giving and Volunteering Programme is CR&S Week, which mainly focuses on the SPARK initiatives.

2022 CR&S Week

A week dedicated to providing opportunities for employees to volunteer their time and resources to defined causes, in line with the Bank's CR&S strategic approach. The Week's activities are an aspect of the Bank's Employee Giving and Volunteering Programme, established to encourage employees to give back to the community and instill the integral corporate culture of giving.

The Bank held the maiden edition of the CR&S Week in 2017. The 2022 CR&S Week was held in August 2022 and themed: 'Kindness - a Way of Life', a continuation of the 2021 theme, with four key activities implemented in Nigeria and across our subsidiaries in the UK, Ghana, Gambia, DRC, Sierra Leone, Senegal and Guinea.

The activities implemented during the week were Kind Comments Days, visits to orphanages, less privileged homes, Internally Displaced Persons (IDP) camps, SPARK Schools Engagement and Women Economic Empowerment.

Lives Impacted

Overall, there was a 40% increase in staff participation and engagement and over 30,000 lives were impacted.

Partnership

- Eight countries: Nigeria, Ghana, UK, Guinea, Gambia, Sierra Leone, DR Congo and Senegal; and
- Eighty-three orphanage homes, IDP camps, NGOs and institutions were visited.



The Green Apex Company, Nigeria, winner of the FirstBank FutureFirst Award for Finance with the FirstBank Team at the JA ACOY programme in Lagos State.

OUR SOCIAL COMMITMENT

FirstBank Support to Women

In 2022, FirstBank continued to increase its support for women and women-led businesses. The Bank partnered with the ELOY Foundation to provide effective entrepreneurial training and mentoring to female-owned businesses. The empowerment programme, themed 'The ELOY Foundation Business Shower', was held in Lagos, Abuja, Port Harcourt, Abia and Kano. The programme trained 500 Women-Owned Micro, Small and Medium-Size Enterprises (WMSMEs) on critical entrepreneurial skills to grow and sustain their businesses. It facilitated a three-month mentorship programme for 50 WMSMEs. Similarly, 10 WMSMEs that best internalised the training with distinct business growth each won seed grants of ₦0.25mn.

In addition, the Bank continued to support women and women-led initiatives through 'FirstGem', a female-centric financial product designed to empower and support women in all walks of life, especially in business. The product offers mentoring, support and capacity-building opportunities alongside financial support. The Bank also offers the FirstGem Fund to assist these women in accessing low-cost finance. The fund is a single-digit interest loan for women-owned and women-led businesses in the following sectors:

- Food/Beverage Processing and Packaging;
- Confectionaries, Catering and Restaurants;
- Transportation-Logistics (Dispatch/Delivery Services);
- Beauty/Cosmetic Products; and
- Agric/Agro Allied (Retail/Food Value Chain).



Youth Development

FirstBank reiterated its commitment to youth empowerment by commemorating the 2022 International Youth Day, celebrated globally on 12 August 2022 and themed 'Intergenerational Solidarity: Creating a World for All Ages'.

Various activities took place to promote youth skill development, economic empowerment and education, in line with the United Nations' Sustainable Development Goal 8: Decent Work and Economic Growth. The Bank dedicated one week to celebrating the Nigerian youth. The celebration highlighted the Bank's sponsorship of 10 youths at a fashion illustration workshop at the Claire Idera Fashion Studio and 25 youths were sponsored to learn critical and design thinking skills at the Genza School of Design, in the artistry workshop sessions that were held in the Art classes within the First@ arts programme and through several other activities.

In July 2022, the Bank sponsored a careers fair for graduates of the Google IT Support Career Certificate programme in Lagos and Abuja to improve youth and child learning. The fair helped young people to develop professional competencies to launch a career in Information Technology. Furthermore, the Bank's e-learning platform, in partnership with Jobberman, allows individuals to discover their innovativeness and learn in-demand skills to improve their employability and the ability to improve their performance in business.



WMSMEs training session held in Port Harcourt and Abuja facilitated by the ELOY Foundation empowerment programme, in partnership with FirstBank.

OUR SOCIAL COMMITMENT

FirstBank's commitment to Youth Empowerment and Entrepreneurship could also be seen through its sponsorship of the docuseries 'First Class Material' (season 2) from the stables of Linda Ikeji TV. First Class Material is a documentary series that recognises and promotes young people who have excelled in academic and non-academic fields and positively impact society. The show inspired and empowered young people to make informed decisions to secure their future and benefit humanity. The winner of Season Two 2022, Dr Olusola Ayoola, CEO of Robotics and Artificial Intelligence in Nigeria (RAIN), was awarded ₦1mn. Furthermore, the Bank organised a 'FirstBank Kids Talent Showcase' programme for children between the ages of 5 and 13 with the Bank's KidsFirst and MeFirst accounts to celebrate Children's Day. It also runs a 'Curious Learning' programme, which provides academic-based content for children aged between 3 and 8 through fun, self-guided learning apps to develop their cognitive skills.

Economic Support for the Education Sector and Traders

FirstBank sustained its efforts to help businesses survive the challenging economic times by demonstrating strong support for schools and traders in 2022. In the same year, FirstBank disbursed about ₦13bn in new loans to schools through 1,651 separate transactions under the Bank's FirstEdu loan programme. The loans are provided to assist schools in upgrading infrastructure and teaching techniques through asset acquisition, classroom expansion, staff salaries and expenses and other administrative costs. The Bank continued its partnership with the Lagos State Employment Trust Fund (LSETF), offering single-digit interest loans to schools in Lagos State. The initiative is targeted at low-end schools.

Presentation of certificates to mentees of the ELOY Foundation empowerment programme, in partnership with FirstBank

Similarly, the Bank supports the real economy by engaging traders and addressing their business needs. As at December 2022, the Bank has enlisted about 1,000 markets nationwide. FirstBank disbursed about ₦70bn in new loans and overdraft facilities to traders in over 11 million transactions under its First Trader Solution product programme. First Trader Solution is a short-term, collateral-free facility offered to traders in pre-approved market locations, shopping complexes, plazas and supermarkets that deal in fast-moving consumer goods. The facility is provided to help traders finance stock purchases and meet immediate working capital needs.

In addition, FirstBank supported traders with merchandising materials beneficial in the day-to-day running of their businesses. The markets that benefited from the merchandising materials include Wuse Market Abuja, Mile 1 Market Port Harcourt, Nyong Essien Market Uyo, Cemetery Market Aba, Bola Ige International Market Ibadan, Oke-Arin Market Lagos Island and Sabo Market Ikorodu, Lagos State.



OUR SOCIAL COMMITMENT

FBNQUEST

FBNQuest continues to maintain its ESG impacts hinged on best practices and international standards, including:

- Nigerian Sustainable Banking Principles;
- Applicable local laws and national legislation;
- ISO 26000 Guidance standard on social responsibility; and
- IFC Performance and World Bank EHS standards.

FBNQuest takes a stand for sustainability in its business practices in three ways: Exceeding Expectations and Making a Sustainable Impact, Taking Responsibility Beyond Ethical Practice and being Forward Thinking Corporate Citizens.

FBNQuest Sustainability Framework

The sustainability framework reflects FBNQuest's corporate values and it is implemented in our products and investments.

Strengthening

existing partnerships to drive stakeholder engagement and social impact

Mentorship

programmes

Supporting

our local community

Financial literacy

2022 Activities Focused On



Corporate Governance

We have established a set of rules, policies and processes, which are laid out for directing, administering and controlling the Group's governance structure at all levels of operations.



Workplace

We believe the work environment must be equitable, efficient and healthy. In line with this, we have developed several initiatives and campaigns designed to meet the requirements of organisational governance, human rights, labour practices, environment, fair operating practices, consumer issues and community involvement and development.



Marketplace

This focuses on partners and customers, raising awareness of CR&S and encouraging their involvement in key initiatives.



Environment

The protection of the environment is an essential concern for all stakeholders, therefore, the focus is on environmental sustainability.



Community

Value is added and contribution is made to the wellbeing of our operating communities and society.

OUR SOCIAL COMMITMENT

Some of the highlights include:

EnterpriseNGR: FBNQuest is a founding member of EnterpriseNGR, a member-led advocacy group that promotes the growth and development of Nigeria's Financial and Professional Services sector. FBNQuest Merchant Bank fosters an enabling environment for the sustainable development of the Nigerian economy by working cohesively with its members to engage various stakeholders (Government, regulators, NGX Premium Board companies, sectoral associations and the media). During the year, two high-impact and sustainable projects were executed to:

- Connect talent with opportunity and build a sustainable workforce (Youth of Enterprise). Developed by EnterpriseNGR, the Youth of Enterprise is a six-month paid internship opportunity targeted at unemployed and under-employed youth, not more than five years post-university. Interns are given opportunities to make a meaningful contribution while learning from some of the smartest minds in the industry. Youth of Enterprise provides a platform to take the first step towards a meaningful career, jumping into a real hands-on role, taking on responsibility, discovering job-readiness skills from the first day and building networking prospects with peers and leaders.
- Establish thought leadership to drive policy engagement and initiatives through evidence-based research and data insights (State of Enterprise Report 2022). The report showcases the Financial and Professional Services sector's significant achievements and contributions to Nigeria's economy. It also presents up-to-date insights into the sector's impact and importance as a growth catalyst for the wider economy. This is achieved by providing a current-state assessment, offering a launchpad for discussions around policy and regulation to expand the depth and breadth of the sector.

Global Money Week: The Global Money Week initiative is held across the nation in April. This programme is focused on engaging children, youth and their communities to learn about financial education and financial inclusion. FBNQuest visited four schools across Lagos, Abuja, Port Harcourt and Ebonyi, reaching 452 students, and 10 employees volunteered to teach the curriculum shared at the schools. In addition, FBNQuest Merchant Bank's Managing Director, Kayode Akinkugbe, gave a virtual presentation on money and how to manage funds at the Comprehensive School of Management and Technology, Ebonyi State.

United States Agency for International Development (USAID)

Partnership: In line with its commitment to deliver impactful, community-based initiatives, FBNQuest Merchant Bank partnered with the USAID on a youth-powered initiative to empower young adults to broaden their outlook on their future plans and provide access to skills, social capital and resources needed to actualise their dreams through trainings and mentorship sessions. The mentorship programme aims to improve the wellbeing of low-income adolescents between the ages of 15 and 19 with life skills for healthy living and future planning while preparing them for job opportunities and increasing the youth workforce readiness.

World Savings Day: This is observed annually across the globe on 31 October. The programme enlightens people on the benefits of saving their money in a bank. FBNQuest Merchant Bank visited three schools across Lagos, Abuja and Port Harcourt to celebrate the day with 463 students reached. The event aims to increase public awareness of the importance of savings for modern economies and individuals. The main topics focused on the importance of savings in the global economy and how every depositor contributes to its development.

Healthy Heart Foundation: The Bank supported the Healthy Heart Foundation through First Cardiology consultants at the launch of its foundation. The foundation aims to bridge the health gap in Nigeria by offering specialised open-heart surgeries to indigenes free of charge while providing training for local clinicians and developing research. It provides quality health care to the less privileged in Nigeria, positively impacting the Nigerian health care system.

Capacity Building for Female Employees: As part of our Women's economic empowerment initiatives, female employees were sponsored to attend the 2022 Women in Management, Business and Public service (WIMBIZ) annual conference and the Women in Successful Careers (WISCAR) annual conference. Employees also participated as speakers at the sessions, organised to educate women on critical information for professional and personal growth to celebrate the International Women's Month.

Employee Initiative Activities: Employee participation is key at FBNQuest Merchant Bank. The Bank consistently creates innovative ways to increase participation. At FBNQuest, health is taken seriously and many initiatives are implemented to assist employees in maintaining a healthy lifestyle, such as virtual fitness and regular health checks.

COMMUNITY DEVELOPMENT SCORECARD



Hope Rising Initiative

Objectives

- Support inclusion and diversity through education, advocacy and skill acquisition.

2022 Accomplishments

- Sustained the collaboration with the Down Syndrome Foundation in Nigeria.
- Supported other charities such as:
 - Nigeria Association for the Blind;
 - Pacelli School for the Blind and Partially Sighted Children;
 - International Women Society;
 - Nigerian Conservation Foundation;
 - Hearts of Gold Hospice; and
 - 75 other charities nationwide.

Measure

- Number of beneficiaries contacted.

2022 Impact

- Supported over 80 charity homes across eight countries where FirstBank operates.

2023 Targets

- 5% increase in the number of beneficiaries.



FutureFirst Programme

Objectives

- Promote financial literacy, career counselling and entrepreneurship skills for young people.

2022 Accomplishments

- Collaborated with JAN to promote financial literacy, career counselling and entrepreneurship initiatives.

Measure

- Number of students impacted.

2022 Impact

- Over 260,000 students benefited from financial literacy and entrepreneurship engagement.

2023 Targets

- 5% increase in the number of students impacted.



SPARK

Objectives

- Create awareness of the need to collectively perform acts of kindness.

2022 Accomplishments

- The project supported indigent people across the geo-political zones in Nigeria and in eight countries where FirstBank operates.

Measure

- Number of beneficiaries and programmes implemented.

2022 Impact

- Over 54,000 people and more than 80 charities were reached, and 23 projects were implemented in eight countries with SPARK Amplification and CR&S Week.
- More than 50 million individuals heard the SPARK campaign messages.

2023 Targets

- 5% increase in campaign reach, with wider impacts in local communities.

COMMUNITY DEVELOPMENT SCORECARD



Employee Giving and Volunteering

Objectives

- Provide a platform for employee giving, volunteering and engagement.

2022 Accomplishments

- Employees participated in the FutureFirst events conducted across the states of Nigeria.
- Other staff-supported events include Financial Literacy Day, World Savings Day and SPARK Amplification.

Measure

- Number of volunteered hours.

2022 Impact

- About 71,015 volunteered hours.

2023 Targets

- 5% increase in the number of volunteered hours.



E-Learning

Objectives

- Sustain educational partnerships.
- Bridge the COVID-19 disruption and facilitate learning.
- Develop a generation of children who will remain educationally engaged regardless of the learning disruptions.

2022 Accomplishments

- Collaborated with several partners in the drive to move 1,000,000 students to e-learning. FirstBank's e-learning initiative provided e-learning solutions to students and the youth.
- Partners were selected from telecommunication companies, technology institutions, edu-tech companies and ministries of education. These partners included Curious Learning, the Lagos State Government, Roducate, IBM, Jobberman and the UNESCO-led Education Coalition.

Measure

- Number of people impacted.

2022 Impact

- Empowered over 173,350 people, including students.

2023 Targets

- 5% increase in the number of people impacted.

REPORTING STANDARDS AND CODES

FirstBank is a signatory to several international and national reporting standards and guidelines that govern its Corporate Responsibility and Sustainability (CR&S) programmes and actions. Some of the reporting standards and guidelines include the Global Reporting Initiative guidelines (GRI), the Nigerian Sustainable Banking Principles (NSBP), the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs).

Global Reporting Initiative Guidelines

The GRI guidelines are the most widely used sustainability reporting framework globally. They are designed to promote sustainability reporting for organisations to contribute to social-economic and environmental growth, by encouraging them

to measure, understand and communicate their economic, environmental, social and governance performance. FBNHoldings has developed its CR&S reports using the GRI guidelines since 2015.



United Nations Global Compact

The UNGC is the world's largest corporate responsibility initiative, with over 15,000 companies from more than 160 countries representing nearly every sector in the Compact. It calls on companies and organisations to align their operations and strategies with key human rights, labour, environmental and anti-corruption principles.

By joining the UNGC, an organisation states its willingness to align with the United Nations' values

and support initiatives that advance the SDGs. FBNHoldings is a member of UNGC and ensures all subsidiaries across the Group align their strategies and practices to the principles of the UNGC. The Group remains actively enrolled in the UNGC and consistently issues its reports on progress through Communication on Progress Reports.



Nigerian Sustainable Banking Principles

The NSBP consist of nine principles established to promote positive development impacts on the society while protecting the communities and environment where the financial institutions and their clients operate.

Following the CBN's and the Bankers Committee's approval to adopt the NSBP, FirstBank, in partnership with other financial institutions in the NSBP Implementation Network, has implemented these principles.



NIGERIAN SUSTAINABLE BANKING PRINCIPLES IMPLEMENTATION UPDATES

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 1 Business Activities – Environmental Social and Risk Management: To integrate Environmental and Social (E&S) considerations into decision-making processes relating to our business activities and avoid, minimise or offset negative impacts	Develop appropriate E&S policies and procedures.	The developed Environmental, Social and Governance Risk Management System (ESGMS) has been deployed to manage ESG risks.
	Develop and customise E&S due diligence procedures.	Screened ₦6.2tn worth of transactions for environmental, social and governance risks.
	Articulate the E&S governance and approval authority measures.	The ESGMS has been reviewed and approved in line with its review policy.
	Monitor E&S risks and review E&S conditions.	Beyond developing the framework for implementation, the relevant transactions screened for ESG were monitored during the period reported.
	Provide client engagement guidance on E&S matters.	Group Heads and Relationship Managers have been trained and are driving responsible lending to implement the ESGMS.
	Develop appropriate E&S reporting criteria.	The checklist that supports the ESGMS assessment has been built into the FinTrak platform. The framework for scoring is being accessed for maximum effectiveness.
	Report on implementation progress and support for investment in sustainable and innovative business opportunities.	Continuous updates provided to the Management, Board and external stakeholders on the ESGMS transactions.

NIGERIAN SUSTAINABLE BANKING PRINCIPLES IMPLEMENTATION UPDATES

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 2: Business Operations - Environmental and Social Footprint: To avoid the negative impacts of our business operations on the environment and on the local communities where we operate and, where possible, promote positive impacts.	- Develop an environmental management programme with facility management. This is expected to address climate change, reduce greenhouse gas emissions, improve water efficiency and waste management and promote environmentally-friendly facility construction and management. - Comply with relevant labour and social standards. - Implement community investment programmes. - Apply the E&S standards to relevant parties.	- Reduction in printing, especially colour printing. - Increased use of conference call facilities for meetings rather than physical attendance has reduced travel and ultimately reduced carbon emissions from vehicles. - Partnering with NGOs, including the Nigeria Conservation Foundation, in our efforts to save energy and tackle global warming by reducing carbon dioxide emissions and conserving resources, including planting 1,000 trees. - Sustainable procurement: concluded the development of a supply-chain management code designed to ensure suppliers comply with sustainability practices. - Engagement with suppliers maintained during the reporting period. - Implemented community development programmes to promote positive impacts on stakeholders. The programmes include SPARK Amplification that involved staff activities valued at ₦75.1mn and 21,015 volunteering hours during the reported period. From the SPARK activities of 10 Directorates/Departments, seven hospitals benefited through renovation and donation of health equipment while eight schools benefited through infrastructure renovation and donation of learning tools. In addition, 21 NGOs/ Institutions were beneficiaries of the SPARK activities reaching about 24,000 lives and 17 universities impacted through ethics programmes. - The CR&S Week spanned eight countries, supported over 80 charities/NGOs, encompassed over 150 secondary schools, touched the lives of 30,000 underprivileged people, including women, and reached over 50 million people with messages of kindness. - Supported over 260,000 students in nine countries with FutureFirst (financial literacy and entrepreneurship for young people). - Implemented the World Savings Day programme and Global Money Week/Financial Literacy Day, covering 21 states, in partnership with JAN and CBN with over 3,065 secondary school students benefiting. - The E-learning Initiative, in collaboration with IBM, Curious Learning and Roducate, provided access to over 170,000 people on the e-learning programmes. In 2022, the partnership with Jobberman provided soft skills training to graduates to improve employability, and this has recorded over 2,350 direct beneficiaries.

NIGERIAN SUSTAINABLE BANKING PRINCIPLES IMPLEMENTATION UPDATES

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 3: Human Rights: To respect human rights in our business operations and activities.	- Develop and implement human rights policies, which include labour and working conditions. - Integrate human rights and due diligence into E&S procedures. - Invest in resources and staff training on human rights-related issues.	- Human Rights Policy is part of the Diversity Policy and embedded in ESGMS. - The Group maintains a culture that encourages an open line of communication across all levels within the organisation. - The Group maintains a fair and efficient procedure for resolving disputes and ensures disciplinary measures are fair and effective without breaching labour laws or standards.
PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 4: Women Economic Empowerment: To promote women's economic empowerment through a gender-inclusive workplace culture in our business operations and to provide products and services designed specifically for women through our business activities.	- Develop and implement a Women's Economic Empowerment Policy. - Establish a Women's Economic Empowerment Committee. - Develop initiatives and programmes to promote and celebrate women empowerment. - Invest and dedicate resources to female talent. - Support the establishment of a sector-wide women empowerment fund. - Develop and implement a Financial Inclusion Policy.	- The Group's Corporate Responsibility and Sustainability Policy covers this principle. - All policies are women-inclusive. - FirstBank Women Network is a strong mentoring platform for women and it recently hosted an International Women's Day Webinar. - Two UNGC workshops (UN Women) on Target Gender Equality and Sustainability. - FirstBank approved a ₦5bn 'FirstGem Fund' for women with a single-digit annual interest rate. - Established a policy for women's economic empowerment, including maternity leave, study leave, training and career mobility policies. - Established a FirstBank Women Network to bridge the gender gap at the Executive level and leverage opportunities for our women to make greater contributions to business growth. - Financial inclusion is part of the Group's Corporate Sustainability Policy.
PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 5: Financial Inclusion: To promote financial inclusion and services to individuals and communities that traditionally have limited or no access to the formal financial sector.	- Provide development and growth support to SMEs. - Improve financial literacy and institutional practices. - Improve access to bank facilities and services.	- Over ₦34bn worth of loans extended to 271,000 women in 2022. - Approximately ₦2.4bn was lent to 856 women-owned SMEs. 55,000 of the over 180,000 FirstMonie agents are women. - Provided accessibility to the physically challenged across 155 branches. The plan is to increase the number to 255 in the coming year. - Increased awareness and engagement on financial inclusion through partnership with BusinessDay. Forty-eight editions were dedicated to financial inclusion. - Through the financial literacy programme, FutureFirst, the Bank supported over 80 charities/NGOs across over 150 secondary schools.

NIGERIAN SUSTAINABLE BANKING PRINCIPLES IMPLEMENTATION UPDATES

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 6: E&S Governance: To implement robust and transparent E&S governance practices in our respective institutions and assess the governance practices of our clients.	- Establish an E&S governance framework. - Develop institutional E&S governance practices. - Active support of key industry initiatives to address E&S governance issues for customers operating in sensitive sectors. - Implement E&S performance-linked compensation and incentive schemes.	- The Bank has a Sustainability Governance Committee chaired by the Chief Risk Officer. - A terms-of-reference framework guides the Sustainability Committee, which regularly sits to drive sustainability programmes.
	Establish internal and external E&S audit procedures where appropriate.	FirstBank remains part of the NSBP Implementation Network and participates in implementing the NSBP principles across sectors.
PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 7: Capacity Building: To develop the individual, institutional and sectoral capacity necessary to identify, assess and manage environmental and social risks, including the opportunities associated with our business activities and operations.	Identify relevant roles and responsibilities towards delivering sustainable banking commitments.	- The Bank partnered with the University of Edinburgh, Proparco and CDC to train the Board, Executive Management and staff on sustainability. - Over ₦316mn expended on capacity building for female employees.
	- Provide sustainable banking training sessions. - Create practical E&S training tools and resources.	A total of 18,310 staff have been trained in various sustainable banking/ESG courses in partnership with the University of Edinburgh, British International Investment, Proparco and IFC.

NIGERIAN SUSTAINABLE BANKING PRINCIPLES IMPLEMENTATION UPDATES

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 8: Collaborative Partnerships: To collaborate across the sector and leverage international partnerships to accelerate our collective progress, ensuring our approach is consistent with international standards and Nigerian development needs.	- Collaborate and coordinate with other banks. - Organise sector-wide workshops and events. - Align with international standards and best practice initiatives. - Establish and participate in Nigerian sector-level initiatives.	- FirstBank, a subsidiary of FBNHoldings is a member of the NSBP Steering Committee responsible for implementing the NSBP principles across sectors. - FirstBank participated in various industry-wide workshops and events. - FirstBank is a member of the UNGC, and in line with the guidance requirements, the Bank submitted a 2022 Progress Report. - FirstBank co-Chairs the Labour Committee of the United Nations Global Compact Local Network. Member - Steering Committee of United Nations Global Compact Local Network. - FirstBank is a pioneer member of the Nigeria Chapter of the UN Women Unstereotype Alliance. - The Bank is a member of the Steering Committee on the United Nations Global Compact Local Network. - FirstBank is a member of the Board of JAN and a lead member in the Marketing Committee. - The Bank is a member of the Sustainability Professionals Institute of Nigeria. - FirstBank is a member of the African Business Leaders Coalition, comprising 55 African companies with a combined \$150bn in revenue, 900,000 employees and active in 50 African countries. - FirstBank collaborated with some universities, such as the University of Edinburgh, Pan-Atlantic University, the University of Lagos and the Federal University of Technology Akure. - The Bank participated in developing a work plan aimed at energising the network's activities among businesses in Nigeria and encouraging non-participants to adopt the UNGC principles.
PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 9: Reporting: To regularly review and report our progress at the individual institution and sector levels.	- Establish a sustainable banking reporting template. - Set clear targets and relevant performance indicators. - Ensure systems are in place for data collection. - Agree on the frequency, nature and format of internal and external reporting. - Contribute to sector-level reporting.	- A reporting template exists. - The implementation commenced in 2014 with targets and KPIs. - Currently improving the Bank's system for data collection. - The internal report is presented quarterly to the Board of Directors. - The 2013 to 2022 Corporate Responsibility and Sustainability reports have been published and distributed to stakeholders. - The NSBP half-yearly reports have been submitted to the CBN.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a fundamental component of our sustainability approach. As a Group, we understand the value of developing stronger relationships with our stakeholders and preserving open lines of communication to create mutually supportive business opportunities and outcomes. Through constructive dialogue, stakeholders' interests, priorities and concerns are better understood and the Group's decision-making is improved.

Stakeholder Mapping

At FBNHoldings, we are committed to promoting effective communication channels and upholding good corporate governance as a means of building stronger relationships with our stakeholders. We recognise that these interactions are necessary for conducting business ethically and accomplishing our strategic goals across the Group. As in the previous year, our stakeholders include our employees, clients, investors, regulators and communities. The Group uses the following platforms to communicate its activities, strategy, governance, performance and outlook.

STAKEHOLDER	REASONS FOR ENGAGEMENT	TYPE OF ENGAGEMENT
Employees		
Our corporate culture is embodied by our employees, who work diligently to deliver superior service to our stakeholders. As an organisation, we strive to foster a positive workplace environment where our employees can pursue fulfilling careers. The success of our Group's strategy is predicated on having a skilled and motivated workforce.	• Safeguard and strengthen our culture by investing in our employees, who are our most precious resource; • Motivate employees through initiatives that assist in developing their skills and learning opportunities to drive excellence, which is fundamental to the success of the Group; • Foster a positive, safe and inspiring work environment for all employees across the Group; • Promote a diverse and inclusive workforce where employees from various backgrounds are treated equally and provided opportunities to succeed and achieve their full potentials; • Maintain an environment where positive conduct is supported and promoted; • Encourage communication and constructive dialogue among employees to foster collaboration and instil the organisation's culture to increase productivity and staff retention; and • Increase awareness of the Group's mission, vision, activities and staff roles as well as responsibilities.	• Focus groups • Knowledge-sharing sessions • Roadshows • Engagement surveys • Email interactions • Intranet communication • Magazines and flyer deployment • Training programmes
Customers		
Our customers are at the core of our business. By understanding their needs and challenges, we can better support them by offering innovative financial solutions that help them achieve their financial goals. Through this customer-centric approach, we achieve our purpose and strategy as a Group.	• Develop a better understanding of our customers' financial needs and offer appropriate innovative financial solutions and customised products and services to meet their requirements; • Offer suitable products and services in an easily accessible way to drive excellent customer experience; and • Exceed customers' expectations to build trust and confidence.	• Interactions through branch service points, contact centres and complaint lines (FirstContact and dedicated e-mail addresses) • Customer engagement fora • Social media platforms (Facebook, LinkedIn, Twitter, YouTube) • Surveys and marketing • Advertising activities through conventional media

STAKEHOLDER ENGAGEMENT

STAKEHOLDER	REASONS FOR ENGAGEMENT	TYPE OF ENGAGEMENT
Investors		
We maintain open lines of communication with our investors, engaging in ongoing dialogue and various activities to educate and support their investment decisions.	• Deliver long-term business success and value to our stakeholders; • Create mutually beneficial relationships with existing and prospective shareholders, investors and market analysts; • Build trust and confidence mechanisms; • Communicate the Group's activities to shareholders in ways that promote informed decision-making; and • Gain insight into shareholders' requirements and aspirations to develop innovative financial solutions to promptly address and balance these needs with the Group's objectives; and • Build a supportive group of shareholders/investors and deepen the pool of capital.	• One-on-one or group meetings • Roadshows • Regular investor and analyst communications and prompt responses to questions • Conferences and presentations • Press releases • Annual General Meetings • Investor Relations Management
Regulators		
We maintain constructive dialogue and relationships with the relevant authorities in the markets where we operate to support our strategic objectives.	• Comply with the requirements of the law to minimise associated risks and protect the operating licence; and • Sustain the highest level of regulatory compliance across the Group	• Meetings • Statutory reporting
Communities		
We seek to play an important role in supporting the communities where we operate to build a sustainable and inclusive future through our corporate social responsibility and broader engagement activities.	• Maintain meaningful engagement with persons and interest groups representing the wider society to deliver long-term returns for our stakeholders; • Create a friendly environment and maintain cordial relationships to encourage constructive dialogue with the communities where we operate, in line with the Group's sustainability and corporate responsibility goals; • Collate community feedback on the Group's corporate responsibility programmes and solutions to address their needs; • Collaborate with individuals, groups and NGOs to ensure the Group's activities and operations are carried out responsibly; • Increase awareness of the Group's corporate responsibility and sustainability initiatives; and • Proactively manage the Environmental and Social (E&S) impacts of the business.	• Citizenship and stakeholder engagement • Ongoing support for projects and interaction with various NGOs and government organisations • Steering Committee: via the Nigerian Sustainable Banking Principles champion

STAKEHOLDER ENGAGEMENT

OUR STAKEHOLDER ENGAGEMENT APPROACH

To drive an effective stakeholder consultation/dialogue approach, stakeholder workshops were organised using the AA1000 Stakeholder Engagement Standard. Anchored on the principles of inclusivity, materiality and responsiveness, the AA1000 Stakeholder Engagement Standard was published in 2015 by AccountAbility, a global consulting and standards firm. It establishes a global benchmark for conducting high-quality stakeholder engagement projects and programmes and remains the most widely used stakeholder engagement standard by enterprises, governments, private and public organisations.

In 2022, our stakeholder engagement was improved by focusing on negotiation and two-way conversations. This provided opportunities to further align our business practices with societal needs and expectations and drive long-term sustainability and stakeholder value.

Our approach aligned with the AA1000 Stakeholder Engagement Standard, which aims to:

- Engage stakeholders to understand their expectations on governance, strategies, performance and outlook;
- Report on performance and issues in a transparent manner; and
- Develop innovative and sustainable responses to current and future challenges.

CASE STUDY

SPARK AMPLIFICATION

SPARK (Start Performing Acts of Random Kindness) is a values-based initiative that seeks to rekindle our moral values. The initiative focuses on creating and reinforcing the attitude of going beyond meeting the material needs of people who cannot help themselves, to showing compassion, empathy and affection.

FirstBank's SPARK Amplification has three pillars; Compassion, Civility and Charity. The initiative is implemented through SPARK engagement with schools, Corporate Responsibility and Sustainability Week, advocacy campaigns and SPARK Amplification.

Gap Identified

One of the challenges of the Employee Giving and Volunteering programme is employee motivation and active participation. Given employees are essential in implementing impactful and sustainable programmes, it was observed that their involvement in the Bank's sustainability programmes was low. To bridge this gap, the SPARK Amplification initiative was introduced.

SPARK Amplification is tailored specifically for employees to volunteer their time and resources to impact the communities where they reside and work. It is designed to allow directorates/departments in the Bank to showcase CSR initiatives and activities driven by their respective champions. The SPARK Amplification campaign is fun and engaging, allowing staff to make choices while leveraging the Bank's Employee Volunteering and Giving programme.

Success/Impact

- One of the initiative's critical successes is that every Bank employee participates voluntarily, contributes resources and identifies with the programme.
- Project champions were engaged to anchor workshops and report to arrowheads who are Executives or Heads of Directorates/Departments.
- Structured to allow each directorate and department to develop unique Sustainability activities/initiatives in line with the Bank's overarching Sustainability strategy.
- Employees are sensitised and the interest generated propels active participation and resource contribution.
- A winner is rewarded yearly with a corresponding value of the activities and initiatives, which is further used to empower the society. The reward and recognition has fostered competition among employees.

For more details on the SPARK Amplification, please refer to 'Our Social Commitment' section.



Governance

FBNHoldings creates an environment that promotes equal opportunity, diversity, fairness, respect and inclusion for better decision-making and effective governance.



INTRODUCTION

FBNHoldings is dedicated to upholding high standards of corporate governance across the Group to maintain the Company's long-term business sustainability and create value for all its stakeholders. As a Group, we are committed to defining frontiers for market dominance in the highly competitive and dynamic financial services industry. Thus, the principles of accountability, sound risk management, transparency and integrity are inherent in the Group's values, culture, processes and operating structures.

The Board recognises the importance of operating in accordance with best corporate governance practices. As a result, the Board provides purpose-driven and ethical leadership by setting the tone from the top for the operations and management of the Group. It ensures that good governance principles are adopted across the Group to achieve its imperatives.

Our governance framework is designed to ensure compliance with international best practices and the Nigerian Code of Corporate Governance 2018 issued by the Financial Reporting Council (FRC), the Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 issued by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission's (SEC) Corporate Governance Guidelines 2020 and NAICOM's Corporate Governance Guidelines issued by the National Insurance Commission.

At the Group and across the operating entities, the Boards operate through various Committees. FBNHoldings' governance framework ensures a dynamic blend of Board autonomy and Group coordination at the operating company level.

Diversity

Through robust policies and procedures, FBNHoldings creates an environment that promotes equal opportunity, diversity, fairness, respect and inclusion for better decision-making and effective governance. Diversity ensures the Group assembles a healthy mix of people from different backgrounds, cultures and experiences to balance the voices, perspectives, insights and empathy required to thrive. We believe recruiting employees from diverse backgrounds, experiences, expertise and knowledge will engender innovation, the quality of our products and services leading to improvement in the overall well-being of all stakeholders.

Diversity within FBNHoldings is reflected not only in the gender mix, but also through the Group's various viewpoints, experiences, cultures, nationalities, religions, social and economic backgrounds and inclusive policies that prevent any form of discrimination.



As a Group, we are committed to defining frontiers for market dominance in the highly competitive and dynamic financial services industry



Shareholder and Regulatory Engagement

Our stakeholders, which include customers, shareholders, employees, regulators, partners and the community, are crucial to the success of our business. They provide the patronage, capital, skills, guidance, support and regulatory framework that shape our operations. While their interests and concerns are often diverse and may conflict, our ability to build sustainable relationships as well as effective communication is the bedrock of our success.

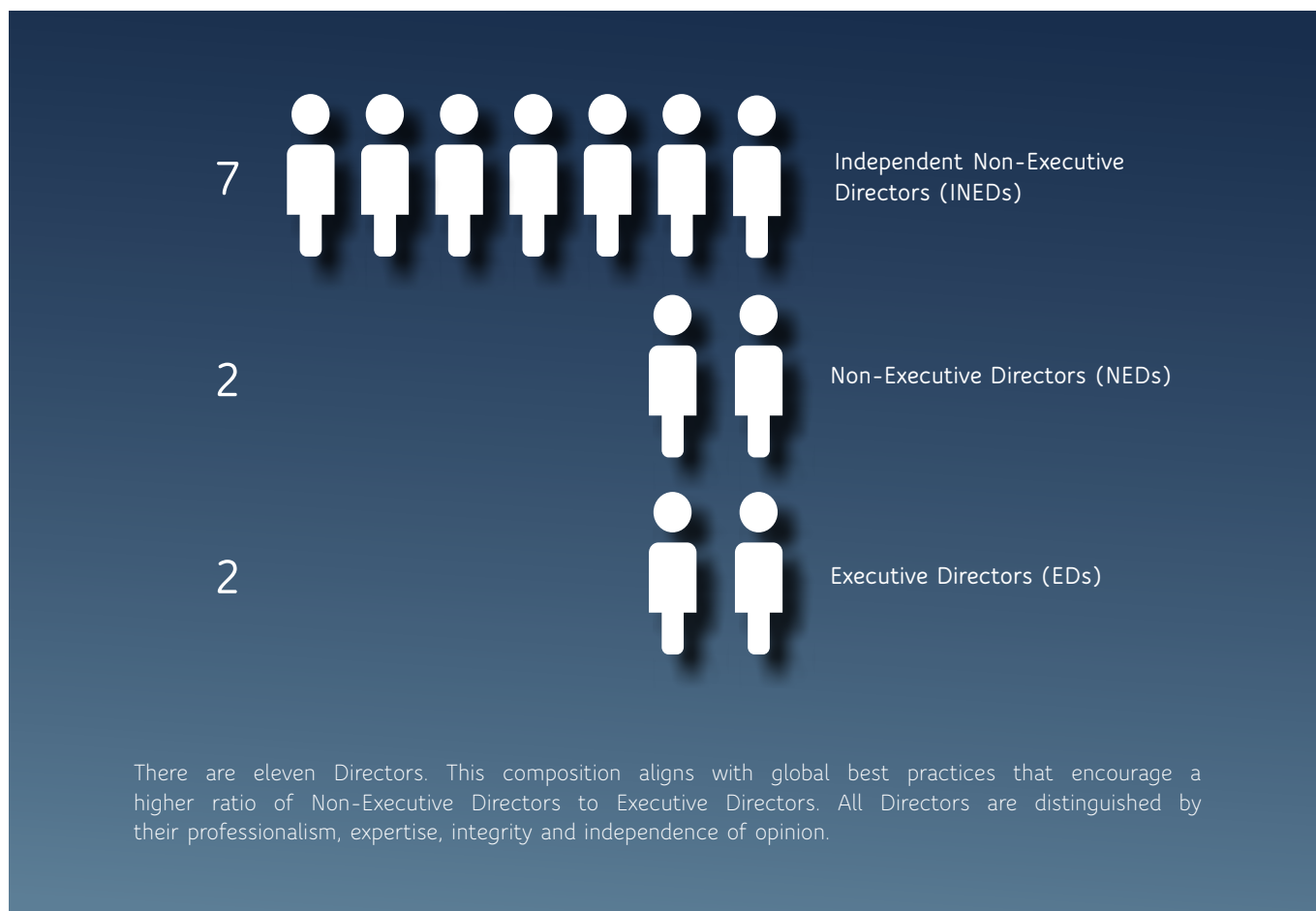
The Board and Management are dedicated to effective stakeholder engagement and communicate through shareholder groups and other fora. Engagement sessions provide valuable opportunities for the Board and Management to listen to external perspectives and gain insight into stakeholders' concerns. As a Group, we are committed to engaging regulators to foster an atmosphere of trust and goodwill and ensure the highest level of compliance with relevant extant regulations across the Group.

Appointment Philosophy

The appointment philosophy of FBNHoldings is guided by regulatory guidelines, laws and global best practices. The Company appoints Directors based on their skills, competencies and experience. The Board Governance and Nomination Committee identifies and recommends candidates to the Board. In accordance with legal and regulatory requirements, the Board then deliberates and decides on the appointment of the most qualified candidates, subject to the approval of the applicable regulatory authorities and the shareholders at the Annual General Meeting (AGM).

INTRODUCTION

Board Composition



Board Changes

On 16 August 2022, the Board of FBNHoldings appointed Oyewale Ariyibi as the Executive Director, Finance, Investment Management and Oversight.

LEADERSHIP

BOARD OF DIRECTORS



Alhaji Ahmad Abdullahi
Group Chairman*



Nnamdi Okonkwo
Group Managing Director



Dr Adesola Adeduntan
Non-Executive
Director



Dr Alimi Abdul-Razaq
Independent Non-Executive
Director



Dr (Sir) Peter Aliogo
Independent Non-Executive
Director



Kofo Dosekun
Independent Non-Executive
Director



Dr Abiodun Fatade
Independent Non-Executive
Director



Khalifa Imam
Independent Non-Executive
Director



Ahmed Modibbo
Independent Non-Executive
Director



Julius Omodayo-Owotuga
Non-Executive
Director



Oyewale Ariyibi
Executive Director, Finance, Investment
Management and Oversight**



Adewale Arogundade
Acting Company Secretary

- ▲ Board Finance and Investment Committee
- Board Audit and Risk Assessment Committee
- Board Governance and Nomination Committee
- ◆ Statutory Audit Committee

* Independent Non-Executive Director.
** Appointed 16 August 2022.

LEADERSHIP

FBNHOLDINGS MANAGEMENT



Nnamdi Okonkwo
Group Managing Director



Oyewale Ariyibi
Executive Director, Finance, Investment
Management and Oversight*



Idris Shittu
Head, Risk Management and
Compliance



Tolu Oluwole
Head, Investor Relations



Bode Oguntoke
Head, Internal Audit



Opeyemi Okojie
Head, Strategy and Corporate
Development



Adewale Arogundade
Acting Company Secretary



Oyinade Kuku
Head, Human Resources



Tunde Lawanson
Head, Marketing and
Corporate Communications

* Appointed Executive Director 16 August 2022.

LEADERSHIP – OUR DIRECT SUBSIDIARIES

Commercial Banking

**FIRST BANK OF NIGERIA
LIMITED**



Tunde Hassan-Odukale
Chairman
First Bank of Nigeria Limited



Dr. Adesola Adeduntan
Chief Executive Officer
First Bank of Nigeria Limited

DIRECTORS

Gbenga Shobo¹
Deputy Managing Director

Abdullahi Ibrahim
Executive Director, Public Sector Group

Oluwatosin Adewuyi
Executive Director, Corporate Banking

Olusegun Alebiosu
Executive Director, Chief Risk Officer

Ini Ebong
Executive Director,
Treasury & International Banking

Patrick Iyamabo²
Executive Director, Chief Financial Officer

Nnamdi Okonkwo³
Non-Executive Director

Elijah Dodo
Non-Executive Director

Aderemi Lasaki
Non-Executive Director

Isioma Ogodazi
Non-Executive Director

Ebenezer Olufowose
Non-Executive Director

Uchenna Nwokedi, SAN
Non-Executive Director

Adekunle Sonola⁴
Non-Executive Director

Tope Omege
Non-Executive Director

Akinwunmi Akinfemiwa⁵
Non-Executive Director

Merchant Banking

**FBNQUEST MERCHANT
BANK LIMITED**



Mallam Bello Maccido
Chairman
FBNQuest Merchant Bank
Limited



Kayode Akinkugbe
Managing Director
FBNQuest Merchant Bank
Limited

DIRECTORS

Taiwo Okeowo
Deputy Managing Director

Nnamdi Okonkwo
Non-Executive Director

Oluyele Delano, SAN
Non-Executive Director

Babatunde Odunayo⁶
Non-Executive Director

Akinlolu Osinbajo, SAN
Non-Executive Director

Oyinkansade Adewale
Non-Executive Director

Dr Irene Ubiawhe- Akpofure⁷
Non-Executive Director

Capital Markets

**FBNQUEST CAPITAL
LIMITED**



Oyewale Ariyibi
Chairman
FBNQuest Capital Limited



Tseyi Hammond
Managing Director
FBNQuest Capital Limited

DIRECTORS

Adekunle Awojobi
Non-Executive Director

Ike Onyia
Non-Executive Director

Ijeoma Agboti-Obatoyinbo
Non-Executive Director

Alhaji Abdullahi Ali Gombe, MNI
Independent Non-Executive

Trustees

**FBNQUEST TRUSTEES
LIMITED**



Seye Kosoko⁸
Chairman
FBNQuest Trustees Limited



Adekunle Awojobi
Managing Director
FBNQuest Trustees Limited

DIRECTORS

Patrick Mgbenwelu⁹
Non-Executive Director

Emmanuel Ajibola Olayinka
Independent Non-Executive Director

Kemi Adewole
Independent Non-Executive
Director

Insurance Brokerage

**FBN INSURANCE
BROKERS LIMITED**



Olusegun Alebiosu
Chairman
FBN Insurance Brokers Limited



Olumide Ibadapo
Managing Director
FBN Insurance Brokers Limited

DIRECTORS

Oluseyi Oyefeso
Non-Executive Director

Seye Kosoko¹⁰
Non-Executive Director

¹ Retired 27 February 2023.

² Appointed 21 July 2022.

³ Appointed 20 January 2022.

⁴ Resigned 20 October 2022.

⁵ Appointed 20 January 2022.

⁶ Resigned 14 December 2022.

⁷ Appointed 23 January 2023.

⁸ Resigned 6 March 2023.

⁹ Resigned 15 May 2023.

¹⁰ Resigned 24 March 2023.

LEADERSHIP



Alhaji Ahmad Abdullahi
Group Chairman
Independent Non-Executive Director

Alhaji Ahmad Abdullahi was appointed Group Chairman of the Board of Directors of FBN Holdings Plc on 17 December 2021. He is a seasoned economist and an accomplished professional with extensive experience in banking operations, financial regulation and banking supervision, corporate governance and ethics and academia.

Alhaji Abdullahi started his academic career in 1985 as a Lecturer in the Department of Agricultural Economics & Rural Sociology at Usman Danfodio University, Sokoto. In 1990, he joined the services of the CBN, where he rose from being a Manager in Retail Banking Services at the Ibadan, Kano and Katsina branches to becoming a Director and Head of the Banking Supervision Department of the CBN, from where he retired in 2020. He has garnered a wealth of experience in business reengineering and performance management, corporate governance, ethics, compliance and supervision of banks and financial institutions.

Prior to his appointment to the Board of FBN Holdings, Alhaji Abdullahi served on the Boards of several institutions, including Africa Finance Corporation, Financial Market Dealers Quote (FMDQ), Financial Institutions Training Centre (FITC), Chartered Institute of Bankers of Nigeria (CIBN), Nigeria Deposit Insurance Corporation (NDIC) and Asset Management Corporation of Nigeria (AMCON).

Alhaji Abdullahi graduated from the prestigious Ahmadu Bello University in 1983 with a Bachelor of Science in Agricultural Economics and obtained an MSc in Agricultural Extension from Nigeria's premier institution, the University of Ibadan. He also obtained another Master's in Banking & Finance from Bayero University, Kano, Nigeria. Alhaji Abdullahi is a member of several professional bodies such as the Nigerian Institute of Management (NIM), The Chartered Institute of Bankers of Nigeria (CIBN), Society of Corporate Compliance and Ethics (SCCE), Certified Compliance & Ethics Professionals International (CCEPI) and the Institute of Directors (IoD).

He attended several local and international training programmes as a professional in all his roles. As an academic, he has to his credit a journal publication titled 'Training and Visit Model', a guide to extend improved farming techniques to rural communities around Sokoto. He is married with children and enjoys spending his leisure time in the company of his family.

LEADERSHIP



Nnamdi Okonkwo
Group Managing Director

Nnamdi Okonkwo is the Group Managing Director (GMD) of FBN Holdings Plc. His work experience spans over 32 years of focused and results-oriented local and international banking.

Before joining FBNHoldings, Nnamdi was the Managing Director/CEO of Fidelity Bank Plc from January 2014 to December 2020. He previously served as the Executive Director for Southern Nigeria at Fidelity Bank. During his tenure as CEO, the institution witnessed a series of significant transformations, one of which was the Bank's rise from a mid-table Bank to the leading Tier 2 Bank in Nigeria while enhancing its top ranking among banks in Africa. During his seven-year service at the helm, the Bank also successfully accessed the local and international markets through the issuance of corporate bonds and Eurobonds, alongside other key transformational and financial growth achievements.

Nnamdi joined Fidelity Bank after eight years at United Bank of Africa Plc. He was, at various times, Regional Director (FCT, Nigeria), Regional Bank Head (Lagos Mainland) and Head Conglomerates (Corporate Banking Division). In the international banking sphere, Nnamdi was the Regional CEO covering the West African Monetary Zone for UBA Plc, overseeing the Group's operations in Ghana, Liberia and Sierra Leone, a role he combined with being the substantive Managing Director/CEO of UBA Ghana.

Nnamdi has a rich Corporate Board experience, having served as Director at various times at United Bank for Africa Ghana, UBA Sierra Leone, UBA Liberia, Nigeria Interbank Settlement Scheme (NIBSS), Unified Payment Systems Limited and Nigeria e-Government Strategy. He also chaired the Shareholders' Audit Committee of FMDQ.

Nnamdi's career started at the Merchant Bank of Africa Limited in 1990. It saw him traverse the banking space and gain preparatory/ leadership experience in leading financial institutions, including Guaranty Trust Bank (Now GTCO) and FSB International Bank.

He is a Fellow of the Chartered Institute of Bankers of Nigeria and a Fellow of the Chartered Institute of Credit Administration. He also chaired the Mentoring Advisory Committee of CIBN and was a two-term Vice President of the Nigerian British Chamber of Commerce. He holds a B.Agric. degree in Agricultural Economics from the University of Benin, Nigeria and an MBA (Banking and Finance) from Enugu State University of Science and Technology, Nigeria. He is also a graduate of the Advanced Management Program of INSEAD. Nnamdi has attended Executive Management and Board training programmes at Harvard Business School (USA), Stanford University (USA), Wharton Business School (USA), IMD (Singapore), IESE Business School, the University of Navarra, Barcelona, Spain and Kellogs Business School, USA.

Nnamdi has been honoured with many awards and recognitions globally. He is a globally recognised thought leader in banking and finance. He is highly reputed as one of the few African bank CEOs to be invited as guest speaker at the Investor Conference of major global banks.



Dr Adesola Adeduntan
Non-Executive Director

Dr Adesola Adeduntan is an accomplished professional with distinctive domestic and international experience in commercial and investment banking, development finance, audit and consulting. He is a philanthropist and leader with a keen interest in providing platforms for developing other young leaders.

He leads the Commercial Banking Group (CBG) of FBN Holdings Plc as the Chief Executive Officer of First Bank of Nigeria Limited. The CBG comprises FirstBank Nigeria and its subsidiaries, including FirstBank UK (with its Representative Office in Paris), FirstBank DRC, FirstBank Guinea, FirstBank Gambia, FirstBank Sierra Leone, FBNBank Ghana, FBNBank Senegal and First Pension Custodian Nigeria Limited, as well as the FirstBank Representative Office in Beijing. He oversees one of the most extensive transformation programmes in the Sub-Saharan African financial services industry, aiming to reposition FirstBank Group to market pre-eminence. The Group's transformation programme, under the leadership of Dr Adeduntan, has enabled the Bank to achieve significant business expansion: growing customer accounts from about 10 million in 2015 to over 41 million* (including digital wallets), becoming the second largest issuer of cards in Africa with over 12 million* issued cards, onboarding almost 22 million* active customers on digital banking platforms and initiating and building the most expansive bank-led Agent Banking Network in Africa, with over 200,000* agents.

Dr Adeduntan is currently on the Boards of First Bank of Nigeria Limited, FirstBank UK Limited, Shared Agent Network Expansion Facilities Limited (SANEF) and Nigeria Interbank Settlement System (NIBSS). He was previously an Executive Director and Chief Financial Officer of FirstBank. Prior to FirstBank, he was a Director and the pioneer CFO/Business Manager of Africa Finance Corporation (AFC). At AFC, he led the team that designed and executed the Corporation's 'International Credit Rating Strategy', culminating in the Corporation being assigned an A3 international credit rating by Moody's, making it the second highest-rated lending entity in Africa.

Dr Adeduntan also served as a Senior Vice President & CFO at Citibank Nigeria Limited, a Senior Manager in the Financial Services Group of KPMG Professional Services and a Manager at Arthur Andersen.

His career in banking and finance, spanning almost three decades, has earned him various recognitions and awards, such as Forbes Best of Africa – Outstanding Leader in Africa; Distinguished Alumnus Award by both the School of Management, Cranfield University, UK and the University of Ibadan; African Banking Personality of the Year; African Banker of the Year Award and induction into the African Leadership Magazine Hall of Fame and African Leadership Council; Honorary Citizenship of the State of Georgia and Congressional Commendation Award from the Georgia Senate – USA; Bank CEO of the Year by the AES Excellence Club, Banking Icon of the Decade Award by The Sun and African Banking Leadership Legacy Award by the African Leadership Organization, amongst several others.

He holds a Doctor of Science, Honoris Causa and an MBA from Cranfield University, United Kingdom, which he attended as a Chevening Scholar, and a Doctor of Veterinary Medicine awarded by the University of Ibadan. He has attended various executive and leadership programmes at Harvard Business School (USA), Wharton School (USA), London Business School (UK), IESE (Spain), the University of Oxford (UK), the University of Cambridge (UK), CEIBS (China) and INSEAD (France). He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN).

A philanthropist par excellence, Dr Adeduntan is a member of the Bretton Woods Committee – the non-partisan network of prominent global citizens that works to demonstrate the value of international economic cooperation and foster strong, effective Bretton Woods institutions as forces for global well-being. He is also a member of the Sigma Educational Foundation – focused on enhancing the quality of the tertiary education system in Nigeria, a member of the Steering Committee of the Private Sector Coalition Against COVID-19 (CACOVID) in Nigeria, a member of the Governing Council of the CIBN and a member of the Board of Lagos State Security Trust Fund. He holds the traditional title of Apesinola of Ibadanland. Dr Adeduntan is married with children and enjoys listening to music, especially African folk music.

**As at 31 March 2023.*

LEADERSHIP



Dr Alimi Abdul-Razaq
Independent Non-Executive Director

Dr Alimi Abdul-Razaq was appointed to the Board of Directors of FBN Holdings Plc on 30 April 2021. He brings to the Board his skill set as a regulator and lawyer with over 42 years of post-call experience.

He was an erstwhile Partner at A. Abdul-Razaq (SAN) & Co and is currently the Managing Partner of the House of Laws (Advocates and Solicitors). Dr Abdul-Razaq is a graduate of Law from Ahmadu Bello University, Zaria, Nigeria and holds a PhD from the University of Hull, UK. He is a member of the International Bar Association and the Nigerian Bar Association. He is a Fellow of the Chartered Institute of Arbitrators, Nigeria and an elected member of the Royal Institute of International Affairs, London.

Dr Abdul-Razaq has served as the Commissioner of Legal Licensing and Enforcement with the Nigerian Electricity Regulatory Commission (NERC), the Chairman of the National Iron Ore Mining Company, Itakpe and a member of the National Council on Privatization. He is the Founder and Chairman of Bridge House College, Ikoyi, Lagos State.

He has attended executive leadership programmes at Harvard Business School, USA, the University of Florida, USA, Georgetown University, USA, and the Lagos Business School, Nigeria. He is the pioneer recipient of the Alumni Laurette Award of the University of Hull, UK, for legal scholarship and educational endowments. Dr Abdul-Razaq holds the traditional title 'Mutawalli of Ilorin'. He is married with children and is an avid art collector who enjoys reading and swimming.

LEADERSHIP



Dr (Sir) Peter Aliogo
Independent Non-Executive Director

Dr (Sir) Peter Aliogo was appointed to the Board of Directors of FBN Holdings Plc on 30 April 2021. He brings to the Board his vast experience and expertise, spanning over three decades in banking, finance management, hospitality, manufacturing, real estate and insurance. Before joining the Board of FBN Holdings Plc, he served as Regional Executive South East Bank, Deputy General Manager at Union Bank of Nigeria Plc and Executive Director and Acting Managing Director at Manny Bank Plc.

Dr (Sir) Aliogo has also served as a lecturer to MBA students at ESUT Business School, Enugu. He is an Associate Member of the Chartered Insurance Institutes of London and Nigeria (ACII & ACIIN). He is also an Associate Member of the Nigerian Council of Registered Insurance Brokers (ANCRIB).

He holds a PhD in Business Administration from the International School of Management, Paris, France. He also holds an HND in Business Administration (Marketing) and a Masters in Business Administration (Banking & Finance) from Auchi Polytechnic and Rivers State University of Science and Technology, respectively. He has attended many professional programmes at Lagos Business School, Nigeria, Harvard Business School, Boston, USA, Wharton Business School, Philadelphia, USA and Fudan University, Shanghai, China.

Dr (Sir) Aliogo is the Vice Chairman/CEO of Dorchester International Insurance Brokers Limited and Ban Kapital Plc, a Banking and Finance relationship management consultancy Company.



Kofo Dosekun
Independent Non-Executive Director

Kofo Dosekun joined the Board of Directors of FBN Holdings Plc on 30 April 2021. She is a barrister and solicitor of the Supreme Court of Nigeria and a member of the International Bar Association. Kofo is currently the Chairman of Aluko and Oyeboode Management Board. She brings expertise in commercial transactions to the Board, including project finance, cross-border and local syndicated lending, private equity, energy, public-private partnerships and structured trade finance. She also advises on risk mitigation, financial regulatory compliance, foreign investment and derivatives, mergers and acquisitions and restructurings in the energy, manufacturing and telecommunications sectors.

Kofo's expertise in project finance, mergers and acquisitions has been recognised by prestigious legal directories. The Legal 500 (2020) inducted her into the Legal 500 Hall of Fame, as the

first and only female lawyer in the banking, finance and capital markets practice. She has also been consistently ranked Band 1 in Banking and Finance, Corporate Commercial, Energy and Natural Resources by Chambers Global and referred to as 'a standout lawyer for banking matters: She is excellent, diligent and passionate about her work, and insists on good quality.'

Her experience, which spans over three decades, began as a Legal Officer at the Nigerian Institute of International Affairs, then as an Associate at Debo Akande & Co. (Barristers & Solicitors), Company Secretary/Legal Advisor, Nigerian International Bank (Affiliate of Citibank, N.A.), and Assistant General Manager Corporate Finance and Financial Institutions, Credit and Marketing. Kofo has an LLB (Honours) from the University of Ife, Nigeria and an LLM from King's College London, UK.

LEADERSHIP



Dr Abiodun Fatade
Independent Non-Executive Director

Dr Abiodun Fatade was appointed to the Board of Directors of FBN Holdings Plc on 30 April 2021. He is a renowned radiologist and medical practitioner with over three decades of experience in the healthcare industry. He is the MD/CEO of Crestview Radiology Limited, a leading radio-diagnostic Group in Nigeria. In addition to his work in private practice, Dr Fatade has accumulated significant experience collaborating with both Federal and State governments across several public-private partnerships. He served as a Board member of the Gulf Bank of Nigeria and on various Board committees. A distinguished graduate of the College of Medicine, University of Lagos, Nigeria, he proceeded to the University College Hospital, Ibadan, Nigeria and subsequently the Toronto Hospital, Canada, for postgraduate studies and training.

He is a Fellow of the Postgraduate Medical College of Radiology and a Member of the Nigerian Medical Association, the American College of Radiologists, the American College of Physician

Executives and the Radiology Society of North America (RSNA). Notably, he serves on various international committees of these organisations, including the RSNA Committee for Africa and Asia and the Committee for the Advancement of MRI Education and Research in Africa (CAMERA). He is the former Secretary of the Association of Radiologists of West Africa and the West African Medical Ultrasound Society. He currently chairs the Association of Radiologists in Nigeria (ARIN) in Lagos State.

Dr Fatade is an astute healthcare entrepreneur and an alumnus of the Healthcare Leadership Academy and Radiology Business Management Association of America. He is a recipient of the Postgraduate Medical College of Nigeria Award for outstanding contributions to the development of radiology in Nigeria. He is a Director of the Medical Artificial Intelligence Laboratory, Africa (MAI LAB). He has attended various leadership and management courses, both locally and internationally.



Khalifa Imam
Independent Non-Executive Director

Khalifa Imam was appointed to the Board of FBN Holdings Plc on 30 April 2021. He has almost two decades of experience in Information Technology, Telecommunications and Fintech, working on projects in multiple segments. He is currently the CEO of ICX Solutions Limited and is a consultant with the World Bank and National Identity Management Commission (NIMC). Khalifa sits on the Board of Axelerate Consulting Services Limited and is an advisory Board member of the Massachusetts Institute of Technology programme (MIT/REAP), in partnership with NITDA. A thoroughbred project management and ICT consultant, with engagement in the public and private sectors of the Nigerian economy, he has implemented several impactful ICT projects across Nigeria in partnership with key multinational technology

companies, such as IBM, Microsoft, Cisco and Intel Corporation, to deliver Internet technologies, e-government solutions and Enterprise Management Systems.

Khalifa attended Ahmadu Bello University, Zaria, Nigeria and the SMU University of Switzerland virtual programme. He has also participated in several foreign and local training programmes. He is a member of various professional bodies, including the Royal United Services Institute (Defense and Security) in London, UK, the Information Systems Audit and Control Association and the Information Technology Governance Institute, Illinois, USA. He is married and enjoys horse riding, community development and reading.



Ahmed Modibbo
Independent Non-Executive Director

Ahmed Modibbo was appointed to the Board of FBN Holdings Plc on 30 April 2021 as a Non-Executive Director. An administrator and corporate lawyer, he brings to the Board of FBN Holdings vast and varied experience and expertise in corporate governance, corporate transformations, strategic management and corporate/commercial law practice garnered from the financial services, development banking, maritime and power (electricity) sectors.

He is currently the Managing Director of Highland Integrated Electricity Services Limited, an investment holding company with interests in the Nigerian power sector and core investors in an electricity distribution company. Ahmed had worked at the Nigerian Export-Import Bank, as the Secretary to the Board of Directors and Legal Adviser, a position in which he managed the corporate secretariat and anchored the provision of legal advice and support on all operational and administrative matters of the Bank's operations, including its interventions in the manufacturing, agriculture/agro-allied, solid minerals and services sectors. He also served as the Secretary to the Board/Legal Adviser of the Sealink Promotional Company Limited, a Special Purpose Vehicle established to promote commercial and maritime interconnectivity within the West and Central African Regions. Ahmed also had stints within private legal practice.

Ahmed has also served on several professional and Governmental Committees, including being a one-time member of the CIBN Committee on Realization of Secured Credits in Nigeria and a member of the Federal Government of Nigeria Committee on the Revival of the Textile Industry in Nigeria and its Technical Sub-Committee on Fund Raising and Management. He was a member of the Nigerian Bar Association Presidential Taskforce on the Corporate Affairs Commission.

He is a Non-Executive Director on several Boards in the financial services industry and an Advisory Board Member of DFC Technology Hubs Limited, a technology accelerator and start-up incubator company, and a member of the Board of trustees of some special interest, charitable and social causes.

Ahmed obtained a degree in Law (LLB) from Ahmadu Bello University Zaria in 1990 and was called to the Nigerian Bar in 1991. He further acquired the International Bar Association/ College of Law of England and Wales International Practice Diplomas in International Mergers & Acquisitions, Business Organizations, Joint Ventures, Competition Law and Intellectual Property Law, respectively. In March 2007, he became the first Nigerian to attain the status of a Fellow of the International Bar Association in International Legal Practice. Other notable certifications include the United Nations Institute for Training & Research (UNITAR) Certificate in Negotiation of Financial Transactions and Corporate Governance Best Practice Certificate from Informa/George Washington University in 2013. He is an active member of the Nigerian Bar Association, International Bar Association and a Chartered Secretary and Administrator as an Associate of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN).

He has attended several courses and programmes in law, management, strategy, leadership, risk management and corporate governance at top business, legal and management schools in Nigeria and abroad. Ahmed is married with children and enjoys reading and watching soccer.

LEADERSHIP



Julius Omodayo Owotuga
Non-Executive Director

Julius B. (JB) Omodayo-Owotuga is an accomplished professional with extensive experience spanning the oil and gas, banking and allied financial services industry as well as audit and consulting services. He was appointed to the Board of FBN Holdings Plc as a Non-Executive Director 22 December 2021. He is presently the Group Executive Director & Deputy Chief Executive of Geregu Power Plc (A subsidiary of Amerperion Power which is a holding company for the acquisition of Power assets in Africa). He has occupied this role since 2019 overseeing the finance, risk management, treasury, information technology and general administration of the Group.

JB was at Nigeria's leading oil and gas company, Forte Oil Plc (now Ardova Plc), as Group Executive Director, Finance and Risk Management, between 2011 and 2019. In this role, he contributed immensely towards transforming Forte Oil Plc into a vibrant, multi-million-dollar profit-making company. He equally led the company's debt capital raise, acquisition and divestment initiatives.

Prior to this, he served at the Africa Finance Corporation (AFC) as a Finance Manager. He was responsible for the setup of the financial operation and control functions at the Corporation. He was later an Asset and Liability Management Specialist at the AFC and was the deputy to the Treasurer. His key accomplishments at the Pan-African multilateral development finance institution include generating an annual income of tens of millions of US

Dollars, facilitating the successful closure of several trade lines deals and short-term funding to the tune of several millions of US Dollars.

JB joined the AFC in 2007 from Standard Chartered Bank Nigeria (SCBN) Limited, where he played a significant role in financial control and the Group's project management function, tasked with the responsibility of driving the financial evaluation aspect of the local Bank's expansion. Before SCBN, he was at KPMG Professional Services, where he rose to Audit Senior/Senior Financial Advisor level. As a senior at KPMG, he led several assurance engagements within the financial services industry. He joined KPMG in 2003 from MBC International Bank (now First Bank of Nigeria), where he worked in the foreign operations department.

JB is an alumnus of Oxford University's Said Business School, UK, IE Business School, Spain and the University of Lagos, Nigeria. He holds a B.Sc. in Accounting and a Masters in Business Administration (with Distinction). He is a CFA Charter Holder, a Chartered Management Accountant and a Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Taxation of Nigeria and the Institute of Credit Administration. He is a member of the Institute of Directors (IoD) of Nigeria. Julius is married with children and enjoys playing tennis, mentoring and watching soccer in his leisure time.



Oyewale Ariyibi

Executive Director, Finance, Investment
Management and Oversight

Oyewale (Wale) Ariyibi was appointed to the Board of FBN Holdings Plc as Executive Director, Finance, Investment Management and Oversight in August 2022. Wale joined FBN Holdings in September 2013 as the pioneer Head of the Finance Department. He brought on board his core competencies in controls, strategy and corporate planning, capital management, financial accounting and regulatory reporting, operational risk management, compliance and business assurance. He was promoted to General Manager (GM) and appointed Chief Financial Officer (CFO) in 2016.

Wale is an award-winning professional with over 32 years of experience spanning banking and allied financial services, business assurance, tax management and consulting, having served in senior management roles at various global organisations and Nigerian companies, including Ernst & Young (EY), Price Waterhouse/PricewaterhouseCoopers, Standard Chartered Bank and Transnational Corporation of Nigeria Plc (Transcorp), where he was the Chief Financial Officer prior to joining FBN Holdings Plc. He holds a Bachelor's degree, Second Class Honours Upper Division in Microbiology from

University of Ilorin and a Master of Business Administration (MBA) - Marketing from University of Lagos. He is a Fellow (FCA) of the Institute of Chartered Accountants of Nigeria (ICAN), Associate of the Chartered Institute of Taxation of Nigeria (CITN), Certified Pension Institute of Nigeria (CPIN) and the Institute of Directors (IoD) of Nigeria. He is an alumnus of the Northwestern University Kellogg Business School Advanced Management Programme. He has attended several local and international workshops, conferences and executive training programmes at Harvard, Wharton and London Business School, among others. Wale is happily married with children and enjoys reading and watching soccer.

EFFECTIVENESS

Board Effectiveness

An effective Board demonstrates ethical leadership while promoting defined culture and values. It must be capable and dynamic in managing various challenges and risks in today's fast-evolving and complex business world.

To ensure the organisation's success, the Board sets the strategic direction across multiple structures, markets and geographies, monitors the Company's risk profile and evaluates the performance of the Executives while remaining accountable to all stakeholders. Ultimately, three factors contribute to the Board's efficiency: composition, training and a rigorous appraisal by an independent consulting firm.

Guiding Principles on Composition

To fulfil its mandate, the Board must appoint individuals who have demonstrated excellent business knowledge and sufficient worldview experience and exposure. The Board comprises well-rounded, knowledgeable and experienced individuals with

diverse backgrounds and expertise, hence, enabling the Board to adopt and apply the relevant set of Governance codes that engender a proper devolution of powers, efficient deployment and utilisation of resources and performance monitoring processes towards enhancing shareholder value.

The Independent Non-Executive Directors and Non-Executive Directors outnumber the Executive Directors by 9:2, demonstrating the Board's independence from the Management of the Company. This complies with the Nigerian Code of Corporate Governance and global best practices.

Training of Directors

In 2022, Directors participated in executive education programmes to hone their decision-making and leadership skills. The Board approved an annual training plan, with the Company Secretariat responsible for its implementation. This demonstrates the Company's determination to ensure maximum efficiency at the Board level.

2022 Board Training Attended

S/N	Name	Course	Institution/Location	Date
1	All Directors	a. Macroeconomic Outlook for Global, Sub-Saharan Africa (SSA) and Nigeria and considerations for the Nigerian Financial Services Industry b. Repositioning for Market Dominance	FBN Holdings Plc/Rwanda	28 November 2022
2	Dr Abdul-Razaq Alimi	Independent Non-Executive Directors Workshop	Institute of Chartered Secretaries and Administrators of Nigeria	27 January 2022
3	Nnamdi Okonkwo	Masterclass for Independent Directors	Institute of Directors Nigeria	5-6 October 2022
4	Dr (Sir) Peter Aliogo	Leading Digital Transformation	The Wharton School of the University of Pennsylvania	10-14 October 2022
5	Alhaji Ahmad Abdullahi	Value Creation for Owners and Directors	INSEAD	10-14 October 2022
6	Dr Abiodun Fatade	Compensation Committees: New Challenges; New Solutions	Harvard Business School	13-15 November 2022

Board Appraisal

The Board of a public company is required by regulations to undergo an annual appraisal of its performance and that of its Committees, the Chairman and individual Directors.

The Board engaged PricewaterhouseCoopers (PwC) to evaluate the Board of Directors and review the Company's corporate governance processes for the year ended 31 December 2022. Specifically, the Board appraisal covered the Board's structure and composition, processes, relationships, competencies, roles and responsibilities. The corporate governance evaluation covered the governance structures and practices, including oversight of the Company's performance, surveillance of the

ethical climate within the Company, risk management oversight, corporate compliance and internal controls, financial reporting and stakeholder engagement.

PwC concluded that the corporate governance practices of FBN Holdings largely complied with the key provisions of the Code of Corporate Governance of the Central Bank of Nigeria, the Financial Reporting Council of Nigeria, and the Securities and Exchange Commission's guidelines. They developed specific recommendations for further improvement of governance practices and presented these to the Board in a detailed report.

EFFECTIVENESS

Access to Independent Professional Advice

To support its effectiveness, the Board may seek advice and assistance from independent or external professional advisers or experts at the expense of the Company. This option was exercised at various times during the year.

Board Responsibilities

The Board's primary mission is to create and deliver long-term shareholder value. The Board sets policy and strategic directions and supervises their implementation. The Board seeks to ensure that Management achieves both the long and short-term goals with the appropriate level of prioritisation at various stages. In establishing and monitoring the execution of the strategy, it considers the impact of those decisions on the Group's obligations to various stakeholders, regulators, employees, suppliers and the community. Besides ensuring that the Group has good internal controls and risk management mechanisms, the Board is also responsible for ensuring the vigorous pursuit of the Group's collective purpose, values and culture. The Board has reserved the right to approve certain vital decisions and matters. Among these are decisions on the Group's strategy, approval of risk appetite, capital and liquidity issues, acquisitions, mergers and divestments, Board membership, financial performance, governance issues and the approval of the corporate governance structure. More specifically, the Board's responsibilities enumerated in the Board Charter include:

- Building long-term shareholder value by ensuring adequate systems, procedures and policies are in place to safeguard the Group's assets;

- Appointing, developing and refreshing the overall competency of the Board, as necessary;
- Articulating and approving the Group's strategies and financial objectives, as well as monitoring the implementation of those strategies and objectives;
- Approving the appointment, retention and removal of the Group Managing Director (GMD) and any other Executive Director in the Group;
- Reviewing the succession planning for the Board and Senior Management regularly and recommending changes where necessary;
- Overseeing the implementation of corporate governance principles and guidelines;
- Reviewing and approving the recommendations of the Board Governance and Nomination Committee concerning the remuneration of Directors;
- Overseeing the establishment, implementation and monitoring of a Group-wide risk management framework to identify, assess and manage business risks encountered by the Group;
- Articulating and approving the Group's risk management strategies, philosophy, risk appetite and initiatives;
- Maintaining a sound system of internal controls to safeguard shareholders' investments and the assets of the Group; and
- Overseeing the Group's corporate sustainability practices regarding its economic, social and environmental obligations.

The Role of the Group Chairman

The roles of the Group Chairman and the Group Managing Director are distinct and not performed by one individual. The principal function of the Group Chairman is to manage and provide leadership to the Board of Directors of FBNHoldings. The Group Chairman is accountable to shareholders and responsible for the effective and orderly conduct of the Board and General meetings. More specifically, the duties and responsibilities of the Group Chairman are to:

- Act as a liaison between Management and the Board;
- Provide independent advice and counsel to the GMD;

- Keep abreast of the activities of the Company and Management;
- Ensure the Directors are properly informed and have sufficient information to make appropriate decisions;
- Develop and set the agenda for Board meetings;
- Assess and make recommendations to the Board annually on the effectiveness of the Board, its Committees and individual Directors; and
- Ensure that, upon completing the ordinary business of a Board meeting, the Directors hold discussions regularly without members of Management present.

The Role of the Group Managing Director

The Group Managing Director (GMD) is responsible for developing and executing the Group's long-term strategy and creating sustainable stakeholder value. The GMD's mandate is to manage the day-to-day operations of FBNHoldings and ensure that processes are consistent with the policies developed by the Board of Directors and executed effectively. More specifically, the duties and responsibilities of the GMD are to:

- Lead the development of the Company's strategy in conjunction with the Board, and oversee the implementation of the Company's long-term and short-term plans in line with its strategy;
- Ensure appropriate organisation and staffing of the Company as well as hire, motivate, retain and exit staff as deemed necessary to enable the Company to achieve its goals and strategic objectives;
- Ensure the Group has appropriate systems to conduct its activities both lawfully and ethically;
- Ensure the Company maintains a high standard of corporate citizenship and social responsibility wherever it does business;
- Act as a liaison between Management and the Board and communicate effectively with shareholders, employees, government authorities, other stakeholders and the public;
- Ensure the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to take informed decisions;
- Abide by specific internally established control systems and authorities, lead by example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental, health and safety policies;
- Manage the Group within established policies, maintain a regular policy review process and revise or develop policies for presentation to the Board;
- Ensure the Group operates within approved budgets and complies with all regulatory requirements of a holding company; and
- Develop and recommend the annual operating and capital budget to the Board and, with fully delegated authority, implement the plan upon approval.

The Role of the Company Secretary

The Companies and Allied Matters Act (Sections 330 - 340), regulations and the Company's Articles of Association govern the appointment and duties of the Company Secretary. The responsibilities of the Company Secretary include the following:

- Attending meetings of the Company, Board of Directors and Board Committees, rendering all necessary secretarial services in respect of such meetings and advising on compliance and regulatory issues;
- Setting the agenda of the meetings through consultations with the Group Chairman and the GMD;
- Maintaining statutory registers and other records of the Company;
- Rendering proper and timely returns as required under the Companies and Allied Matters Act;
- Providing a central source of guidance and advice to the Board and the Company on matters of ethics, conflict of interest and good corporate governance; and
- Executing administrative and secretarial duties as directed by the Directors of the Company and duly authorised by the Board of Directors and exercising any powers vested in the Directors.

Leadership Appointments Across the Operating Entities

1. On 16 August 2022, the Board approved the nomination of Patrick Iyamabo as an Executive Director, Chief Financial Officer, First Bank of Nigeria Limited.
2. On 27 October 2022, the Board approved the nomination of Dr Irene Akpofure as a Non-Executive Director, of FBNQuest Merchant Bank Limited.

Making Board Meetings Effective

How FBNHoldings Board meetings work:

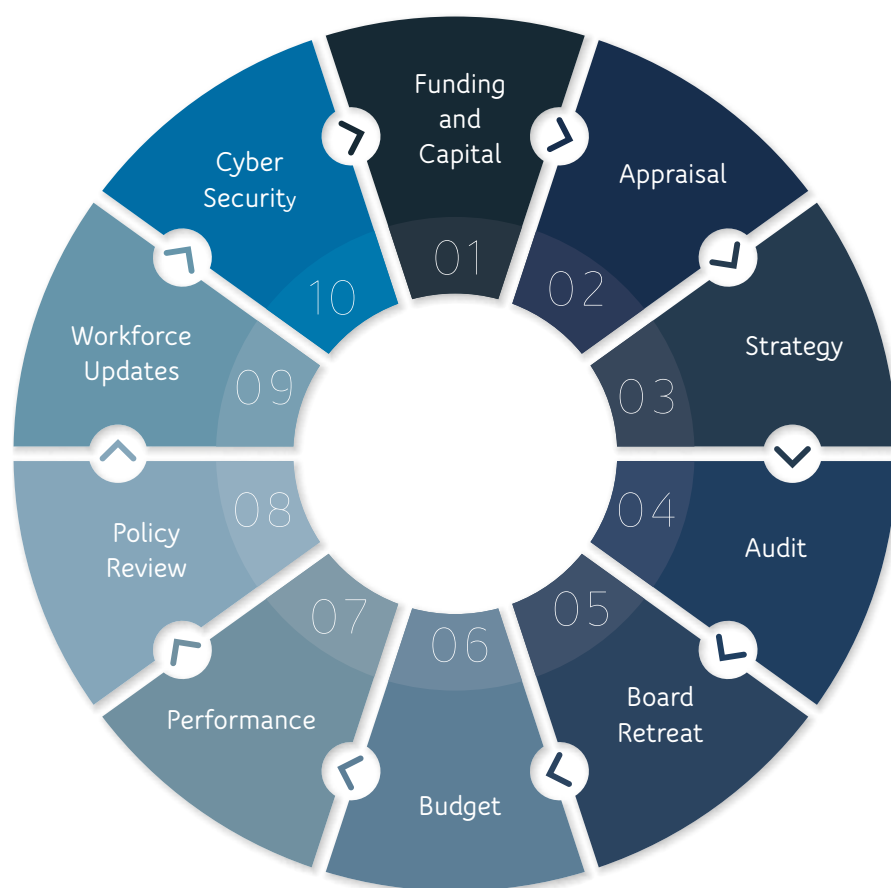
- The Board meets quarterly and as necessary;
- The annual calendar of Board meetings is approved in advance at the last Board meeting of the preceding year. This is flexible and can include additional meetings to respond to new business needs or issues effectively;
- The annual calendar of Board activities includes a Board retreat to consider strategic matters, Group policy directions and to review opportunities as well as challenges encountered by the Group;

- The Board may take urgent and material decisions between meetings through written resolutions and will ratify such resolutions at the next Board meeting;
- The Company Secretariat transmits notices for meetings to Board members at least two weeks before the meeting;
- The Company Secretariat provides Directors with an agenda and meeting papers before each meeting. It transmits Board papers promptly to facilitate discussions and help make informed decisions at meetings;
- The agenda, i.e., the number of issues identified for deliberation and, more importantly, their complexity, are significant factors in determining the duration of the meetings. However, the Board devotes sufficient time and rigour to deal with all matters scheduled for deliberation;
- Any Director may request the consideration of a topic at meetings. In addition, any Director may raise any issue deemed deserving of discussion; members usually consider this under the 'Any Other Business' item on the agenda; and
- The Company requires all Directors to declare their interest in any item slated for Board consideration before the commencement of each meeting.

Board Focus Areas:

A summary of the main undertakings of the Board during the financial year is provided below:

1. Reviewed funding and capital plan across the Group.
2. Board appraisal exercises and outcomes.
3. Deliberation on the implementation of the Group's strategy.
4. Consideration of the audited financial statements for the year ended 31 December 2021 and the unaudited quarterly accounts in 2022.
5. Board retreat to discuss the 2020–2024 Strategic Planning Programme.
6. Deliberation on the budget for the 2023 Financial Year.
7. Deliberation on the performance of the Group's businesses against the budget.
8. Reviewed Governance policies across the Group.
9. Consideration of updates on workforce compensation and engagement.
10. Reviewed the cyber security framework and initiatives.



EFFECTIVENESS

Board Committees

The Board has delegated authority to various Board Committees to provide specialist guidance and make recommendations, through established reporting mechanisms, on areas and matters entrusted to them. Each Committee has its charter, approved by the Board and reviewed as required, which defines, among other things, its roles, responsibilities, composition, tenure and meeting requirements. The Board monitors these responsibilities to ensure that the Group's operations are effectively covered and controlled.

In line with best practices, the Chairman of the Board is not a member and does not sit on any of the Committees. FBNHoldings has three Board Committees namely;

- Board Governance and Nomination Committee (BGNC)
- Board Audit and Risk Assessment Committee (BARAC)
- Board Finance and Investment Committee (BFIC)

Attendance at Board Meetings

The Board of FBNHoldings met eight times in 2022

Members	27 January	07 March	27 April	17 June	28 July	01 September	27 October	20 December
Alhaji Ahmad Abdullahi	✓	✓	✓	✓	✓	✓	✓	✓
Nnamdi Okonkwo	✓	✓	✓	✓	✓	✓	✓	✓
Dr Adesola Adeduntan	X	✓	✓	✓	✓	✓	✓	✓
Dr (Sir) Peter Aliogo	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Dahiru Modibbo	✓	✓	✓	✓	✓	✓	✓	✓
Khalifa Imam	✓	✓	✓	✓	✓	✓	✓	✓
Kofo Dosekun	✓	✓	✓	✓	✓	✓	✓	✓
Dr Alimi Abdul-Razaq	✓	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade	✓	✓	✓	✓	✓	✓	✓	✓
Julius Omodayo-Owotuga	N/A	✓	✓	✓	✓	✓	✓	✓
Oyewale Ariyibi*	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓

*Oyewale Ariyibi was appointed an Executive Director on 16 August 2022.

EFFECTIVENESS

Board Governance and Nomination Committee (BGNC)

Membership

- Kofo Dosekun – Chairman
- Dr Alimi Abdul-Razaq
- Ahmed Modibbo
- Dr Abiodun Fatade
- Julius Omodayo-Owotuga



Attendance at the Board Governance and Nomination Committee Meetings

The Board Governance and Nomination Committee of FBNHoldings met seven times in 2022

Members	03 January	17 January	11 April	25 April	19 July	09 August	20 October
Kofo Dosekun	✓	✓	✓	✓	✓	✓	✓
Dr Alimi Abdul-Razaq	✓	✓	✓	✓	✓	✓	✓
Ahmed Modibbo	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade	✓	✓	✓	✓	✓	✓	✓
Julius Omodayo-Owotuga*	N/A	N/A	N/A	N/A	✓	✓	✓

*Julius Omodayo-Owotuga was appointed to the Committee on 27 April 2022

Key Responsibilities

- Develop and maintain an appropriate corporate governance framework for the Group;
- Develop and maintain an appropriate policy on the remuneration of Directors, both Executive and Non-Executive;
- Nominate new Directors to the Board;
- Develop succession plans for the Board of Directors and critical Management staff across the Group;
- Nominate/endorse/ratify individuals for Board appointments across the subsidiary companies as appropriate;
- Recommend Directors' remuneration to the Group;
- Oversee Board performance and evaluation within the Group;
- Identify individuals for consideration for Board appointment and make recommendations to the Board for approval;
- Recommend potential appointment and re-election of Directors (including the GMD) to the Board, in line with FBNHoldings' approved Director selection criteria;
- Ensure the Board composition includes at least three Independent Non-Executive Directors who meet the independence criteria as defined by CAMA;
- Make recommendations on the amount and structure of the remuneration of the Group Chairman and other Non-Executive Directors to the Board for approval;
- Review and make recommendations to the Board on all retirement and termination payment plans of the Executive Directors;
- Ensure appropriate disclosure of Directors' remuneration to stakeholders;
- Ensure compliance with regulatory requirements and other international best practices on corporate governance;
- Review and approve amendments to the Group's corporate governance framework;
- Nominate independent consultants to conduct an annual review or appraisal of the performance of the Board and make recommendations to the Board. This review or assessment covers all aspects of the Board's structure, composition, responsibilities, individual competencies, operations, role in strategy setting, oversight of corporate culture, evaluation of Management's performance and stewardship towards shareholders;
- Review the report of the evaluation of the performance of the Board Committees and the Boards of subsidiary companies annually. The BGNC may utilise the service of the independent consultant duly approved by the Board for the annual Board appraisal as it deems fit. The evaluation process will be in line with the Group's Evaluation Policy;
- Ratify the performance appraisals of the Executive Directors as presented by the GMD;
- Ensure compliance with the Codes of Corporate Governance of the CBN, FRCN, the guidelines of SEC and global best practices on corporate governance; and
- Perform such other functions relating to the operations of the Group as may be expressly delegated to the Committee by the Board.

EFFECTIVENESS

Board Audit and Risk Assessment Committee (BARAC)

Membership

- Dr Alimi Abdul-Razaq – Chairman
- Kofo Dosekun
- Dr (Sir) Peter Aliogo
- Khalifa Imam
- Ahmed Modibbo



Attendance at the Board Audit and Risk Assessment Committee Meetings

The Board Audit and Risk Assessment Committee of FBNHoldings met eight times in 2022

Members	19 January	19 April	12 May	20 July	25 July	30 August	19 October	25 October
Dr Alimi Abdul-Razaq	✓	✓	✓	✓	✓	✓	✓	✓
Kofo Dosekun	✓	✓	✓	✓	✓	✓	✓	✓
Dr (Sir) Peter Aliogo	✓	✓	✓	✓	✓	✓	✓	✓
Khalifa Imam	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Modibbo*	N/A	N/A	✓	✓	✓	✓	✓	✓

*Ahmed Modibbo was appointed to the Committee on 27 April 2022.

Key Responsibilities

- Ensure there is an efficient risk management framework for the identification, quantification and management of business risks facing the Group;
- Evaluate the Group's risk profile and the controls in place to mitigate such risks;
- Ensure the development of a comprehensive internal control framework for the Group;
- Review the Group's system of internal control to ascertain its adequacy and effectiveness;
- Evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, especially market, liquidity and operational risks, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the vulnerabilities and Management's views on the acceptable and appropriate levels of those risk exposures;
- Review the independence and authority of the risk management function; and
- Assess and confirm the independence of the external auditor annually, through an assessment report submitted to the Board and the Statutory Audit Committee.

EFFECTIVENESS

Board Finance and Investment Committee (BFIC)

Membership

- Dr (Sir) Peter Aliogo - Chairman
- Dr Abiodun Fatade
- Khalifa Imam
- Dr Adesola Adeduntan
- Nnamdi Okonkwo
- Julius Omodayo-Owotuga*
- Oyewale Ariyibi (Appointed to BFIC on 20 December 2022)



Attendance at the Board Finance and Investment Committee Meetings

The Board Finance and Investment Committee of FBNHoldings met ten times in 2022

Members	21 January	24 January	22 April	09 May	22 July	27 July	25 August	21 October	24 November	19 December
Dr (Sir) Peter Aliogo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Khalifa Imam	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Adesola Adeduntan	✓	X	✓	✓	✓	✓	✓	✓	X	✓
Nnamdi Okonkwo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Julius Omodayo Owotuga*	N/A	N/A	N/A	✓	✓	✓	✓	✓	X	✓

*Julius Omodayo-Owotuga was appointed to the Committee on 27 April 2022.

Key Responsibilities

- Understand, identify and discuss with Management the key issues, assumptions, risks and opportunities relating to the development and implementation of the Group's strategy;
- Liaise with Management in planning the annual strategy retreat for the Board and ensuring the Board retains sufficient knowledge of the Group's businesses and the sectors in which it operates, to provide strategic input and revalidate the relevance of Management's assumptions for planning purposes;
- Critically evaluate and make recommendations to the Board for approval of the Group's strategic planning programme;
- Periodically engage Management and act as a sounding board on strategic issues;
- Regularly review the effectiveness of the Group's strategic planning and implementation monitoring process;
- Review and make recommendations to the Board regarding the Group's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines and the performance of the Group's investment portfolio;
- Oversee the Group's investment planning, execution and monitoring processes;
- Oversee the long-term financing options for the Group;
- Review the Group's financial projections, as well as the capital and operating budgets, and have quarterly reviews with Management on the progress of key initiatives, including appraising actual financial results against targets and projections;
- Review and recommend for Board approval the Group's capital structure, which should not be limited to mergers, acquisitions, business expansions, allotment of new capital, debt issuance and any changes to the existing capital structure; and
- Recommend the Group's dividend policy for Board approval, including the nature and timing, and implement an effective tax policy.

STATUTORY AUDIT COMMITTEE (SAC)

Section 404 (2) and (3) of the Companies and Allied Matters Act requires every public company to establish a Statutory Audit Committee composed of two Non-Executive Directors and three representatives of its shareholders, subject to a maximum of five members.

Shareholder Representative Profile

Fuad Umar

Fuad Umar was re-elected as Shareholder Representative on the SAC on 20 June 2022. His wealth of experience spans his previous roles as the Investment Coordinator, LINKS-Tetra Tech (FCDO-funded programme), Access to Finance Adviser, MAFITA-Adam Smith International (DFID-funded programme), and Business Development Service Provider, MAFITA. Subsequently, he established and managed his investment portfolio, Fuad Allied Nigeria Limited, where he serves as the Chief Executive Officer.

Fuad has served in several leadership positions across numerous organisations, including Ocean Securities and Stockbrokers Limited, the Association for the Advancement of the Rights of Nigerian Shareholders, Quantico International and Fuad Agro. His people-centred approach to problem-solving has seen him contribute remarkably to developing sustainable strategies for investment, risk analysis, expansion and dividend payouts. Fuad is an exemplary scholar with a first-class Bachelor's of Science in Management Information Systems from the American University of Nigeria (AUN) and a Master's of Business Administration from the Dangote Business School, Bayero University, Kano. His dedication to work and knowledge acquisition has earned him several awards and recognitions.

In 2012, while studying at AUN, his outstanding academic performance earned him a place at the Kogod Business School in Washington, DC, for a year-long exchange programme. Other honours for leadership, academic excellence, community engagement and development followed. His leadership roles in Fuad Allied Nigeria Limited, Quantico International and the Association for the Advancement of the Rights of Nigerian Shareholders demonstrate his penchant for excellence in professional services. Fuad's mastery and experience in building sustainable business models in Nigeria while adopting new technologies have aided in shaping Nigeria's business landscape.

Kashimawo Taiwo, FCA

Kashimawo Taiwo, FCA, was re-elected as Shareholder Representative on the SAC on 20 June 2022. Kashimawo Taiwo is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate Member of the Chartered Institute of Taxation of Nigeria (CITN). A seasoned accountant and finance expert, Kashimawo has held several high-profile positions in his career in the private sector and accounting practice. He retired in 2000 from West African Portland Cement Plc (now Lafarge), where he was a Finance Controller. He has since been in practice and is currently the Managing Partner of the accounting firm Kash Taiwo & Co. He was the Chairman of Flour Mills of Nigeria Plc's Audit Committee between 2015 and 2017. He is the Chairman of GlaxoSmithKline Consumer Nigeria Plc's (GSK) Audit Committee and a member of Total Energies Marketing Nigeria Plc's Audit Committee.



EFFECTIVENESS

Vitalis Ekwem Anyiam

Vitalis Anyiam was elected as Shareholder Representative on the SAC on 20 June 2022. He is an experienced professional banker who, in the pre-merger of United Bank for Africa Plc, managed and supervised branches as part of its senior management staff and, thereafter, moved to the Head Office post-merger, where he worked for several years before retirement.

While in banking, he served in various ad-hoc committees and task forces to facilitate the organisation's systems and processes. He attended many training courses and seminars in all segments of banking and management. Currently, he is a consultant in banking, finance and investment. In addition, he is a Director at both X-Unlimit Resources Nigeria Limited and Bevic Interglobal Link Nigeria Limited and a Principal Partner at Ekwemma Enterprises.

Vitalis has been an executive member of the Independent Shareholders Association of Nigeria and has benefited from its training courses and seminars organised for effective performance in audit committees, as well as training courses in capital/money markets and investment for members. Furthermore, he served as the Audit Committee Chairman of Law Union and Rock Insurance Plc for some years. Vitalis is currently a member of the Audit Committees of Arbico Plc and Union Dicon Salt Plc. Vitalis is affiliated with the following professional bodies. The University of Lagos with a Master's in Banking and Finance (MBF); a Fellow of the Chartered Institute of Bankers of Nigeria (FCIB); an Associate of the Institute of Commercial Management London (AM. Inst Co); an Associate of the British Society of Commerce London (ABSC); and an Associate of the International Association of Bookkeepers - London (AIAB), while he also obtained a certificate in Internal Auditing from the Institute of Internal Auditors and certification in Theology.



Audit Committee Members

S/N	Members	Role	Status	Educational Qualifications
1	Fuad Umar	Chairman	Shareholder representative	BSc Management Information Systems, MBA
2	Kashimawo Taiwo, FCA	Member	Shareholder representative	FCA, ACTI
3	Vitalis Ekwem Anyiam	Member	Shareholder representative	FCIB, MBF, AM. Inst Co, ABSC
4	Dr (Sir) Peter Aliogo	Member	Independent Non-Executive Director	HND (Marketing), MBA (Banking & Finance), ACII, ANIM, PHD Bus. Admin.
5	Khalifa Imam	Member	Independent Non-Executive Director	Bsc Information Technology

Independence of the Statutory Audit Committee (SAC)

The autonomy of the SAC is fundamental to upholding public confidence in the reliability of its reports and the Company's Audited Financial Statements. The Committee has access to the external auditor to seek explanations and additional information. The Committee comprises five members as required in CAMA 2020; three members, including the Chairman, are shareholder representatives who are independent and accountable to the shareholders. The other two members are Independent Non-Executive Directors. This composition underpins the independence of the SAC from executive influence.

Attendance at the Statutory Audit Committee Meetings

The Statutory Audit Committee met four times in 2022

Members	30 March	27 April	27 September	07 December
Fuad Umar	✓	✓	✓	✓
Kashimawo Taiwo, FCA	✓	✓	✓	✓
Vitalis Ekwem Anyiam*	N/A	N/A	✓	✓
Dr (Sir) Peter Aliogo	✓	✓	✓	✓
Khalifa Imam	✓	✓	✓	X

*Vitalis Ekwem Anyiam was elected at the AGM of 20 June 2022.

EFFECTIVENESS

The Responsibilities of the Committee

The statutory duties and role of the SAC are encapsulated in Section 404 (7) of CAMA. In addition, the various Codes of Corporate Governance, including the CBN and FRCN Codes, set out the roles and responsibilities of the SAC, which are to:

- Ascertain whether the Company's accounting and reporting policies are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on Management matters in conjunction with the external auditor and departmental responses thereon;
- Keep under review the effectiveness of the Company's system of accounting and internal control;
- Make recommendations to the Board regarding the appointment, remuneration and removal of the external auditor of the Company, ensuring the independence and objectivity of the external auditor and ensuring there is no conflict of interest which could impair the independent judgement of the external auditor;
- Authorise the internal auditor to carry out investigations into any activity of the Company that may be of interest or concern to the Committee; and
- Assist in overseeing the integrity of the Company's financial statements and establishing and developing the internal audit function.

Group Executive Committee (GEC)

The GEC is a Group Management committee that meets quarterly or as required. The role of the Committee is to ensure the implementation and alignment of the Group's strategy. The Committee met four times in 2022.

Membership

The GMD of FBN Holdings Plc serves as the Chairman, while other members are:

- MD/CEO, First Bank of Nigeria Limited
- MD/CEO, FBNQuest Merchant Bank Limited
- MD/CEO, FBNQuest Capital Limited
- MD/CEO, FBNQuest Trustees Limited
- MD/CEO, FBN Insurance Brokers Limited
- Executive Director, Finance, Investment Management and Oversight, FBN Holdings Plc
- Executive Director, Chief Financial Officer, First Bank of Nigeria Limited
- Executive Director, Chief Risk Officer, First Bank of Nigeria Limited
- Head, Strategy and Corporate Development, FBN Holdings Plc
- Company Secretary, FBN Holdings Plc



Key Responsibilities

- Ensure overall alignment of the Group's strategy and plans;
- Review strategic and business performance against approved plans and budget of the Group and agree on recommendations and corrective actions;
- Promote the identification of synergies and ensure the implementation of synergy initiatives;
- Monitor the progress of the Group's synergy realisation initiatives and make recommendations;
- Discuss and monitor compliance with the Group's policies, such as risk management, internal audit and others; and
- Review and recommend modifications to the Group's policies.

EFFECTIVENESS

Management Committee (MANCO)

The role of the Committee is to deliberate and take policy decisions on the efficient and effective management of the Company.

Membership

The GMD of FBN Holdings Plc serves as the Chairman, while the other members are:

- Executive Director, Finance, Investment Management and Oversight
- Head, Risk Management and Compliance
- Head, Investor Relations
- Head, Internal Audit
- Head, Strategy and Corporate Development
- Head, Human Resources
- Head, Marketing and Corporate Communications
- Company Secretary



Key Responsibilities:

- Develop and review, on an ongoing basis, the Company's business focus and strategy, subject to the approval of the Board;
- Confirm the alignment of the Company's plan with the Group's overall strategy;
- Recommend proposals to the Board on the strategies to achieve the Group's objectives regarding investment and divestment activities;
- Track and manage the strategic and business performance of the Group against approved plans and the budget; and
- Make proposals to the Board and Board Committees on significant policies and decisions relating to staff compensation, major capital expenditure, organisational structure and other issues related to the business.

Going Concern

The Board considers and assesses the Company annually and views the Company as a going concern, based on reports of assessments carried out by the Management into the Company's ability to continue in operation for the foreseeable future.

External Auditors

The external auditor for the 2022 financial year was Messrs. KPMG Professional Services (KPMG). FBNHoldings complied with the CBN and FRCN codes in appointing the external auditor in the 2020 financial year and its retention thereafter.

2022 Audit Fees

The audit fee paid by FBNHoldings (the Company) to the external auditor for the 2022 statutory audit was ₦30mn.

Prohibition of Insider Dealings

The Group has established structures to ensure compliance and communicate closed periods to insiders and the Nigerian Exchange Limited, in accordance with Section 17.2 of the Amendment to the Nigerian Exchange Limited's Listing Rules. The Registrars ensure that Directors, persons performing managerial functions, advisers and other persons with access to insider information, or their connected persons, are not permitted to trade in FBNHoldings securities during this period.

Succession Planning

The Board Governance and Nomination Committee (BGNC) is responsible for the Group's succession planning process. The Committee identifies critical positions on the Board and at the Executive Management level deemed essential to achieving the Company's business objectives and strategies and significantly influencing the Group's operations. These critical positions include the following:

- Board Chairman
- Non-Executive Directors
- Executive Management
- Subsidiary Managing Directors
- Subsidiary Board Chairmen

To fill critical positions, the Committee sets the standards for competence. The competency requirements outline the knowledge, skills and competencies necessary for each position and the ethics, values and character. The Committee considers the Group's future needs and strategic objectives when determining the requisite competencies. In addition, these serve as a foundation for evaluating potential successors to the identified critical positions and identifying skill gaps and development requirements. In conclusion, the Committee determines the scale of competency gaps and identifies the talent pool.

For the Chairman's position, the existing Chairman of the Board will articulate the developmental needs of each Non-Executive Director on the Board, develop a plan to bridge those gaps and position them as potential successors. For Non-Executive Directors, the Governance and Nomination Committee will conduct a detailed analysis of the existing Board's strengths and weaknesses, as well as skills and experience gaps, based on the exit of Directors from the Board and current deficiencies while considering the Company's long-term business strategy and plans. Based on this assessment, the Committee defines the skills and competency profile that reflects the needs of the Board. For Executive Management positions, the Committee, in conjunction with the GMD, notes and reviews the skills and gaps of possible successors against required competencies.

Performance Monitoring

As part of its oversight role, the Board continually engages Management and contributes ideas to the Group's strategy, from the planning phase to execution. The Board holds annual retreats to plan and monitor strategy. Once defined, updates on specific strategic objectives become part of the ongoing Board agenda, allowing the Board to critique the strategy implementation. During this process, the Board is continually updated on significant issues, risks or challenges encountered during strategy implementation across the Group and the controls developed to mitigate these risks.

The overall performance of the Group regarding the budget is presented to the Board to provide insight into achievements and to address challenges where they exist. The Group's financial and performance indicators are reviewed quarterly with the Board. The Board continuously assesses progress and confirms or guides on alignment with the Group's strategic goals and objectives. Peer benchmarking, which compares FBNHoldings' performance to competitors, is also a regular part of Board meetings.

REMUNERATION STRUCTURE

Introduction

This section provides stakeholders with an understanding of the remuneration philosophy and policy adopted at FBNHoldings for Non-Executive Directors, Executive Directors and employees.

Remuneration Philosophy

FBNHoldings' compensation and reward philosophy represents the values and beliefs that drive the Company's Compensation Policy. The compensation philosophy aligns with the Group's quest to attract and retain highly skilled personnel who will keep the Group ahead of the competition. Factors considered in reviewing the compensation packages include organisational policy, market positioning, the Group's financial performance, government policies, regulations, industry trends, inflation and the cost-of-living index.

Remuneration Strategy

FBNHoldings' compensation and reward strategies aim to attract, reward and retain a motivated talent pool to drive the Company's values, ideology and strategic aspirations. The compensation strategy supports the corporate strategy and the Company reviews its remuneration periodically, as required, to reflect changes in internal and external conditions. The compensation and reward strategies seek to position the Group as an employer of choice within its market by offering an attractive and sustainable compensation package. Compensation is differentiated and used to retain high-potential talent and drive the Company's desired culture and values.

Compensation Policy

The Group's Compensation Policy provides guidelines for the effective implementation and administration of the compensation strategy. The Company categorises the compensation structure into Remuneration, Perquisites and Benefits. Remuneration includes base pay and allowances, as well as performance-based bonuses and incentives, detailed as follows.

- Base pay is mainly cash-based and includes the salary component for the defined job grade. It is the basis for the computation of some allowances and most benefits. It is guaranteed and payable monthly in arrears as per the employment contract.
- Allowances are other pay items outside base pay and are structured to support living standards for respective grades. These allowances include housing, furniture, lunch and clothing. They are payable in cash and are paid monthly, quarterly, or yearly for liquidity planning and staff convenience. The Company separates allowances into those that form part of staff salary and those categorised purely as allowances.
- Bonuses and incentives are related to achieving organisational and individual targets and may be cash or non-cash, such as performance bonuses and commendation letters.
- Perquisites are usually lifestyle-oriented and designed to ensure comfort, motivation, commitment and staff retention, particularly for those at the senior level or with high potential. These may include status cars, power generators, gym equipment, etc.
- Benefits are entitlements that are usually attainable, subject to organisational conditions. They include leave, medical allowances and social club subscriptions. To guarantee staff convenience and in line with the Group's ethical stance of being socially responsible and a good corporate citizen, payments are structured while ensuring adequate cash flow for staff; the Group's policy does not run contrary to tax laws and other statutory regulations.

Executive Remuneration

The Board is mindful of the views of the various stakeholders on executive remuneration. It aims to motivate, incentivise and retain the best talents, while keeping an eye on the prevailing economic outlook.

The Board determines the remuneration for Executive Directors. Usually, it reflects competitive benchmarking in the industry while ensuring it adequately attracts and retains the best and most experienced individuals for the role. The consideration also applies to Non-Executive Directors entitled to Directors' fees, reimbursable expenses and sitting allowances.

BOARD COMPENSATION

Non-Executive Directors

In line with the FRCN and CBN Codes, Non-Executive Directors receive fixed annual fees and sitting allowances for their services to the Board and Board Committees. There are no contractual arrangements for compensation for loss of office. Non-Executive Directors do not receive short-term incentives or participate in any long-term incentive schemes.

Remuneration for Executive Directors

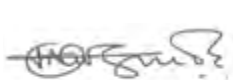
Remuneration for Executive Directors is performance-driven and restricted to base salaries, allowances, perquisites and performance bonuses. The Group continually ensures that its remuneration policies and practices remain competitive and align with its core values to incentivise and drive performance. Executive Directors are not entitled to sitting allowances. Please refer to Note 45 of FBNHoldings' 2022 Financial Statements for more details on remuneration.

STATEMENT OF COMPLIANCE

STATEMENT OF COMPLIANCE WITH THE NIGERIAN EXCHANGE LIMITED (NGX) LISTING RULES ON SECURITIES TRADING POLICY

In line with Section 14 of the Nigerian Exchange Limited (NGX) Amendments to the Listing Rules (Rules), we wish to state that we have adopted a code of conduct regarding securities transactions by our Directors and it is in line with the required standard set out in the Rules.

FBNHoldings' Securities Trading Policy (Policy) is embedded in the Board-approved Group Disclosure Policy and, having made specific enquiries from all our Directors regarding compliance with the Policy, we hereby confirm to the best of our knowledge that our Board of Directors are compliant with FBNHoldings' Securities Trading Policy and the Rules on Securities Trading.



Adewale Arogundade
Acting Company Secretary



Alhaji Ahmad Abdullahi
Group Chairman

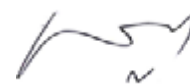
STATEMENT OF COMPLIANCE WITH THE NIGERIAN EXCHANGE LIMITED ON LISTING ON THE PREMIUM BOARD

In compliance with Section 4 of the Rules of the Nigerian Exchange Limited on Listing on the Premium Board, we wish to state that the SEC Code of Corporate Governance (Code) governs the operations of FBN Holdings Plc.

We hereby confirm to the best of our knowledge that FBNHoldings is in full compliance with the Code.



Adewale Arogundade
Acting Company Secretary



Alhaji Ahmad Abdullahi
Group Chairman

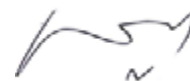
STATEMENT OF COMPLIANCE WITH SECTION 34 OF THE SEC CODE OF CORPORATE GOVERNANCE

In compliance with Section 34 of the SEC Code of Corporate Governance (SEC Code), we hereby confirm, to the best of our knowledge, the following:

- That FBNHoldings has effective internal audit functions in place and the Risk Management Control and Compliance system operate efficiently and effectively.
- That FBNHoldings' sustainability initiatives are in alignment with Part D of the SEC Code.
- That FBNHoldings' related party transactions are being monitored in compliance with the provisions of the SEC Code.



Adewale Arogundade
Acting Company Secretary



Alhaji Ahmad Abdullahi
Group Chairman

CENTRAL BANK OF NIGERIA (CBN) AND SECURITIES AND EXCHANGE COMMISSION'S (SEC) CODES OF CORPORATE GOVERNANCE

In compliance with Section 4.2 of the Listings Rules of the Nigerian Exchange Limited on Listing on the Premium Board, we wish to state that the CBN and SEC Codes of Corporate Governance (Codes) govern the operations of FBN Holdings Plc.

We hereby confirm that we comply with the Codes to the best of our knowledge.



Adewale Arogundade
Acting Company Secretary



Alhaji Ahmad Abdullahi
Group Chairman

WHISTLEBLOWING PROCEDURES

FBN Holdings Plc is a responsible and ethical organisation that holds its employees to act in a similar manner. The Board of FBN Holdings has a whistleblowing policy framework for formal reporting of all ethical concerns by internal and external stakeholders. This policy ensures the whistleblower's anonymity, the confidentiality of the report and a thorough and independent investigation.

The Board ensures the appropriate authorities handle the report, including the Board Audit and Risk Assessment Committee Chairman, FBN Holdings Plc's Group Managing Director and/or FBN Holdings Plc's Head, Internal Audit, and that the appropriate corrective or disciplinary actions are taken.

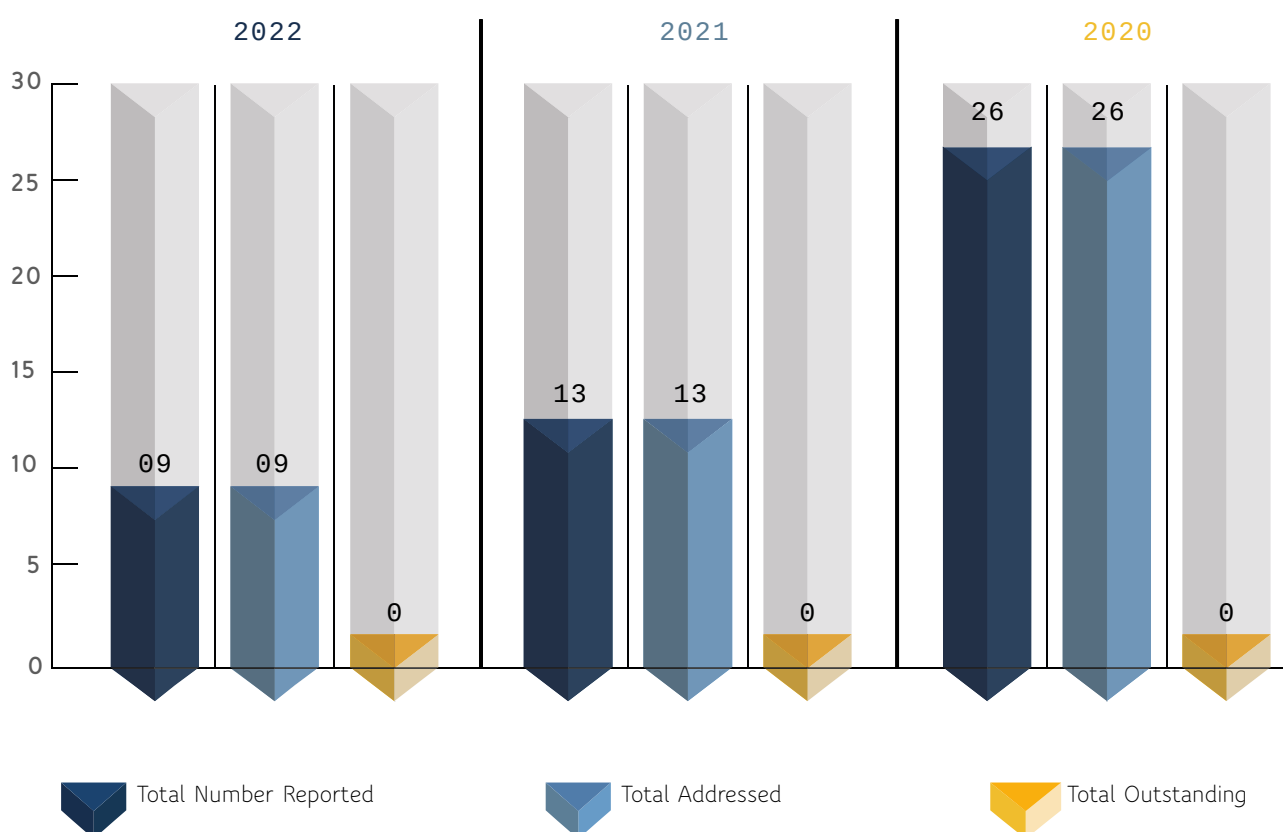
The whistleblower is expected to escalate the issue and provide relevant background information, including the relevant dates. This can be reported, either by declaration or anonymously and in confidence, through one of the following methods:

- A formal letter to the Group Managing Director, FBN Holdings Plc and/or Head, Internal Audit, FBN Holdings Plc;
- A telephone call to the dedicated phone number +234 817 597 8505 or

- An email to the dedicated email address: FBNHoldingsWhistleBlowing@fbnholdings.com
- The full version of the Group's Whistleblowing Policy can be accessed on the website: <https://www.fbnholdings.com/wp-content/uploads/2022/08/WHISTLE-BLOWING-POLICY-AND-PROCEDURE.pdf>

The whistleblower, whether internal or external, may elect to disclose information directly to any of the listed regulatory bodies, such as the Central Bank of Nigeria (anticorruptionunit@cbn.gov.ng), the Nigeria Deposit Insurance Corporation (info@ndic.org.ng/helpdesk@ndic.org.ng), the Securities and Exchange Commission (sec@sec.gov.ng), the Nigeria Insurance Commission (info@naicom.gov.ng), the National Pension Commission (info@pencom.gov.ng) and the Nigeria Exchange Limited (contactcenter@ngxgroup.com).

SUMMARY OF REPORTED CASES OVER THREE YEARS



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report on the affairs of FBN Holdings Plc ('the Company'), together with the audited financial statements and auditors' report for the year ended 31 December 2022.

(a) Legal Form

The Company was incorporated as a private limited liability company in Nigeria in 2010 and was converted to a public company in September 2012, when it commenced operations. The Company's shares were listed on the floor of the Nigerian Exchange Limited (formerly known as the Nigerian Stock Exchange) on 26 November 2012, after the shares of the erstwhile First Bank of Nigeria Plc were delisted on 23 November 2012.

(b) Principal Activity and Business Review

The Company's principal activity is raising and allocating capital and resources. The Company is responsible for managing shareholders, coordinating Group-wide financial reporting to shareholders, investors and external relations with the Group. It also develops and coordinates the implementation of the Group's strategies.

(c) Operating Results

Highlights of the Group's operating results for the year are as follows:

	Group		Company	
	31 December 2022 ₦'mn	31 December 2021 ₦'mn	31 December 2022 ₦'mn	31 December 2021 ₦'mn
Gross earnings	805,128	757,296	24,285	17,135
Profit before tax	157,902	166,662	19,483	13,053
Income tax expense	(21,591)	(15,515)	(23)	(5)
Profit for the year from continuing operations	136,311	151,147	19,460	13,048
(Loss)/profit for the year from discontinued operations	(138)	(68)	-	-
Profit for the year	136,173	151,079	19,460	13,048
Profit attributable to:				
Owners of the parent	134,403	149,709	19,460	13,048
Non-controlling interests	1,770	1,370	-	-
Earnings per share (kobo) - Basic	374	417	54	36
Earnings per share (kobo) - Diluted	374	417	54	36

(d) Dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend of 50 Kobo per ordinary share of 50 kobo each, amounting to ₦17,947,646,398 (2021: ₦12,563,352,477.00). Withholding tax will be deducted at the time of payment.

DIRECTORS' REPORT

(e) Directors' Shareholding

The direct and indirect interests of Directors in the issued share capital of the Company as at 31 December 2022, as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purposes of Sections 301 and 302 of CAMA 2020 and the listing requirements of the Nigerian Exchange Limited, are noted as follows:

Directors' Shareholdings (Direct and Indirect)	31 December 2022		31 December 2021	
	Direct	Indirect	Direct	Indirect
Alhaji Ahmad Abdullahi	-	-	-	-
Kofo Dosekun	-	-	-	-
Dr (Sir) Peter Aliogo	-	-	-	-
Ahmed Modibbo	-	-	-	-
Khalifa Imam	-	-	-	-
Dr Abiodun Fatade	-	-	-	-
Dr Alimi Abdul-Razaq	-	-	-	-
Dr Adesola Adeduntan	18,871,689	-	18,871,689	-
Julius Omodayo-Owotuga	-	-	-	-
Nnamdi Okonkwo*	9,019,300	-	-	-
Oyewale Ariyibi**	4,008,850	-	2,848,850	-

*Appointed with effect from 1 January 2022.

** Appointed with effect from 16 August 2022.

(f) Shareholding Analysis

FBN HOLDINGS PLC- Range Analysis as at 31 December 2022

Range	No. of Holders	% Holders	Units	% Units
1 - 1,000	294,687	24.71	213,312,468	0.59
1,001 - 5,000	490,405	41.12	1,178,372,372	3.28
5,001 - 10,000	169,006	14.17	1,161,744,179	3.24
10,001 - 50,000	199,797	16.75	4,045,666,716	11.27
50,001 - 100,000	19,790	1.66	1,376,363,375	3.83
100,001 - 500,000	15,506	1.30	3,046,560,699	8.49
500,001 - 1,000,000	1,709	0.14	1,192,042,050	3.32
1,000,001 - 5,000,000	1,306	0.11	2,437,534,148	6.79
5,000,001 - 10,000,000	144	0.01	1,039,043,492	2.89
10,000,001 - 50,000,000	137	0.01	2,983,392,322	8.31
50,000,001 - 100,000,000	27	-	1,844,324,598	5.14
100,000,001 - 35,895,292,791	43	-	15,376,936,372	42.83
TOTAL	1,192,557	100.00	35,895,292,792	100

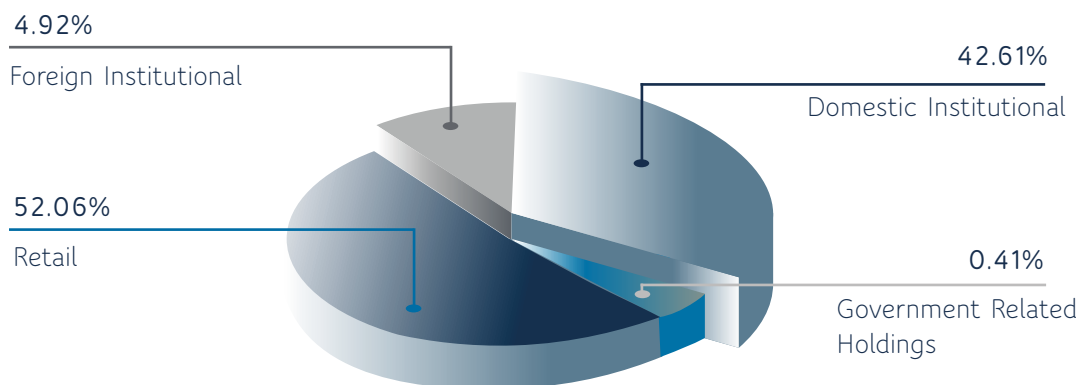
DIRECTORS' REPORT

The analysis of the distribution of the shares of the Company as at 31 December 2021 is as follows:

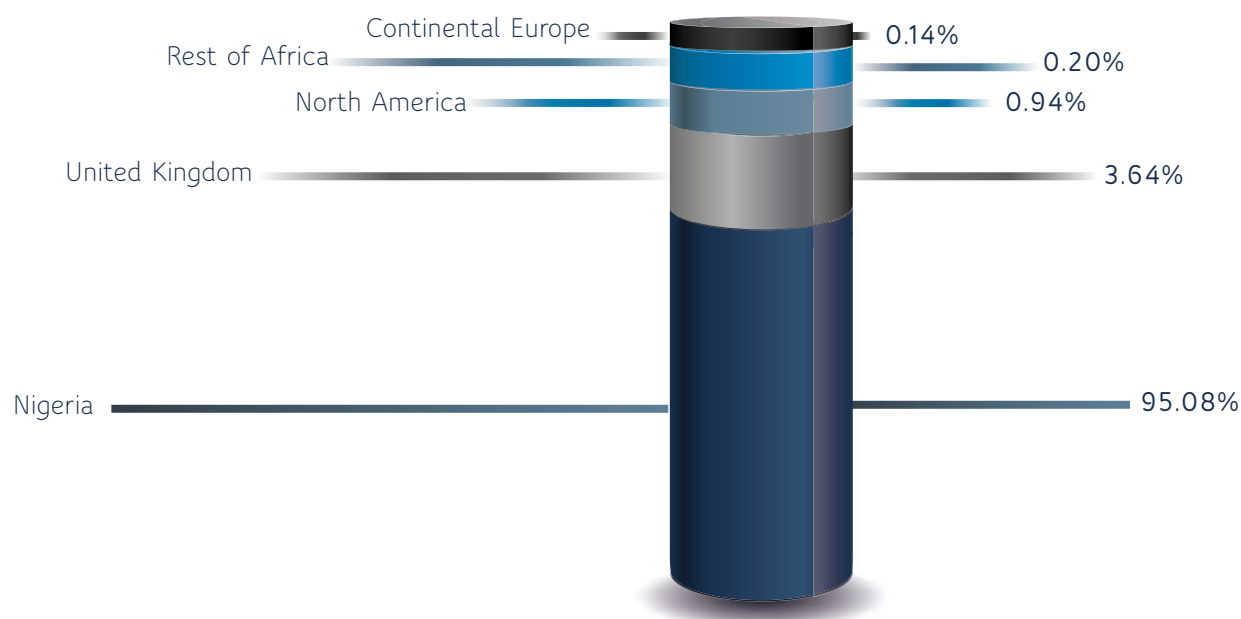
Range	No. of Holders	% Holders	Units	% Units
1 - 1,000	293,689	24.55	213,111,549	0.59
1,001 - 5,000	491,084	41.05	1,180,445,389	3.29
5,001 - 10,000	169,734	14.19	1,167,051,351	3.25
10,001 - 50,000	201,773	16.87	4,091,194,608	11.40
50,001 - 100,000	20,273	1.69	1,411,180,398	3.93
100,001 - 500,000	16,128	1.35	3,182,904,511	8.87
500,001 - 1,000,000	1,861	0.16	1,299,300,242	3.62
1,000,001 - 5,000,000	1,434	0.12	2,708,094,245	7.54
5,000,001 - 10,000,000	175	0.01	1,245,362,131	3.47
10,000,001 - 50,000,000	158	0.01	3,423,147,280	9.54
50,000,001 - 100,000,000	26	-	1,856,601,967	5.17
100,000,001 - 35,895,292,791	44	-	14,116,899,120	39.33
TOTAL	1,196,379	100.00	35,895,292,792	100.00

Shareholder Analysis as at 31 December 2022

BREAKDOWN OF SHAREHOLDERS BY TYPE



GEOGRAPHICAL BREAKDOWN OF SHAREHOLDERS



(g) Substantial Interest in Shares

According to the Register of Members as at 31 December 2022, the detail of the substantial shareholder is noted as follows:

Name	Status	Units	% Units
Femi Otedola	Direct Holding	10,000,000	0.03
Femi Otedola (Calvados Global Services Limited)	Indirect Holding	1,989,342,376	5.54
		1,999,342,376	5.57

(h) Directors' Interests in Contracts

For Section 303 of the Companies and Allied Matters Act 2020, none of the Directors had a direct or indirect interest in contracts or proposed contracts with the Company during the year.

(i) Donation and Charitable Gifts

As a non-operating financial holding company, the Company did not make any donation during the year ended 31 December 2022. However, the subsidiaries of the Company, as operating entities, made donations to various worthy causes.

(j) Property and Equipment

Information relating to changes in property and equipment is given in Note 30 to the Accounts. In the Directors' opinion, the fair value of the Group's property and equipment is not less than the carrying value in the financial statements.

DIRECTORS' REPORT

(k) Post Balance Sheet Events

There are no events after the reporting date which could have had a material effect on the financial position of the Group as at 31 December 2022 and the profit attributable to equity holders for the year ended as at that date.

(l) Human Resources Policy

Recruitment

The Company conforms to all regulatory requirements in staff employment while ensuring that only fit and proper persons are approved for appointment to the Board or top Management positions. All prescribed pre-employment screening for prospective employees and other regulatory confirmations for top Management appointments are duly implemented and obtained as required.

Employment of Persons With Disabilities

FBNHoldings is an equal opportunity employer and does not discriminate based on race, religion, disability, ethnicity, or other non-merit factors. We provide all our employees with the right environment to reach their career goals and attain their highest potential.

Employee Involvement and Training

The Company encourages employee participation in decision-making and provides opportunities such as town hall meetings for employees to deliberate and make inputs to decisions therein.

The Company places a high premium on the development of its workforce. Consequently, the Company sponsored its employees for various training courses in the year under review.

Health, Safety and Welfare at Work

The Company maintains business premises designed to guarantee safe and healthy working conditions for its employees. Employees are adequately insured against occupational and other hazards. Following the outbreak of the COVID-19 pandemic, emergency preparedness and response to protocols were strengthened under the steering of the Incident Management Team. Onsite work was segmented and remote work was introduced to enable employees to leverage technology while working remotely.

The Company provides comprehensive health insurance coverage for staff and their immediate family members. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company premises. The Company operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance cover and makes Employee Compensation Act contributions for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act of 2004 (amended in 2014).

Gender Analysis

The number of men and women employed by FBNHoldings as at 31 December 2022 and as a percentage of the total workforce is as follows:

	Male	Female	Male	Female
	Number		%	
Employees	26	12	68	32

DIRECTORS' REPORT

The same gender analysis, in terms of Board and Top Management as at 31 December 2022, is as follows:

	Male	Female	Total	Male	Female
	Number			%	
Board	10	1	11	91	9
Top Management (AGM - GM)	5	1	6	83	17

(m) Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA) 2020 and Section 20.2 of the Nigerian Code of Corporate Governance 2018, Messrs KPMG Professional Services have indicated their willingness to continue in office as auditor to the Company.

BY ORDER OF THE BOARD



Adewale Arogundade

Acting Company Secretary

FRC/2014/NBA/00000006810

19 April 2023

Lagos, Nigeria.



REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE

FOR THE PERIOD ENDED 31 DECEMBER 2022

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the performance of the Board of Directors of FBN Holdings Plc ("The Group") or ("the Company") as required by Principle 14.1 of the 2018 Nigerian Code of Corporate Governance 2018 ("the NCCG"), Section 2.8.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria and the SEC Corporate Governance Guidelines ("SCGG") for the period ended 31 December 2022.

Our responsibility was to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 28 February 2023. In carrying out the evaluation, we have relied on representations made by members of the Board and on the documents provided for our review.

The Board has complied significantly with the principles set forth in the CBN Code, the NCCG and the SCGG. Areas of compliance include: the Board's leadership in overseeing the ethical tone at the Top of the Group, and contributions of the Directors to the execution of the Group's strategy.

Details of our other findings are contained in our report.

We also facilitated a Self and Peer Assessment of each Director's performance in the year under review. This Assessment covered the Director's time commitment to the business of the Company, commitment to continuous learning and development and a self and peer assessment. Each Individual Director's Assessment Report was prepared and made available to them respectively while a consolidated report of the performance of all Directors was submitted to the Board Chairman.

Yours faithfully,
for: PricewaterhouseCoopers Chartered Accountants

A handwritten signature in black ink, appearing to read 'Femi Osinubi'.

Femi Osinubi
Partner
FRC/2017/ICAN/0000001665



REPORT ON THE OUTCOME OF THE CORPORATE GOVERNANCE EVALUATION EXERCISE

FOR THE PERIOD ENDED 31 DECEMBER 2022

PricewaterhouseCoopers ("PwC") was engaged to carry out a Corporate Governance Evaluation for FBN Holdings Plc ("the Group") or ("the Company") as required by Principle 15.1 of the 2018 Nigerian Code of Corporate Governance 2018 ("the NCCG") and the SEC Corporate Governance Guidelines ("SCGG") for the period ended 31 December 2022.

Our responsibility was to reach a conclusion on the effectiveness of the governance practices and processes of FBN Holdings Plc based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 28 February 2023. In carrying out the evaluation, we have relied on representations made by members of the Company's Board, the Management, and on the documents provided for our review.

FBN Holdings Plc have complied significantly with the principles set forth in the NCCG and the SCGG. Areas of compliance include the Board's oversight of the Group's financial performance, audit, risk management and compliance practices, as well as oversight of the implementation of the Company's strategy.

Details of our other findings are contained in our report.

Yours faithfully,
for: PricewaterhouseCoopers Chartered Accountants

A handwritten signature in black ink, appearing to read "Femi Osinubi".

Femi Osinubi
Partner
FRC/2017/ICAN/0000001665



Risk Review

The Group manages risks and returns across its operating entities using a holistic and integrated Enterprise Risk Management approach.

RISK OVERVIEW

During the first quarter of 2022, global economic activity was primed for recovery as the impact of COVID-19 continued to dwindle. However, Russia's invasion of Ukraine, the increase in energy and commodity prices, re-emergence of COVID-19 in China and the tighter restrictions imposed upon it weighed heavily on economic activity.

Aside from the effects of COVID-19, the Nigerian economy continued to face high inflation due to the persistent currency depreciation from weak exchange rate, driven by domestic and negative spillovers from the external environment. Although the Central Bank of Nigeria introduced several monetary policies to combat inflation, the recent economic hardship led to increased insecurities (insurgency, terrorism and other forms of violence), cybercrime and the mass

emigration of skilled workforce, which affected the labour market, leading to a rise in staff attrition. Other major risks encountered by the Group included environmental risks, credit and foreign exchange risks and increased competition within the FinTech space.

Notwithstanding the challenging economic environment, the Group ensured cybersecurity remained a top priority and moderated its risks while complying with the evolving regulatory requirements and international best practices to deliver improved value to shareholders and stability.



“Notwithstanding the challenging economic environment, the Group ensured cybersecurity remained a top priority and moderated its risks while complying with the evolving regulatory requirements and international best practices to deliver improved value to shareholders and stability.”

RISK MANAGEMENT

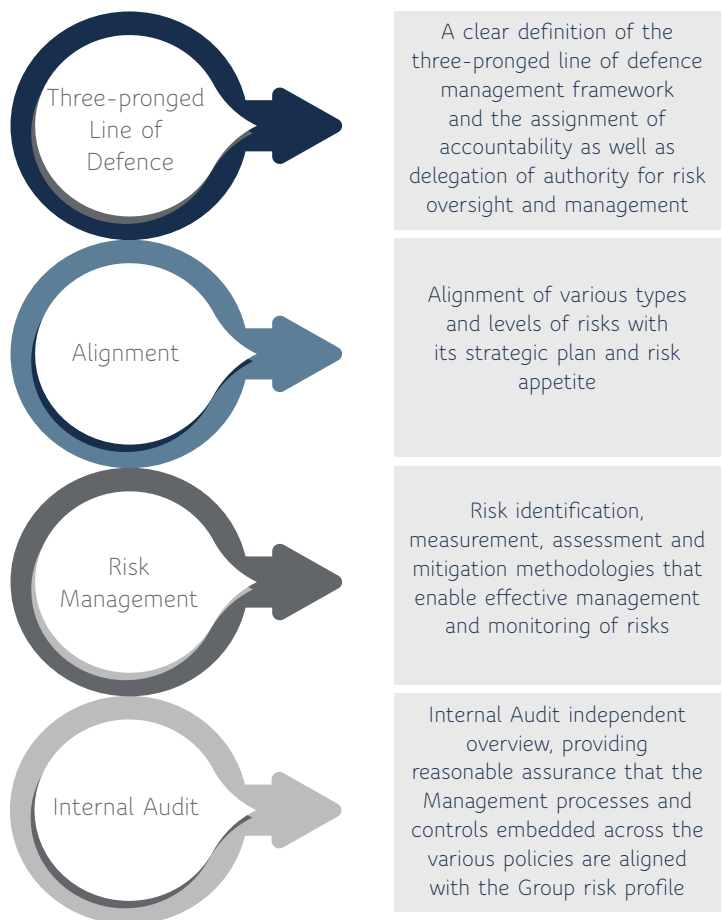
The Group identifies and manages risk holistically through the Enterprise Risk Framework (ERM). Through the approved Group risk policies and standards, the ERM provides consistent design and execution of strategies across the organisation. The risk policies and standards guide the subsidiaries in managing the various risks encountered during their operations and appropriate controls are entrenched in each business procedure and action.

During the review period, the Board and Senior Management deliberately promoted a responsible approach to risk to ensure the Group’s sustainability and reputation were not jeopardised. The Group’s business model covers financial and non-financial

risks, aimed at creating and maximising sustainable value for the Group and stakeholders. Through the risk management framework, the Group aligned its planned and actual risk-taking with the Board-approved risk appetite, which is in line with the Group’s capital and liquidity.

The Board of Directors is responsible for setting the overall risk policies and providing an oversight function on the risk management framework. The effective implementation of the framework is driven through the risk management functions across the operating entities.

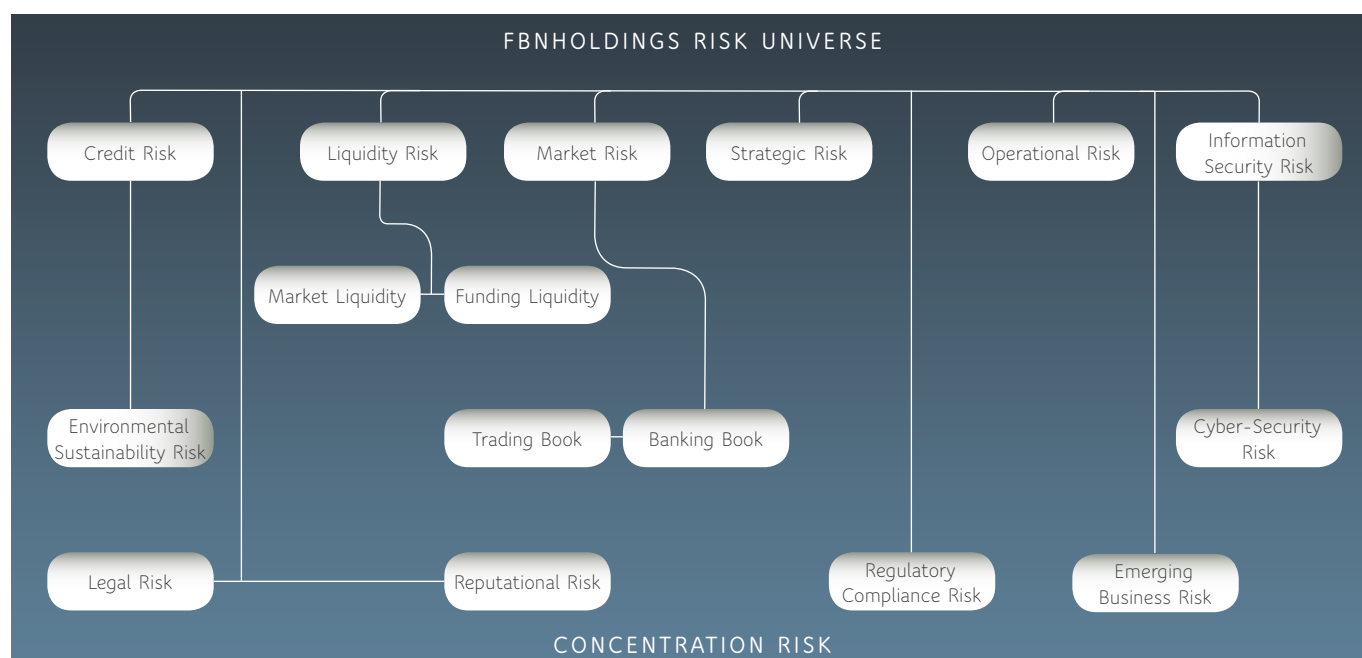
The Group’s Risk Policies and Standards Cover



Internal and external factors such as economic conditions, political environments, technology and risk cultures influence risk management practices. These variables can significantly impact the levels and types of risks the Group encounters in pursuing its strategic objectives. The ERM framework incorporates relevant impacts and mitigating actions as appropriate.

RISK MANAGEMENT

The Group's Risk Profile



Risk Management Model: Three Lines of Defence

To protect the stakeholders from risk, the Group ensured the continuous implementation of a robust risk management governance structure by embedding enterprise-wide risk management principles into its processes. This structure manages the activities through an integrated planning and review process that includes strategic, financial, customer and risk planning activities. This allows employees to proactively identify, control, monitor and regularly report on risk-related issues to Management.

The Group's enterprise risk management framework consists of various components, with principles and standards set for each component. The organisational structure aligns with the Three Lines of Defence models, which clearly defines the roles and responsibilities of the various risks and stakeholders.

- The First Line of Defence refers to the business units and other risk owners within the Group whose activities generate financial or non-financial risks and who own, manage, and are accountable for these risks. The risks inherent in the Group are effectively managed, with defined risk appetite, appropriate risk governance and culture which must comply with the risk type frameworks defined by the Second Line of Defence.

- The Second Line of Defence refers to the roles in the Group that define the risk management framework for a specific risk type. This Line of Defence assesses and challenges the implementation of the risk type framework and compliance with the risk appetite. It acts as an advisor to the First Line of Defence, identifying, assessing and managing risks.
- Internal Audit is the Third Line of Defence and it provides independent and objective assurance on the adequacy of the design, operating effectiveness and efficiency of the risk management system and the internal control systems.

Perform Oversight

- Sets the 'tone at the top'
- Establishes the risk appetite and strategy
- Approves the risk management framework, methodologies, policies, roles and responsibilities
- Translates risk information into a decision-making process, accepts, transfers or mitigates identified risks
- Evaluates the Business Unit activities on a risk-adjusted basis



Board/Executive Management

THREE LINES OF DEFENCE

Monitor and Report

- 'Owns' the risk management process, embedding the necessary controls in all processes and activities
- Identifies, manages, mitigates and reports on risk
- Tracks loss and incident data

1st



Business Unit Process and Risk Owners

Design and Facilitate

- Designs and deploys the risk management framework across the organisation
- Compiles risk and control issues across the Business Units (BUs) and escalates to Senior Management
- Performs aggregated risk reporting

2nd



Risk Management and Compliance Function

Interpret and Develop

- Provides interpretation of regulations and disseminates to the BUs
- Monitors compliance with regulations
- Develops and monitors policies and procedures
- Carries out risk assessment-based compliance testing
- Advises on regulatory issues

3rd



Internal and External Audit

Test and Verify

- Provides independent testing and verification of the efficacy of the corporate standard and business line compliance
- Validates the risk framework
- Provides assurance that the risk management processes and controls are functioning effectively

Risk Governance

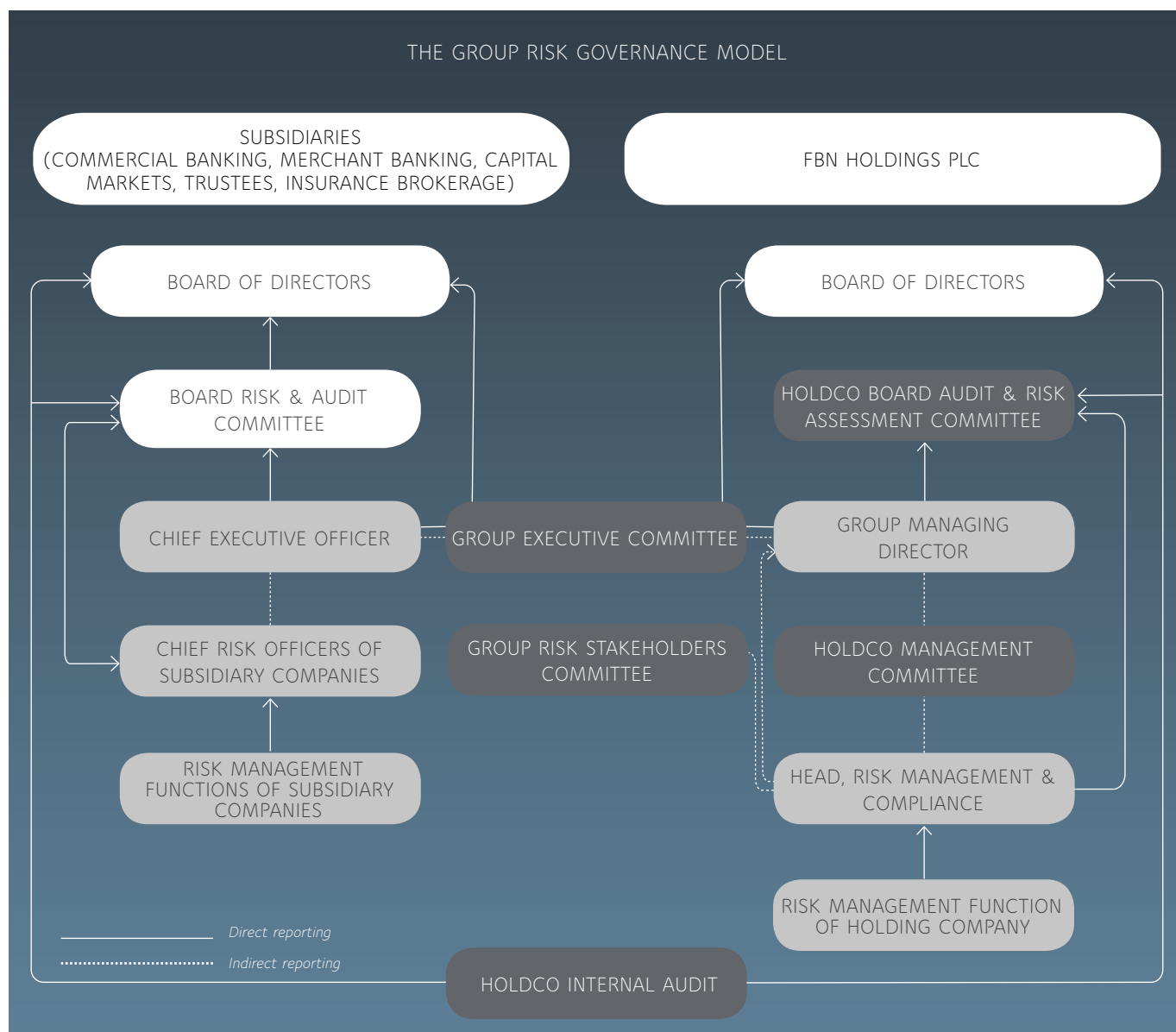
The Group ensures all risks are identified and assessed. Risks must be measured and reported using approved models that provide accurate, complete and timely data. In addition, risks must be actively managed within the Group's risk appetite and ensure appropriate risk mitigation and tight control environment. The Board approves the Group's risk appetite, cascaded down to all its subsidiaries to ensure compliance across the organisation.

The Group promotes a strong risk culture where employees must fully understand and take a holistic view of the risks resulting from their actions, understanding their impact and managing them appropriately against the risk appetite. The Group Risk Stakeholders Committee (GRSC) was established to strengthen the synergy between the risk management function of the subsidiaries and the Holding Company.

The Committee consists of:

1. Chief Risk Officer (CRO) or Head of Risk of each subsidiary company in the Group;
2. Head of Risk Management and Compliance, FBN Holdings Plc;
3. Heads of department of the Risk Directorate (Head of Credit, Market and Liquidity and Operational Risk) at FirstBank;
4. Head of Compliance of each subsidiary company, if different from the Head of Risk;
5. Chief Audit Executive of FirstBank; and
6. Head, Internal Audit, FBN Holdings Plc.

The Chairman of GRSC is the CRO of the largest subsidiary company, and Head of Risk Management and Compliance, FBN Holdings Plc, will be the coordinator. The Committee meets every quarter to deliberate on the various risks the Group is exposed to.



EMERGING RISKS

The Group proactively reacted to economic and geopolitical developments, both locally and globally, by strengthening its resilience against all forms of internal and external shocks deemed disruptive that could impact overall business operations and curtail future growth prospects. To protect against threats or

vulnerabilities, the Group's risk monitoring scope remains sizeable, capturing multi-faceted events ranging from cybersecurity threats to natural disasters, focusing on reducing exposure and ensuring safety and security of all stakeholders. The emerging risks encountered by the Group in 2022 are stated below.

Regulatory and Compliance Risks	Regulatory risk is the possibility that a change in laws or legislation will have a negative impact on a particular business or the entire business of the Group. Due to the evolving Nigerian financial landscape, the regulators release various circulars, regulations and laws and failure to comply could lead to regulatory penalties and reputational risks. Key Mitigating Actions • New and revised legal and regulatory requirements are identified, circulated to the responsible stakeholders, and monitored to ensure compliance; • The operational manuals and other relevant policies are updated regularly, in line with current regulatory requirements; • Recommendations from various regulatory examinations are implemented and monitored; • Constant engagement with regulators, Self Regulatory Organisations and industry colleagues to clarify grey areas; and • Implementation of sound corporate governance practices and 'setting the right tone at the top' to ensure regulatory compliance across the businesses.
Information and Cyber-security Risks	Many businesses are still plagued by cyber-threats and cyber-attacks, which can potentially jeopardise the business or destroy the exposed organisation. Cybersecurity risk is the probability of loss or harm related to technical infrastructure, or the reputation of an organisation through the use of technology, while information security risk is the possibility of loss arising from a breach or attack on information technology. Key Mitigating Actions • A set of policies and procedures established to systematically manage the Group's sensitive data; • Development of information and cybersecurity strategies, frameworks, policies and other related controls commensurate to the risks associated with information assets; • The Group's IT infrastructure is periodically reviewed, assessed and audited to ensure that information assets are safe and secure; and • Continuous training of staff, customers and other stakeholders.
Employee Turnover Rate	Domestically, organisations continue to experience a high employee attrition rate, mostly due to staff relocating outside Nigeria. The staff attrition rate is expected to rise due to the current procyclicality of global economic trends. The employee turnover rate affects quality service delivery, negatively impacts company culture, increases recruitment costs and affects revenue generation and profitability. Key Mitigating Strategies • Observing flexible working hours; • Organising mental health awareness programmes for staff; • Improving working conditions; and • Continuous review of HR policies to encourage staff loyalty.

PRINCIPAL RISKS

The Group is a financial institution with distinct businesses, making it vulnerable to a wide range of risk exposures across its operating entities. All risks categorised as principal are regularly reported to the Boards of the subsidiaries and the Board of FBN Holdings Plc.

PRINCIPAL RISKS



STRATEGIC RISKS

The risk that the Group may not achieve its strategic goals and objectives due to adverse business decisions or improper implementation of those decisions.

Potential Impact on Business

Weak strategic management could lead to loss of market share and, in extreme cases, business failure.

Strategic Risk Measurement

The Group's residual risk has been assessed to be moderate, as measured by its performance on the key success indicators highlighted below:

- Robust strategy articulation and development process with well-defined Executive Management and Board accountabilities;
- Clearly defined and realistic strategic objectives and key performance indicators that are linked to the institution's strategic initiatives;
- Matured and effective strategy execution capabilities and governance at the Board, Executive and Senior Management levels, with participation spanning business units, risk, technology and other corporate functions; and
- Adoption of a scenario planning approach in the strategic business decision-making process, in addition to embedding an innovation culture in the organisation.

Strategic Risk Mitigating Strategies

Various initiatives are employed to mitigate and monitor the Group's strategic risk drivers to ensure the sustainability of its operations in its dynamic business environment, which include

- A robust and encompassing strategy development process that involves engagement across the Board, Executive Management, Senior Management and other employees, with metrics and key performance indicators that drive the achievement of the objectives;

- The operating entities' Executive Committees being responsible for overseeing various initiatives employed to mitigate and monitor the Group's strategic risk drivers within a dynamic business environment; and
- Developing Key Performance Indicators (KPIs), Key Risk Indicators (KRIs) and tolerance levels to monitor strategic risks, enabling the Group to anticipate and respond to industry and operating environment changes proactively.

INFORMATION AND CYBER-SECURITY RISKS

The risk of loss, disruption or reputational damage as a result of failure, manipulation, information system misuse, loss from cyber-attack or data breach.

Increased exposure over time to cyber risk continues to threaten the Group from various sources, including:

- Adoption of the remote working arrangement;
- Rapid use of cloud services and Application Programming Interfaces;
- Security breaches at third-party/vendor sites;
- Misuse of systems due to compromised passwords;
- Unauthorised programs run on systems;
- External attacks by hackers;
- Threats and vulnerabilities accentuated by the increased number of devices;
- Introduction of malicious code, unpatched host and phishing;
- Usage of obsolete and end-of-life equipment; and
- Loss or corruption of data due to inadequate data storage or retrieval systems.

Potential Impact on Business

Information and Cyber-security risks may lead to operational failures, data loss, loss of confidence in digital products, revenue loss and reputational damage.

PRINCIPAL RISKS

Information and Cyber Risks Measurement

The Group's residual risk is assessed to be moderate, as measured by its performance on the key success indicators highlighted below:

- Minimal cyber-related incidents and associated losses, e.g., data breaches, successful hacks, etc.;
- Number of staff who are knowledgeable and skilled in information and cybersecurity management;
- Existence of intelligent systems that proactively identify and monitor for vulnerabilities;
- Presence of financial applications with maker-checker functionalities;
- Adherence to scheduled timelines for testing applications;
- Effective management of system end-of-life; and
- Capacity to take advantage of emerging technological capabilities with minimal risk exposures.

Information and Cyber-Security Mitigating Strategies:

The Group, through its flagship brand, implements various initiatives to mitigate and monitor its cybersecurity risk drivers for the sustainability of its operations in its dynamic business environment. The initiatives include:

Implementation and enforcement of Second-Factor Authentication (2FA) on transaction processing applications and focused monitoring to ensure the 2FA related risks are effectively mitigated;

- Maker-checker implemented on financial applications to ensure not one person starts and completes a transaction;
- Evaluation of PIN reset and enrollment operation on the Unstructured Supplementary Service Data (USSD) channel is done through the USSD SIM Swap project;
- Deployment of effective defences to mitigate possible exploitation of vulnerabilities;
- Active collaboration between stakeholders (including IT/Information Security Operations Department (ISOD)) to close issues with dependencies such as patch management;
- Dedicated desk and experienced personnel employed in ISOD responsible for handling patch management process to evaluate, track closure and report updates on vulnerabilities;
- Continuous training to increase employee awareness on cybersecurity incident management;
- Comprehensive test of all software/systems before going-live;

- Implementation of the Network Security policies;
- Implementation of a data loss prevention project to forestall potential data leakage;
- Operationalisation of the patch management framework, which clearly states the responsibilities, accountabilities and completion of a solution to strengthen endpoint protection and response;
- Intensify threat intelligence extraction and management; and
- The Executive Management to confirm the appropriateness of the Group's information and cybersecurity risk management system, including the completion of the Security Orchestration, Automation and Response (SOAR) to improve the overall cybersecurity posture.

MARKET RISKS

The risk that the value of trading or an investment portfolio could decrease due to changes in market risk factors, such as interest rates, stock prices, foreign exchange rates and commodity prices. Market risk is the potential for a negative impact on the balance sheet or income statement resulting from adverse changes in the value of financial instruments due to movements in certain market variables and implied volatilities.

Potential Impact on Business

This could result in significant financial loss due to a decline in income and impairment of interest rate sensitive instruments.

Market Risk Mitigating Strategies

- Continuous deployment of effective risk management strategies, such as hedging, mark to market, forwards, futures, swaps, options;
- Paying utmost attention to effective monitoring and managing market risk factors, such as monetary policy decisions;
- Continuous upskilling and reskilling of staff; and
- Deployment of robust technology to manage financial risk, e.g. artificial intelligence, risk analytics.

LIQUIDITY RISKS

The risk that the Group and its operating entities may not have adequate cash to meet financial obligations timely, such as cash withdrawals of customer deposits, derivative instrument settlements and collateral pledging, expenses, investment and hedging activities.

Potential Impact on Business

This could lead to reputational risk or eventual insolvency.

PRINCIPAL RISKS

Liquidity Risk Mitigating Strategies

The asset mix on the balance sheet considers the need to warehouse unencumbered and suitable liquid assets to meet customers' demands and other conditions, such as stress testing scenarios and liquidity ratios. The mitigating strategies include, but are not limited to:

- Business diversification across products, markets, geographical regions and funding sources;
- Develop and implement investment strategies that match assets to liabilities;
- Strict adherence to the approved liquidity ratio of the regulators and approved risk limit for the treasury portfolios; and
- Daily forecast and monitoring of liquidity and cash movements in the operating entities to maintain a good balance between liquidity retention and cash optimisation.

CREDIT RISKS

The probability of default on a debt that may arise from borrowers failing to meet their repayment obligations. Credit risk is a measure of a borrower's creditworthiness and a lender's ability to recover all of their principal and interest amounts from a loan. Credit risk is the risk that a customer may be unable to meet his or her obligations in line with the agreed terms.

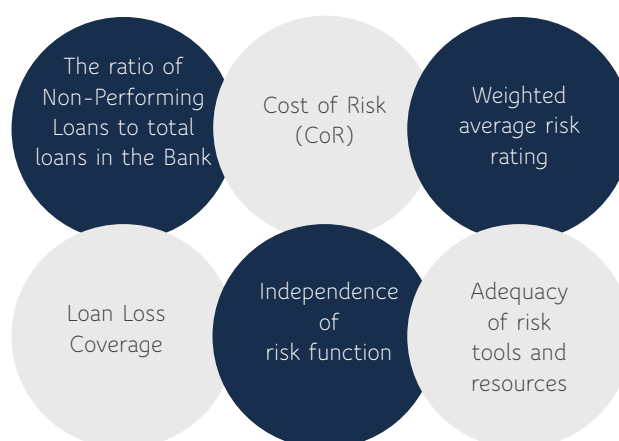
Potential Impacts on Business

The crystallisation of the credit risks could lead to revenue loss and capital erosion through provision for non-performing loans and eventual write-off, disruption of cash flow, collection cost and reputational damage.

Other sources of exposure include inadequate diversification of credit portfolio, lack of corporate governance and poor credit judgment, inadequate follow-up for collection of sales proceeds poor security, collateral management and other operational lapses and issues, such as non-compliance with the CBN Consumer Protection Guidelines, etc.

Credit Risk Measurement

The Group's residual Credit risk is moderate and is measured by the following KPIs:



Credit Risk Mitigating Strategies

The Group employs various initiatives to mitigate and monitor its credit risk drivers to safeguard satisfactory performance on the key credit risk indicators, which are obliged to remain within the required limits if the Group is to limit risk and ensure the success of its operations significantly. Some of the mitigation measures in place include, but are not limited to, the following:

- Strict adherence to credit risk management policies;
- Continuous monitoring of adherence to regulatory directives and guidelines;
- Action plans that address any breach;
- Deployment of robust technology to manage credit risk;
- Diversification of customer base;
- Restructuring customer bad debt; and
- Adherence to the credit portfolio plan and corporate governance guidelines.

OPERATIONAL RISKS

The risk arising from inadequate or failed operational risk drivers, such as internal processes, people, systems or external events.

The Group continued to recognise the significance of operational risk inherent in all business areas. Hence, operational risk was managed within acceptable levels through appropriate management focus and resources deployed.

The Group's operational risk profile was moderate, while operational risk losses were within the approved limit (0.7% of gross earnings), despite the volatile and challenging operating environments.

PRINCIPAL RISKS

Potential Impacts on Business

Operational risk could lead to direct losses from fines, litigation, income reversals, business disruptions and service failures.

Mitigating Strategies

To evolve with the dynamic changes in the operating environment and to ensure a robust operational risk process, the Group periodically (bi-annually) carries out risk assessment initiatives on the top operational risk sub-types, including cybersecurity, regulatory compliance risk and others. Other strategies include, but are not limited to:

- Bi-annual enterprise risk assessment of the top operational risk sub-types, including cybersecurity, regulatory compliance risk, physical security risk, system risk, digitisation and reputational risk, among others;
- Review of the effectiveness of existing controls and articulation of further mitigating strategies by Management, to keep pace with the dynamic changes in the operating environment;
- Adoption of the Three Lines of Defence governance model in managing operational risks;
- Managing and controlling the operational risk costs effectively within the Group's risk appetite. This is demonstrated through the strategic initiatives and efforts which are currently ongoing aimed at sustaining the gains realised;
- Monitoring the above initiatives at enterprise risk levels to ensure accountability and timely completion;
- Ongoing deployment and adoption of the Integrated Governance Risk and Compliance (IGRC) Solution, an enterprise platform that allows the Bank to manage its risk activities from a central point; and
- Deployment of the E-Fraud Solution to monitor fraud and manage related risks, i.e. monitoring e-fraud on our digital platforms.

SUSTAINABILITY RISKS

The risk that the financial services provided by the Group to its customers will negatively impact the environment or people. Sustainability risk is a social, environmental and governance event/condition that, if it occurred, would significantly impact the organisation.

Potential Impact on Business

Exposure to sustainability risk could jeopardise the Group's reputation and result in regulatory sanctions.

Sustainability Risk Mitigating Strategies

- Sustainability is a key cornerstone of the Group's corporate responsibility activities and is fully integrated into the Group. It promotes the integration of sustainability within the Group through a holistic approach aimed at maximising our contributions in all locations across our footprints;
- The Group maintains regular reviews of its progress on its sustainability journey. It provides solutions to enhance and benchmark progress using the Nigerian Sustainable Banking Principles (NSBPs) and global best practices;
- The Group is committed to preventing the negative impacts of its business operations on the environment and local communities where it operates and, where possible, promote positive impacts. Community development programmes remain a priority for all stakeholders, including the subsidiaries in Sub-Saharan African countries;
- The Group continues to promote women's economic empowerment through a gender-inclusive workplace culture in business operations and seeks to provide products and services designed specifically for women through business activities.
- The Group will continue to promote financial inclusion while seeking to provide financial services to individuals and communities that traditionally have limited or no access to the formal financial sector.

LEGAL RISKS

The risk of loss or imposition of penalties, damages or fines from the Group's failure to meet its legal obligations, including regulatory or contractual requirements.

Potential Impact on Business

Exposure to legal risk in the Group can lead to increased costs, revenue loss, reputational damage, strained relationships with customers, employees and other stakeholders and disruption of business activities.

Legal Risk Measurement

The residual legal risk is assessed to be low, as measured by its performance on the key success indicators highlighted below:

- Reduction in material successful claims against the Bank;
- Non-material adverse claims and successful defence (if any) of intellectual property rights, patents, copyrights and third-party rights;
- Positive customer and employee satisfaction indices; and
- Reduction in Group-wide crystallisation of operational risk event.

PRINCIPAL RISKS

Legal Risk Mitigating Strategies

- Availability of a dependable record retention system;
- Protection of intellectual property through licensing;
- Consistent application of professional standards;
- Transparency and fairness while transacting business;
- Hiring competent, experienced and knowledgeable Legal Officers;
- Engagement of reputable external counsel who are best fit for each transaction/case to provide end-to-end documentation review and drafting support within the Group's approved framework, in respect of transactions to ensure legal risks are promptly identified, assessed and mitigated in line with the Group's risk appetite; and
- Continuous training and awareness of identified legal risk areas for process improvement.

required by NFIU, through the deployment of a Compliance Portal to improve the integrity of regulatory reporting data; and

- Improving the identification, quality of reviews and timing for filing Suspicious Transaction Reports to NFIU, by upgrading the existing Transaction Monitoring tools such as Oracle Financial Crime and Compliance Management Anti-Money Laundering Application.

REPUTATIONAL RISKS

The risk that one or more events may damage an organisation's reputation due to negative publicity.

Potential Impact on Business

A negative reputation could lead to loss of revenue, loss of confidence in the brand, loss of existing and potential customers, regulatory penalties, litigation and staff attrition.

REGULATORY COMPLIANCE RISKS

This is the risk arising from an increasing spate of new regulatory pronouncements, regulatory requirements and frequent reviews of circulars which could lead to non-compliance either due to misinterpretation or inability to respond timely to these regulations. It could also arise from the Group's inability to promptly implement regulatory directives which could result in regulatory penalties and possible reputational damage.

Potential Impact on Business

Failure to comply with regulations, laws and circulars could lead to financial loss arising from fines, penalties, reputational damage, license revocation and disclosure in the Annual Report.

Regulatory Compliance Risk Mitigating Strategies

While the exposure to this risk is moderate, the Group continued to implement key actions and strategic initiatives, including:

- Strict compliance with relevant laws, regulations and the Group's code of conduct and corporate governance standards;
- Ensuring processes are established to identify, monitor and reflect new and amended regulatory requirements in the Group's processes and rule book;
- Ensuring the adequacy of risk assessment of all new regulations and circulars shared with requisite stakeholders while monitoring compliance;
- Maintaining regular engagement with the Nigerian Financial Intelligence Unit (NFIU), to review emerging issues and deployment of mechanisms to ensure the Currency Transaction Report conforms with the latest Schema as

Mitigating Strategies

- The Group continued to adopt an effective and pragmatic approach to manage reputational risk events and implement action plans to escalate reputational risk tolerance breaches. This enabled it to respond promptly to reputational risk events and report them to the Executive Management team and the Board;
- Implementation of early warning systems to identify emerging threats and ensure prompt corrective actions are taken to address the threats;
- Periodic performance of stress test or scenario analysis to assess secondary effects of reputational risk on liquidity position, funding cost, earnings and own funds;
- Robust incident response structure and emergency response plans to mitigate the overall impact of events that could have adverse effects on its reputation;
- Rigorous risk-based approach to vendor management, which prevents/reduces potential reputational risk events associated with third parties; and
- Efficient complaints management system to ensure complaint resolution within the required turnaround time and prompt response to regulators' and other stakeholders' requests.



Financial Statements

Our Separate and Consolidated Audited Financial Statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, as well as the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

DIRECTORS AND ADVISORS

DIRECTORS	
Alhaji Ahmad Abdullahi	Non-Executive Director (Group Chairman)
Nnamdi Okonkwo	Group Managing Director - with effect from 1 January 2022
Oyewale Ariyibi	Executive Director (Appointed on 16 August 2022)
Dr Adesola Adeduntan	Non-Executive Director
Dr Abiodun Oluwole Fatade	Non-Executive Director
Dr Alimi Abdul-Razaq	Non-Executive Director
Dr (Sir) Peter Aliogo	Non-Executive Director
Ahmed Modibbo	Non-Executive Director
Kofo Dosekun	Non-Executive Director
Khalifa Imam	Non-Executive Director
Julius B. Omodayo-Owotuga	Non-Executive Director
AG. COMPANY SECRETARY:	
	Adewale Arogundade
REGISTERED OFFICE:	
	Samuel Asabia House 35 Marina Lagos
AUDITOR:	
	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, Lagos Telephone: +234 271 8955 Website: www.kpmg.com/ng
REGISTRAR:	
	Meristem Registrars & Probate Services Limited 213 Herbert Macaulay Way Yaba Lagos
BANKERS:	
	First Bank of Nigeria Limited 35 Marina Lagos
	FBNQuest Merchant Bank Limited 10 Keffi Street, Ikoyi Lagos
TAX IDENTIFICATION NUMBER:	
	15562790-0001
RC NUMBER:	
	916455

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL FINANCIAL STATEMENTS

The Directors accept responsibility for the preparation of the annual Separate and Consolidated financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the Directors determine is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Alhaji Ahmad Abdullahi
Group Chairman
FRC/2022/PRO/DIR/003/00000023773

19 April 2023



Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/00000006963

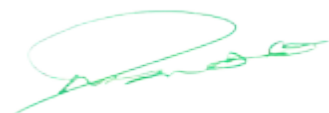
19 April 2023

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the financial statements of the FBNHoldings for the year ended 31 December 2022 as follows:

- i. That we have reviewed the audited separate and consolidated financial statements of the Company for the year ended 31 December 2022.
- ii. That the audited separate and consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- iii. That the audited separate and consolidated financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2022.
- iv. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the year end 31 December 2022.
- v. That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited separate and consolidated financial statements, and certify that the Company's internal controls are effective as of that date.
- vi. That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weakness.
- vii. That we have disclosed the following information to the Company's Auditors and Audit Committee:
 - (a) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
 - (b) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.



Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/000000006963

19 April 2023



Oyewale Ariyibi
Executive Director/CFO
FRC/2013/ICAN/00000001251

19 April 2023

STATEMENT OF COMPLIANCE WITH NIGERIAN EXCHANGE (NGX) LISTING RULES ON SECURITIES TRADING POLICY

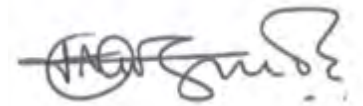
In line with Section 14.4 of the Nigerian Exchange (NGX) Amendments to the Listing Rules (Rules), we wish to state that we have adopted a code of conduct regarding securities transactions by our directors and it is in line with the required standard set out in the Rules.

FBN Holdings Plc's Securities Trading Policy (Policy) is embedded in the Board-approved Group Disclosure Policy and having made specific enquiry of all our directors regarding compliance with the Policy, we hereby confirm to the best of our knowledge that our Board of Directors are in compliance with our Securities Trading Policy and the provisions of the Rules on Securities Trading.



Alhaji Ahmad Abdullahi
Group Chairman
FRC/2022/PRO/DIR/003/00000023773

19 April 2023



Adewale Arogundade
Ag. Company Secretary
FRC/2014/NBA/00000006810

19 April 2023

REPORT OF THE AUDIT COMMITTEE

In compliance with Section 404 of the Companies and Allied Matters Act 2020, we have reviewed the Audit Report for the year ended 31 December 2022 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion.
2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. The external auditor's management report received satisfactory response from Management.
5. The Committee reviewed the Audit Report on the insider-related party transaction and is satisfied with their status as required by Central Bank of Nigeria (CBN).

Dated 19 April 2023



Faud Farouk Umar
Chairman, Audit Committee
FRC/2021/003/00000022627

Members of the committee

- Faud Farouk Umar
- Kashimawo Taiwo, FCA
- Vitalis Anyiam
- Dr (Sir) Peter Aliogo
- Khalifa Iman

INDEPENDENT AUDITOR'S REPORT



KPMG Professional Services
KPMG Tower
Bishop Abiodun Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone

234 (1) 271 8955

Internet

234 (1) 271 8599
home.kpmg/ng

To the Shareholders of FBN Holdings Plc

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of FBN Holdings Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise:

- the separate and consolidated statements of financial position as at 31 December 2022;
- the separate and consolidated statements of profit or loss;
- the separate and consolidated statements of other comprehensive income;
- the separate and consolidated statements of changes in equity;
- the separate and consolidated statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated and separate financial statements give a true and fair view of the separate and consolidated financial position of the Company and its subsidiaries as at 31 December 2022, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) 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 *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter identified below applies both to the audit of the separate financial statements and the audit of the consolidated financial statements.

Partners

Adegoke A. Oyelami
Adekunle A. Elebute
Adetola P. Adeyemi
Adewale K. Ajayi
Ajibola O. Olomola
Akinyemi Ashade
Ayobami L. Salami
Ayodele A. Soyinka

Ayodele H. Othiwa
Bolanle S. Afolabi
Chibuzor N. Anyanechi
Chineme B. Nwigbo
Elijah O. Oladunmoye
Goodluck C. Obi
Ibitomi M. Adepoju
Ijeoma T. Emezie-Ezigho

Joseph O. Tegbe
Kabir O. Okunlola
Lawrence C. Amadi
Martins I. Arogie
Mohammed M. Adama
Nneka C. Eluma
Olabimpe S. Afolabi
Oladimeji I. Salaudeen

Olanike I. James
Olufemi A. Babem
Olumide O. Olayinka
Olusegun A. Sowande
Olutoyin I. Ogunlowo
Oluwafemi O. Awotoye
Oluwatoyin A. Gbagi
Oseme J. Obalaje

Tayo I. Ogungbenro
Temitope A. Onitiri
Tolulope A. Odukale
Uzodinma G. Nwankwo
Victor U. Onyenkpa

INDEPENDENT AUDITOR'S REPORT



Expected Credit Loss (ECL) Allowance on Loans and advances to customers

The ECL allowance of loans and advances to customers is considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the key assumptions that impact the recoverability of loan balances in arriving at the level of impairment allowance required.

The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for loans and advances to customers. The determination of impairment allowance using the ECL model is inherently a significant area for the Group and requires the application of certain judgements, assumptions and estimates of financial indices. These indices are estimated from historical financial data obtained within and outside the Group.

The Group's ECL model as indicate in note 5a(i) includes certain judgements and assumptions in determining the impairment allowances of loan and advances comprising the:

- determination of default;
- assessment of significant increase in credit risk (SICR);
- incorporation of forward-looking information based on the economic scenarios within the model;
- determination of the 12 month and lifetime probability of default (PD) used in the ECL model;
- determination of the Exposure at Default (EAD) based on the discounted future cash flows at the reporting date; and rate of recovery on the loans that are past due and in default;
- credit conversion factor (CCF) applied in modelling the EAD for undrawn commitments;
- estimation of the Loss Given Default (LGD) based on collateral values and other cash flows.

Procedures

Our procedures included the following:

- we evaluated the design and implementation of the key controls over the impairment determination process such as the management review of ECL allowance on loans and advances to customers and management review of relevant data elements used in the calculation of expected credit losses including evaluation of ECL impairment computation.
- we assessed the Group's default definition and other qualitative default indicators by checking it to the requirements of the relevant accounting standards.
- we tested the appropriateness of the Group's determination of SICR, defaults and the resultant classification of loans into stages on a sample basis by reviewing customer files for the terms of the loans and account statements for due and unpaid obligations.
- assisted by our Financial Risk Management specialists, we checked the key data and assumptions inputted into the ECL model used by the Group. Our procedures in this regard included the following:
 - i. we challenged the appropriateness and reasonableness of Group's ECL methodology by considering whether it reflects unbiased and probability weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.
 - ii. for forward looking assumptions comprising Gross Domestic Product (GDP) growth rate, crude oil price, foreign exchange rate and year-on-year inflation rate used, we corroborated the Group's assumptions using publicly available information from external sources and checked that they are appropriate in the Group's circumstances;

INDEPENDENT AUDITOR'S REPORT



- iii. we evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate by checking them to source documents and performing a recomputation on a sample basis;
- iv. we checked the CCF applied in modelling the EAD for undrawn commitments by reviewing the client's computation to confirm that the computation is in line with portfolio segmentation;
- v. for PD used in the ECL calculation, we reviewed the model used for its calculation and we validated the completeness and accuracy of the data used for default and non-default categories for corporate and retail loans by evaluating its reasonability;
- vi. we checked the calculation of the LGD used by the Group in the ECL calculations, including the appropriateness of the use of collateral, by recomputing the LGD, cashflow validation and assessing the haircuts applied by management on the recoverability of collateral considering the current economic conditions. On a sample basis, we challenged the valuation of collaterals applied in the ECL computations by evaluating the competence of the valuers, and checking the market value of the collaterals to other independent publicly available information;
- vii. we assessed how the Group has treated restructured loans based on changes to cashflow characteristic of customers and the related impact on staging and SICR, to confirm that they are consistent with the requirements of the standards.

We independently re-performed the calculation of impairment allowance for loans and advances using the Group's impairment model and validated key inputs.

The Group's accounting policy on impairment, related disclosures on credit risk and significant accounting judgements, estimates and assumptions and note on impairment charge for credit losses are shown in notes 2.9.1(e), 3, 5 and 9 respectively.

Other Information

The Directors are responsible for the other information. The other information included in the annual report comprises; the Directors and Advisors, Directors report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Statement of Compliance with the Nigerian Exchange Listing Rules on Securities Trading Policy, Report of the Audit Committee and Other National disclosures which we obtained prior to the date of the auditor's report but does not include the consolidated and separate financial statements and our auditor's report thereon. Other information also includes the Strategic reports, Corporate responsibility and Sustainability reports, Governance reports, Risk overview reports and Shareholder information amongst others together the "Outstanding Reports" which are expected to be made available to us after that date.

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Outstanding Reports, if we conclude that there is a misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT



Responsibilities of the Directors for the Separate and Consolidated Financial Statements

The Directors are responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) 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 consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

- 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 Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 26 (3) of The Bank's and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

- i. The Group paid penalties in respect of contravention of the Bank's and Other Financial Institutions Act, 2020 during the year ended 31 December 2022. Details of penalties paid are disclosed in note 46 to the financial statements.
- ii. Related party transactions and balances are disclosed in note 44.1 to the separate and consolidated financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabir

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
02 June 2023
Lagos, Nigeria



SEPARATE AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP		COMPANY	
		31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
Continuing operations					
Interest income	7	551,937	369,047	2,088	1,502
Interest expense	8	(188,688)	(140,805)	(3)	(1)
Net interest income		363,249	228,242	2,085	1,501
Impairment charge for losses	9	(68,619)	(91,711)	-	-
Net interest income after impairment charge for losses		294,630	136,531	2,085	1,501
Fee and commission income	10a	143,981	140,574	-	-
Fee and commission expense	10b	(26,012)	(23,936)	-	-
Net Fee and commission income		117,969	116,638	-	-
Foreign exchange income	11	22,392	7,044	38	24
Net gains on sale of investment securities	12	22,425	31,295	-	71
Net gains/(losses) from financial instruments at FVTPL	13	38,648	53,658	264	(779)
Dividend income	14	3,166	6,520	19,871	16,401
Other operating income	15	22,404	149,416	2,024	(84)
Personnel expenses	16	(117,376)	(128,772)	(1,884)	(1,620)
Depreciation of property and equipment	30	(20,982)	(20,022)	(225)	(210)
Amortisation of intangible assets	31	(7,068)	(8,258)	-	-
Operating expenses	17	(218,481)	(177,130)	(2,690)	(2,251)
Operating profit		157,727	166,920	19,483	13,053
Share of profit/(loss) of associates	27ii	175	(258)	-	-
Profit before tax		157,902	166,662	19,483	13,053
Income tax expense	18a	(21,591)	(15,515)	(23)	(5)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		136,311	151,147	19,460	13,048
Discontinued operations					
Loss for the year from discontinued operations	29	(138)	(68)	-	-
PROFIT FOR THE YEAR		136,173	151,079	19,460	13,048
Profit attributable to:					
Owners of the parent		134,403	149,709	19,460	13,048
Non-controlling interests		1,770	1,370	-	-
		136,173	151,079	19,460	13,048
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings per share (in kobo)	49				
From continuing operations		374.81	417.26	54.21	36.35
From discontinued operations		(0.38)	(0.19)	-	-
From profit for the year		374.43	417.07	54.21	36.35

The accompanying notes are an integral part of this separate and consolidated statement of profit or loss and should be read in conjunction with this statement.

SEPARATE AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP		COMPANY	
		31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
PROFIT FOR THE YEAR		136,173	151,079	19,460	13,048
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Changes in fair value of debt instruments at fair value through other comprehensive income:					
-Net changes in fair value of debt instruments		(5,503)	(21,278)	(126)	(1,474)
-Net reclassification adjustments for realised net gains		(3,839)	4,914	-	-
Share of other comprehensive income of associates	27ii	1	104	-	-
Exchange difference on translation of foreign operations		(18,755)	7,706	-	-
Items that will not be reclassified to profit or loss					
Net fair value gains/ (loss) on equity instruments		20,443	(14,963)	-	-
Remeasurement of defined benefit pension scheme	37	(72)	3,276	-	-
Total Other comprehensive loss for the year		(7,725)	(20,241)	(126)	(1,474)
COMPREHENSIVE INCOME FOR THE YEAR		128,448	130,838	19,334	11,574
Comprehensive income attributable to:					
Owners of the parent		126,741	129,518	19,334	11,574
Non-controlling interests		1,707	1,320	-	-
		128,448	130,838	19,334	11,574
Total comprehensive income attributable to owners of the parent arises from:					
Continuing operations		126,817	129,555	19,334	11,574
Discontinued operations		(76)	(37)	-	-
		126,741	129,518	19,334	11,574

The accompanying notes are an integral part of this separate and consolidated statement of other comprehensive income and should be read in conjunction with this statement.

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP		COMPANY	
		31 December 2022 ₹ millions	31 December 2021 ₹ millions	31 December 2022 ₹ millions	31 December 2021 ₹ millions
ASSETS					
Cash and balances with central banks	19	1,790,863	1,586,769	-	-
Loans and advances to banks	21	1,223,061	1,015,122	18,331	16,477
Loans and advances to customers	22	3,789,061	2,881,916	39	49
Financial assets at fair value through profit or loss	23	278,466	351,146	1,601	1,337
Investment securities	24	2,321,885	1,957,478	3,963	4,210
Asset pledged as collateral	25	595,171	718,662	-	-
Other assets	26	373,130	218,638	19,032	13,344
Investments in associates accounted for using the equity method	27	1,185	1,009	-	-
Investment in subsidiaries	28	-	-	262,671	262,671
Property and equipment	30	125,167	115,987	718	397
Intangible assets	31	15,859	19,018	-	-
Deferred tax assets	32	30,909	28,710	-	-
		10,544,757	8,894,455	306,355	298,485
Assets held for sale	29	32,953	37,918	-	-
Total assets		10,577,710	8,932,373	306,355	298,485
LIABILITIES					
Deposits from banks	33	1,055,254	1,098,107	-	-
Deposits from customers	34	7,124,086	5,849,487	-	-
Derivative liabilities	23a	38,384	19,648	-	-
Current income tax liability	18b	27,901	17,741	29	7
Other liabilities	35	652,554	654,350	17,269	16,192
Borrowings	36	675,440	405,304	-	-
Retirement benefit obligations	37	5,699	5,392	-	-
Deferred tax liabilities	32	868	366	-	-
		9,580,186	8,050,395	17,298	16,199
Liabilities held for sale	29	1,783	2,122	-	-
Total liabilities		9,581,969	8,052,517	17,298	16,199

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP		COMPANY	
		31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
EQUITY					
Share capital	38	17,948	17,948	17,948	17,948
Share premium	39	233,392	233,392	233,392	233,392
Retained earnings	39	397,709	311,877	39,391	32,494
Statutory reserve	39	156,553	135,372	-	-
Capital reserve	39	-	1,223	10	10
Small scale investment reserve	39	6,076	6,076	-	-
Fair value reserve	39	98,060	87,964	(1,684)	(1,558)
Regulatory risk reserve	39	20,224	3,240	-	-
Foreign currency translation reserve	39	53,667	72,359	-	-
		983,629	869,451	289,057	282,286
Non-controlling interests	40	12,112	10,405	-	-
Total equity		995,741	879,856	289,057	282,286
Total equity and liabilities		10,577,710	8,932,373	306,355	298,485

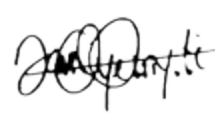
The accompanying notes are an integral part of these separate and consolidated financial position. The financial statements were approved and authorised for issue by the Board of Directors on 19 April 2023 and signed on its behalf by:



Alhaji Ahmad Abdullahi
Group Chairman
FRC/2022/PRO/DIR/003/00000023773



Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/00000006963



Oyewale Ariyibi
Executive Director/CFO
FRC/2013/ICAN/00000001251

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the parent										
	Share capital N'millions	Share premium N'millions	Retained earnings N'millions	Capital reserve N'millions	Statutory reserve N'millions	Small scale investments N'millions	Fair value reserve N'millions	Regulatory risk reserve N'millions	Foreign currency translation reserve N'millions	Non-controlling interest N'millions	Total equity N'millions
Balance at 1 January 2021	17,948	233,392	132,421	1,223	110,667	6,076	171,696	18,060	64,603	9,085	765,171
Profit for the year	-	-	149,709	-	-	-	-	-	-	1,370	151,079
Other comprehensive income											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	7,756	(50)	7,706
Fair value movements on financial assets	-	-	-	-	-	-	(31,327)	-	-	-	(31,327)
Remeasurement of defined benefit pension scheme	-	-	3,268	-	-	-	8	-	-	-	3,276
Share of OCI of associates, net of tax	-	-	-	-	-	-	104	-	-	-	104
Total comprehensive income	-	-	152,977	-	-	-	(31,215)	-	7,756	1,320	130,838
Transactions with owners											
Dividends	-	-	(16,153)	-	-	-	-	-	-	-	(16,153)
Transfer between reserves	-	-	42,632	-	24,705	-	(52,518)	(14,820)	-	-	-
Total transactions with Owners	-	-	26,479	-	24,705	-	(52,518)	(14,820)	-	-	(16,153)
At 31 December 2021	17,948	233,392	311,877	1,223	135,372	6,076	87,964	3,240	72,359	10,405	879,856
Balance at 1 January 2022	17,948	233,392	311,877	1,223	135,372	6,076	87,964	3,240	72,359	10,405	879,856
Profit for the year	-	-	134,403	-	-	-	-	-	-	1,770	136,173
Other comprehensive income											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	(18,692)	(63)	(18,755)
Fair value movements on financial assets	-	-	-	-	-	-	11,101	-	-	-	11,101
Remeasurement of defined benefit pension scheme	-	-	(72)	-	-	-	-	-	-	-	(72)
Share of other comprehensive income of associates	-	-	-	-	-	-	1	-	-	-	1
Total comprehensive income	-	-	134,331	-	-	-	11,102	-	(18,692)	1,707	128,448
Transactions with owners											
Dividends	-	-	(12,563)	-	-	-	-	-	-	-	(12,563)
Transfer between reserves	-	-	(35,936)	(1,223)	21,181	-	(1,006)	16,984	-	-	-
Total transactions with Owners	-	-	(48,499)	(1,223)	21,181	-	(1,006)	16,984	-	-	(12,563)
At 31 December 2022	17,948	233,392	397,709	-	156,553	6,076	98,060	20,224	53,667	12,112	995,741

The accompanying notes are an integral part of this consolidated statement of changes in equity and should be read in conjunction with this statement.

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the parent					
	Share capital ₦ millions	Share premium ₦ millions	Retained earnings ₦ millions	Capital reserve ₦ millions	Fair value reserve ₦ millions	Total ₦ millions
Balance at 1 January 2021	17,948	233,392	35,599	10	(84)	286,865
Profit for the year	-	-	13,048	-	-	13,048
Other comprehensive income						
Fair value movements on financial assets	-	-	-	-	(1,474)	(1,474)
Total comprehensive income	-	-	13,048	-	(1,474)	11,574
Transactions with owners						
Dividends	-	-	(16,153)	-	-	(16,153)
Total transactions with Owners	-	-	(16,153)	-	-	(16,153)
At 31 December 2021	17,948	233,392	32,494	10	(1,558)	282,286
Balance at 1 January 2022	17,948	233,392	32,494	10	(1,558)	282,286
Profit for the year	-	-	19,460	-	-	19,460
Other comprehensive income						
Fair value movements on financial assets	-	-	-	-	(126)	(126)
Total comprehensive income	-	-	19,460	-	(126)	19,334
Transactions with owners						
Dividends	-	-	(12,563)	-	-	(12,563)
Total transactions with Owners	-	-	(12,563)	-	-	(12,563)
At 31 December 2022	17,948	233,392	39,391	10	(1,684)	289,057

The accompanying notes are an integral part of this separate statement of changes in equity and should be read in conjunction with this statement.

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	GROUP		COMPANY	
		31 December 2022 ₹ millions	31 December 2021 ₹ millions	31 December 2022 ₹ millions	31 December 2021 ₹ millions
Operating activities					
Cash flow (used in)/generated from operations	41	228,268	281,748	(1,821)	(1,199)
Income taxes paid	18b	(13,053)	(8,390)	-	(163)
Interest received	41b(xii)	414,267	316,522	2,209	1,912
Interest paid	41b(xiii)	(161,707)	(136,929)	-	-
Net cash flow generated from operating activities		467,775	452,951	388	550
Investing activities					
Purchase of investment securities	41b(v)	(1,528,187)	(1,112,007)	-	(1,206)
Proceeds from the sale of investment securities	41b(xvii)	1,267,250	216,534	-	5,046
Dividends received	41b(vii)	3,166	6,520	14,531	17,355
Purchase of property and equipment	30	(30,758)	(22,491)	(643)	(432)
Purchase of intangible assets	31	(6,676)	(11,798)	-	-
Proceeds on disposal of property and equipment	41b(xi)	2,059	725	103	53
Net cash flow (used in)/generated from investing activities		(293,146)	(922,517)	13,991	20,816
Financing activities					
Dividend paid	48	(12,563)	(16,153)	(12,563)	(16,153)
Proceeds from new borrowings	36	266,837	58,978	-	-
Repayment of borrowings	36	(24,129)	(51,770)	-	-
Principal element of lease payments	30	(3,241)	(3,063)	-	-
Net cash flow generated from/(used in) financing activities		226,904	(12,008)	(12,563)	(16,153)
(Decrease)/increase in cash and cash equivalents		401,533	(481,574)	1,816	5,213
Cash and cash equivalents at start of year		1,454,461	1,932,893	16,477	11,240
Effect of exchange rate fluctuations on cash held		20	6,457	38	24
Cash and cash equivalents at end of year		20	1,862,451	18,331	16,477

The accompanying notes are an integral part of this separate and consolidated statement of cashflow and should be read in conjunction with this statement.

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

These financial statements are the separate and consolidated financial statements of FBN Holdings Plc. (the Company), and its subsidiaries (hereafter referred to as 'the Group'). The Registered office address of the Company is at 35 Marina, Samuel Asabia House, Lagos, Nigeria.

The principal activities of the Group are mainly the provision of commercial banking services, investment banking services, and provision of other financial services and corporate banking.

The separate and consolidated financial statements for the year ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 19 April 2023.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of separate and consolidated financial statements of the parent and the Group are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group's separate and consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS Standards. Additional information required by national regulations is included where appropriate.

The separate and consolidated financial statements comprise the separate and consolidated statement of profit or loss, separate and consolidated statement of comprehensive income, separate and consolidated statement of financial position, the separate and consolidated statement of changes in equity, separate and consolidated statement of cash flows and the related notes for the Group and the Company.

The separate and consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, modified to include fair valuation of particular financial instruments, to the extent required or permitted under IFRS standards as set out in the relevant accounting policies.

The preparation of the separate and consolidated financial statements in conformity with IFRS standards requires the use of certain critical accounting estimates. It also requires Directors to exercise judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed.

The Directors believe that the underlying assumptions are appropriate and that the separate and consolidated 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 separate and consolidated financial statements, are disclosed in note 5.

2.1.1 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention except the following:

- Derivative financial instruments which are measured at fair value;
- Financial assets measured at fair value through profit or loss;
- Financial assets measured at fair value through other comprehensive income;
- The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the fair value of the plan assets;
- The plan assets for defined benefit obligations are measured at fair value; and
- Loans and receivables are measured at amortised cost.

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted by the Group

The interpretations and standards that are effective for the financial year ended 31 December 2022 are listed below:

- Annual Improvements to IFRS Standards 2018–2020 – Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture;
- Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations;
- Property, Plant and Equipment – Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment; and
- Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group does not have any transactions that are affected by the other newly effective standards and amendments.

2.2.2 New standards, interpretations and amendments to existing standards that are not yet effective

A number of new standards, interpretations and amendments thereto, had been issued by IASB which are not yet effective, and have not been applied in preparing these separate and consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's separate and consolidated financial statements.

- (i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- (ii) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- (iii) Definition of Accounting Estimate – Amendment to IAS 8

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- (iv) Lease Liability in a Sale and Leaseback (Amendments to IFRS Standards 16)
- (v) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

2.3 Basis of consolidation

a. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 2.3b).

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-exiting relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within the equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

b. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of controls. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c. Non-controlling interests

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

d. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

e. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss or transferred directly to retained earnings, amounts recognised in OCI in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any interest retained in the former subsidiary is measured at fair value when control is lost.

f. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

g. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates is measured at cost in the separate financial statements of the investor. Investments in associates are accounted for using the equity method of accounting in the Consolidated Financial Statements of the Group.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

h. Investment entities

Some of the entities within the Group are investment entities. Equity investments held by these entities in the investee companies are recognised in the statement of financial position at fair value through profit or loss even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28, Investment in associates, which allows investments that are held by Investment Entities to be recognised and measured as at fair value through profit or loss and accounted for in accordance with IFRS 9 and IFRS 13, with changes in fair value recognised in the income statement in the period of the change.

When an entity ceases to be an investment entity, the Group applies IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. All transactions between business segments are conducted at arm's length, with inter-segment revenue and expenditure eliminated at the Group. Income and expenses directly associated with each segment is included in determining the segment's performance.

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3 Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgment in developing and applying an accounting policy that is relevant. In making this judgment, directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS standards or interpretation.

Accordingly, the Group's policy is that the assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS. The Company incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.6 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The separate and consolidated financial statements are presented in Nigerian Naira which is the Group's presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (FVOCI) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

c. Foreign operations

The results and financial position of all the Group entities which have functional currency different from the Group's presentation currency, are translated into the Group's presentation currency as follows:

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- Assets and liabilities of each foreign operation are translated at the rates of exchange ruling at the reporting date;
- Income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Income taxation

a. Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income.

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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 taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets or liabilities.

c. Tax exposure

In determining the amount of current and deferred tax, the Group considers the impact of tax exposure, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expenses in the period in which such a determination is made.

2.8 Inventories

Inventories include stock of consumables and repossessed assets held for resale.

Stock of consumables

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

Repossessed collaterals

In certain circumstances, property may be repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less cost to sell and reported within 'Other asset'.

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2.9 Financial assets and liabilities

In accordance with IFRS 9, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

Initial Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. The Group uses settlement date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 3.2.11, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

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

2.9.1 Financial assets

Classification and measurement

The Group classifies its debt financial assets in the following measurement categories:

- Fair Value through Other Comprehensive Income (FVOCI);
- Fair Value through Profit or Loss (FVTPL); and
- Amortised Cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business Model Assessment

Business Model assessment involves determining whether financial assets are held to collect the contractual cashflows (rather than sell the instrument prior to its contractual maturity to realise its fair value changes). The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- Investment strategy for holding or selling the assets;
- Past experience on how cash flows for these assets were collected;
- How the asset's performance is evaluated and reported to key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and;
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model for each portfolio of financial assets are to be categorised into one of the following models:

- Hold-to-collect contractual cash flows: Financial assets held with the sole objective to collect contractual cashflows;
- Hold-to-collect contractual cash flows and sell: Financial assets held with the objective to both collect contractual cashflows and sell; and
- Fair value through profit or loss (FVTPL) business model: Financial assets held with neither of the objectives mentioned in the two categories above. They are basically financial assets held with the sole objective to trade and realise fair value changes.

Cash flow characteristics assessment

The assessment aims to identify whether the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information.

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'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset due to repayments. Thus the principal is not the legal amount due under the contractual terms of an instrument. This definition allows assets acquired at a discount or premium pass the SPPI test.

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

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

a. Financial assets measured at amortised cost

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

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

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

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If a financial asset does not meet both of these conditions, then it is measured at fair value.

b. Financial assets measured at FVOCI

A debt instrument shall be measured at FVOCI if both of the following conditions are met and is not designated as at FVTPL:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains and losses are recognised in OCI within a separate component of equity, except for the following items, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest revenue using the effective interest method;
- Expected credit losses and reversals; and
- Foreign exchange gains and losses.

When the debt instrument is disposed or derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains or (losses)".

c. Financial assets measured at FVTPL

A debt instrument that is not measured at amortised cost or at FVOCI must be measured at FVTPL. These would include debt instruments that are held for trading and those that have been designated as fair value through profit or loss at initial recognition. Gains and losses both on subsequent measurement and derecognition are recognised in profit or loss and reported as "net gains or (losses)" in the period in which it arose.

The Group may irrevocably designate a debt instrument as measured at FVTPL on initial recognition only if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch'). Such mismatches would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d. Equity Instruments

Equity investments are measured at FVTPL. However on initial recognition, the Group can make an irrevocable election to measure an equity investment at FVOCI. This option only applies to instruments that are neither held for trading nor contingent consideration, recognised by an acquirer in a business combination to which IFRS 3 applies. For equities measured at FVOCI, fair value gains and losses on the equity re-measurements are recognised in OCI. However, dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment.

The amounts recognised in OCI are never reclassified from equity to profit or loss.

e. Impairment of financial assets

The Group recognises expected credit losses ("ECL") on forward-looking basis for its financial assets measured at amortised cost, lease receivables, debt instrument at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. No impairment is recognised on equity investments. This is because the fair value changes would incorporate impairment gains or losses if any. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by a range of possible outcomes;
- The 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.

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f. Modification and renegotiation of financial assets

Where the terms of a financial asset are modified, the Group assesses whether the new terms are substantially different to the original terms. If the terms are substantially different, the Group derecognises the original financial assets and recognises a new asset at fair value and recalculates the effective interest rate. Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

g. Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

- i. The Group transfers substantially all the risks and rewards of ownership, or
- ii. The Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- i. Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii. Is prohibited from selling or pledging the assets; and
- iii. Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

h. Reclassifications

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group changes its business model for managing a financial assets, the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets'. Accordingly, any previously recognised gains, losses or interest should not be restated.

i. Derivative financial instruments

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

j. Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.9.2 Financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL)
- Amortised cost

a. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are measured at FVTPL when they are designated as such on initial recognition using the fair value option or when they meet the definition of held for trading i.e.

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

For financial liabilities designated as at FVTPL using the fair value option, the element of gains or losses attributable to changes in the Group's own credit risk are recognised in OCI, with the remainder recognised in profit or loss. The movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spread above observable market interest rates.

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These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

However, if presentation of the fair value change in respect of the liability's credit risk in OCI creates or enlarges an accounting mismatch in profit or loss, gains and losses must be entirely presented in profit or loss. To determine whether the treatment would create or enlarge an accounting mismatch, the Group assesses whether it expects the effect of the change in the liability's credit risk to be offset in profit or loss by a change in fair value of another financial instrument, such as when the fair value of an asset is linked to the fair value of the liability. If such a mismatch does arise, the Group will be required to present all fair value changes of the liability in profit or loss.

b. Financial liabilities at amortised cost

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised costs are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

c. Derecognition of financial liabilities

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 Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. 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.

2.9.3 Determination of fair value

Fair value is defined as 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.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, the Nigerian Exchange (NGX)) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on other comprehensive income of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in note 3.6. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary - particularly in view of the current market developments

The estimated fair value of loans and advances represents an estimation of the value of the loans using average benchmarked lending rates which were adjusted for specific entity risks based on history of losses.

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group. This transfer is done on the date in which the market information becomes available.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2.9.4 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10 Revenue recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' 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 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 Group 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.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

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

When the Group 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.

b. Fees and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. For other fees and commission income, it is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is recognised when control of goods or services have been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

Credit related fees: This includes advisory and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Group recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.

Letter of credit and commission fees: This represents commission earned on letter of credit contracts initiated at the request of customers. The nature of this income is such that the performance obligation is the execution of customer's instruction: a direct payment is made on behalf of our customers to the beneficiary (as stated by our customer) when goods/services are received; or, a payment is made to the stated beneficiary only when our customer cannot fulfill its obligation. Income earned on letter of credit contracts is satisfied at a point in time. This is because revenue is recognised only when payments have been received by the intended beneficiary.

Electronic banking fees: Electronic banking fees relate to fees & commission charged by the banking subsidiaries on electronic transactions carried out by its customers e.g. USSD income, Agency banking commission. The nature of this income is such that the performance obligation of the Group is the provision of the platform for the execution of the transactions. Income is earned when these transactions have been successfully executed on these platforms. Income from electronic banking is satisfied at a point in time.

Money transfer commission: This represents commission earned on local and foreign money transfers initiated by the Group's customers. The nature of this income is such that the performance obligation of the Group is the delivery of transferred monies to the intended beneficiaries. Income on money transfers is satisfied at a point in time. This is because commission is recognised only when the transferred sums have been delivered to their intended recipients.

Commission on Bonds and Guarantees: This represents commission earned on bond and guarantees contracts. It includes commissions earned on advanced payment guarantees, performance bonds, bid bonds etc. This fee is earned over the tenor of the bond and guarantee.

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Funds transfer and intermediation fees: This is principally made of commission on collections. The Group acts as a collecting agent for corporate bodies or government organisations; thus, earns commissions on these collection services. The Group's performance obligation is the collection of funds on behalf of the customer. Income from funds transfer and intermediation is satisfied at a point in time as the commissioned earned is deducted and recognised when remitting these funds to the respective customer.

Account maintenance fees: This represents the fee charged by banking subsidiaries within the Group on current accounts maintained by customers. This fee is charged with respect to customer induced debit transactions to third parties as well as debit transfers/ lodgements to customer's account in another bank. This was introduced by the CBN to replace COT which was abolished by the regulator in 2016. The performance obligation required from the Group in the maintenance/safe keeping of the customers' fund. Income earned from account maintenance is satisfied at a point in time.

Brokerage and intermediation fees: This represents fees charged by the Group in order to execute transactions or provide specialised services as requested by customers. Such transaction/services include execution of primary & secondary market transaction on behalf of customers. Income from brokerage and intermediation services are satisfied at a point in time as they are earned and recognised when such services have been executed on behalf of customers.

Custodian fees: This represents commission earned by the Group while rendering custodian services to its customers. This custodian services are to a large extent the safe keeping of financial assets. Income earned on custodian services is earned at a point in time.

Trust fee income: This represents income earned from the Group's trustee services. Income earned on trustee services is earned at a point in time.

c. Dividend income

Dividend income is recognised when the right to receive income is established. This income is earned at a point in time.

d. Other operating income

This largely comprises of income made from private banking services, profit on sale of plant and equipment, gain on sale of properties, recoveries from previously written off loan and other exceptional income. This income is earned at a point in time.

2.11 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, assets that have an indefinite useful life are not subject to amortisation and 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can 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 periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.12 Discontinued operations

The Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed or is classified as held for sale and:

- i. Represents a separate major line of business or geographical area of operations;
- ii. Is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- iii. Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in the fair value of investment property is recognised in income statement for the period in which it arises.

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2.13 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer in the event that the customer defaults.

The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

2.14 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group primarily leases buildings for use as office spaces for branch operations, quick service points (QSPs) and residential use, land for use as car parks and off-site ATM locations, printers for office equipment.

Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. On renewal of a lease, the terms may be renegotiated and the lease terms range from 1 year to 25 years. The lease agreements do not impose any covenants – however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected to separate lease and non-lease components and treat them accordingly.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

a. Leases in which the Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

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The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than 1mn when new, e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has applied the low-value lease exemption for leases of printers as they are less than 1mn when new.

Extension and termination options

Extension and termination options are included in all of the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and the lessors and some of the termination options held are exercisable only by the Group.

b. The Group 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.

(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 which allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2.15 Property and Equipment

All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation less accumulated impairment losses. 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land 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:

Asset Class	Depreciation rate
Improvement & buildings	2%
Motor vehicles	25%
Office equipment	20%
Computer equipment	33.33%
Plant and equipment	20%
Furniture, fittings & equipment	20%
Right-of-use assets	Lower of lease term or the useful life for the specified class of item

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Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review on an annual basis to take account of any change in circumstances.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life. No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Work in progress represents costs incurred on the assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain/loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

2.16 Intangible assets

a. Goodwill

Goodwill arises on the acquisition of subsidiary and associates, and represents the excess of the cost of acquisition, over the fair value of the Group's share of the assets acquired, and the liabilities and contingent liabilities assumed on the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less accumulated impairment losses, if any. Goodwill which is recognised as an asset is reviewed at least annually for impairment. Any impairment loss is immediately recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit that is expected to derive benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on acquisitions of associates is included in the amount of the investment. Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

b. Computer software

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 Group, are recognised as intangible assets when the following criteria are met:

- i. It is technically feasible to complete the software product so that it will be available for use;
- ii. Management intends to complete the software product and use or sell it;
- iii. There is an ability to use or sell the software product;
- iv. It can be demonstrated how the software product will generate probable future economic benefits;
- v. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- vi. 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 development costs recognised as intangible assets are amortised on the straight-line basis over a period of 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

c. Derecognition

An item of intangibles is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.17 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 excludes restricted balances with central banks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2.18 Employee benefits

(i) Post-employment benefits

The Group has both defined benefit and defined contribution plans

a. Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit 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 Company and all entities within the Group make contributions in line with relevant pension laws in their jurisdiction. In Nigeria, the Company contributes 16.5% of each employee's monthly emoluments (as defined by the Pension Act 2014) to the employee's Retirement Savings Account. The Act stipulates a minimum contribution of 10%.

b. Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Federal government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

(ii) Short-term benefits

Short-term benefits consists of salaries, accumulated leave allowances, bonuses and other non-monetary benefits. Short-term benefits are measured on an undiscounted basis and are expensed as the related services provided.

A liability is recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.19 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.20 Fiduciary activities

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2.21 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Group. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

2.22 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 period in which they are approved by the 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.

c. Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

c. Treasury shares

Where the Company or other members of the Group purchase the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

d. Regulatory risk reserve

In compliance with the Prudential Guidelines for licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as Substandard, Doubtful or Lost with attendants provision as per the table below based on objective criteria.

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A general provision is taken on all risk assets that are not specifically provisioned, including facilities with covid 19 and other related restructuring.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement. Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve "Statutory credit reserve". Where the IFRS 9 impairment is greater, no appropriation is made and the amount of the IFRS 9 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to statutory risk reserve.

2.23 Financial guarantees

Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder of a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at the fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Financial risk management

3.1 Introduction and overview

Effective risk management is fundamental to the business activities of the Group. At FBNHoldings, we promote a culture where risk management is everyone's business from board level down to risk owners and units across the Group. Our approach to risk is supported by a robust Enterprise Risk Management framework (ERM) and a strong risk culture to identify, measure, monitor and control risks thereby promoting accountability at all levels across the group. Objectives of the ERM framework are communicated through risk policies and standards which are intended to provide consistent design and execution of strategies across the organisation. The risks arising from financial instruments to which the Group is exposed are financial risks, which includes Credit risk, Liquidity risk and Market risk. Other material risks impacting activities of the group include, Operational, Legal, Compliance, Strategic, Reputational, Information security, Environmental and Social risk.

3.1.1 Risk management philosophy

The key elements of the risk management philosophy are the following:

- The Group considers sound risk management to be the foundation of a long-lasting financial institution.
- The Group continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.
- Risk officers are empowered to perform their duties professionally and independently without undue interference
- Risk management is governed by well-defined policies that are clearly communicated across the Group.
- Risk management is a shared responsibility. Therefore, the Group aims to build a shared perspective on risks that is grounded in consensus.
- The Group's risk management governance structure is clearly defined.
- There is a clear segregation of duties between market-facing business units and risk management functions.
- Risk-related issues are taken into consideration in all business decisions. The Group shall continue to strive to maintain a conservative balance between risk and revenue considerations.
- Risk officers work as allies and thought partners to other stakeholders within and outside the Group and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties
- Risks are reported openly and fully to the appropriate levels once they are identified; and
- All subsidiaries are guided by the principles enshrined in the risk management policies of the Group.

3.1.2 Risk appetite

Risk appetite is the level and type of risk the Group is willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through quantitative and qualitative means and considers extreme conditions, events and outcomes. In addition, risk appetite reflects potential impact on earnings, capital and funding / liquidity. The Group's risk appetite is the amount of risk it is willing to accept to align with and support our financial and strategic objectives, relative to our risk capacity to assume losses.

Risk Appetite Statement (RAS)

Our RAS is the expression of the maximum level of risk we would take across the major risks facing our business and accept in the pursuit of our strategic objectives. The Group would accept moderate risk in every activity it undertakes to achieve these strategic objectives by declaring its willingness to accept moderate risks related to each key value driver.

Risk tolerance

This refers to the quantitative thresholds that allocate the Group's risk appetite to specific risk types, business units, products, customer segments, and other levels. Certain risk tolerances are policy limits that shall not be exceeded except under extraordinary circumstances (hard limits), while other risk tolerances are guideposts or trigger points for risk reviews and mitigation (soft limits). Whereas risk appetite is a strategic determination based on long-term objectives, risk tolerance is a tactical readiness to bear a specific risk within established parameters. Enterprise-wide strategic risk appetite is thus translated into specific tactical risk tolerances that constrain risk-acceptance activities at the business level. Risk tolerances are the parameters within which a Group (or business unit or function) must operate to achieve its risk appetite. Once established, these parameters are communicated downward throughout the Group to give clear guidelines to every stakeholder and to provide feedback when they are exceeded.

3.1.3 Risk management framework

The risk management framework of the Group consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group. With an increasing focus on consistency and transparency, the Group regularly assesses and enhances its risk management framework to ensure it is fit-for purpose. The Group's framework for management of enterprise risk specifically covers:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

- Governance and oversight of the overall risk management framework.
- Risk appetite statement and risk appetite measurements.
- Policies, procedures, controls and systems through which risk is identified and managed.
- Oversight, control, assurance and delegation of authorities for each type of risk.
- Monitoring and reporting of the risk profile against risk appetite.
- Control and correction of the risk profile should it deviate from risk appetite.
- Reassessment of risk appetite and/or the Group's strategy in the light of changes in the business.

The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function through its various committees. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group.

3.1.4 Risk governance structure, roles and responsibilities

The Group addresses the challenge of risks by applying leading practices that are supported by a robust governance structure consisting of board level and executive management committees.

The Group adopts the 'three-pronged line of defence' model to underpin its approach to strong risk management principles. Through this model, the Group monitors, manages and mitigates its material risks on a Group-wide basis. Risk governance is maintained through delegation of authority from the board, down to management hierarchy, supported by committee structure both at the board level and at management level. The delegation of risk management responsibilities across the group is structured to ensure that decisions are enacted at the most appropriate level, in line with business objectives, subject to robust and effective review. Strategic business decisions are taken within a Board-approved risk appetite with the executive and risk committees closely monitoring risk profiles against this appetite.

Risk Governance Framework		
First line of defence	Second line of defence	Third line of defence
Daily risk management, monitoring and high level oversight	Risk oversight and challenges, policies and methodologies	Independent assurance of risk management
Business units and risk-takers	• Risk Committees • Chief Risk Officers, Heads of Risk across the Group • Risk Management function	• Audit Committee • Internal Audit • External Audit • Regulators • External Assessors

a. First Line of Defence - Risk management and ownership

The primary responsibilities and objectives of the first line of defence include:

- Managing risks/implementing actions to manage and treat risks at transaction level;
- Implementing risk management processes on an ongoing basis as changes occur with business mix, systems, or regulatory and other requirements; and
- Executing risk assessments and identifying emerging risks at the transaction/business case level.

b. Second Line of Defence - Risk oversight

The main objective of the second line of defence is to provide oversight of the execution of the frontline controls. The second line of defence is responsible for monitoring the internal controls that have been designed with the following main responsibilities:

- Establishing risk management policies and processes;
- Strategically linking the controls of risk enterprise-wide;
- Providing guidance and coordination among all monitoring participants (risk management, compliance and legal divisions);
- Identifying enterprise trends, synergies and opportunities for change;
- Initiating change, integrating and making new monitoring processes operational; and
- Oversight over key risks.

c. Third Line of Defence - Risk assurance

The third line of defence is responsible for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Group's overall risk management framework, policy and risk plan implementation. It provides independent perspectives on the overall control framework and tests the adequacy of the controls design and effectiveness. The main duties of this line of defence include:

- Performing periodic reviews based on a rationalised and systematised approach that allows for risk assessment and governance reporting;
- Providing oversight on the risk management process; and
- Reporting to the executive management committee, the audit committee and the board of directors on the state of the control environment and gaps in the controls or monitoring environment;

Board Audit & Risk Assessment Committee evaluates the processes for identifying, assessing, monitoring and managing key risk areas; it also evaluates the adequacy of the group's risk management systems and control environment.

Management Committee is responsible for formulating policies; monitoring implementation of risk policies; reviewing risk reports for presentation to the Board/Board committees; and implementing Board decisions across the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Credit risk

Credit risk is the single largest risk for the Group's business therefore, prominence is placed on effective management of credit risk. Credit risk is defined as the potential that a borrower or counter party will fail to meet obligations in accordance with agreed terms. It is also defined as the possibility of losses associated with diminution in the credit quality of borrowers or counter-parties.

Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities. It can also arise from credit enhancement provided such as financial guarantees, letters of credit, endorsements and acceptances. The Risk Management function of each subsidiary has specific and overall responsibility for facilitating risk asset creation and exposure management processes across the Group.

3.2.1 Management of credit risk

The Credit Risk Policy Manual is the primary reference document for creating and managing credit risk exposures. The manual outlines the general policies and procedures, framework for credit risk management across the subsidiaries and incorporates provisions for marketing, risk analysis, approval, administration, monitoring and reporting of risk exposures. The Credit Risk Management Policy Manual is designed to:

- Standardise credit policies, give employees clear and consistent direction for the creation of risk exposures across all asset creating business units;
- Provide a comprehensive guide and framework in creating and managing risk assets;
- Ensure prompt identification of problem credits and prudent management of decline in credit quality;
- Outline the requirements for administration and reporting of individual exposures and the overall risk asset portfolio; and
- Provide a framework for the on-going maintenance of the risk management policies and processes.

Credit risk management policies and procedures are articulated by the Risk Management function of each subsidiary.

3.2.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and counterparty are set by the Board of Directors on the recommendation of the Chief Risk Officer.

(a) Portfolio limits

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine appropriate portfolio and sub-portfolio limits.

The Group's Portfolio limit includes:

- Maintain aggregate large exposure of not more than 400% of shareholders' funds.
- Maintain minimum weighted average obligor risk rating (obligor-WARR) of 'Ba2'
- Maintain minimum weighted average facility risk rating (facility-WARR) of 'Ba2'

The Group adopts industry/economic sector limits on its loan portfolio, in line with the following policies:

- The Group would strive to limit its exposure to any single industry to not more than 20% of its loan portfolio and such industry must be rated 'Baa3' or better.
- No more than 15% of the Group's portfolio would be in any industry rated 'Ba3' or worse.
- No more than 10% of the Group's portfolio in any single industry rated 'B3' or worse

(b) Geographical limits

Presently, the Group's exposures outside Nigeria are taken by its subsidiaries in the United Kingdom and other African countries, which operate within country limits defined by their Boards of Directors. In addition, the Group has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

(c) Single obligor limits

The Group as a matter of policy does not lend above the regulatory lending limit in each of the jurisdiction in which it operates. Internal guidance limits are also set to create a prudent buffer.

For all retail borrowers, limits are kept low and graduated with credit scoring, forecast cash flow and realisable value of collateral. The Group shall apply the granularity criterion on its retail credit portfolio:

- No single retail loan should amount to more than 0.2% of total retail portfolio.

The Group also sets internal credit approval limits for various levels in the credit process.

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

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3.2.3 Collateral held as security to mitigate credit risk

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Collateral values are assessed by a professional at the time of loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The principal collateral types for loans and advances are:

- Cash/Treasury bill/Government securities
- Legal Mortgage over residential properties, business real estates in prime locations
- Charge over business fixed and floating assets as well as inventory
- Guarantee from acceptable corporates
- Equitable Mortgage on real estates in prime locations
- Negative Pledge
- Domiciliation of receivables from acceptable corporates.

Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the Company's undertaking on one or more of its assets and keyman insurance.

No loan allowance is recognised for the portion of the Group's financial assets which are fully collateralised by cash in the same currency in accordance with the Group's expected credit loss model. The carrying amount of such financial assets is ₦372.6bn as at 31 December 2022 (2021: ₦137.6bn).

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group takes physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable to settle indebtedness. Any surplus funds realised from such disposal are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. The assets in such cases are not carried on the Group's balance sheet.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. The repossessed assets are sold as soon as practicable, with proceeds realised from the sale used to reduce the outstanding indebtedness of the customers. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

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FOR THE YEAR ENDED 31 DECEMBER 2022

GROUP	December 2022			
	Gross Exposure ₦millions	Impairment Allowance ₦millions	Carrying Amount ₦millions	Fair value of Collateral Held ₦millions
Credit-impaired assets				
Retail portfolio				
- Overdrafts	1,107	906	201	107
- Credit cards	78	16	63	-
- Term loans	2,209	683	1,552	119
- Mortgages	1,159	140	1,019	120
Corporate portfolio				
- Overdrafts	25,176	13,001	12,175	8,087
- Term loans	86,611	25,348	78,074	197,704
- Project finance	74,234	40,964	33,288	2,093
Total Credit Impaired Assets	190,575	81,057	126,372	208,231

GROUP	December 2021			
	Gross Exposure ₦millions	Impairment Allowance ₦millions	Carrying Amount ₦millions	Fair value of Collateral Held ₦millions
Credit-impaired assets				
Retail portfolio				
- Overdrafts	5,610	4,025	1,585	1,480
- Credit cards	81	58	23	-
- Term loans	2,196	369	1,826	362
- Mortgages	1,598	333	1,264	222
Corporate portfolio				
- Overdrafts	27,560	9,309	18,251	14,633
- Term loans	92,281	27,332	64,949	170,431
- Project finance	72,417	41,296	31,121	3,467
Total Credit Impaired Assets	201,742	82,722	119,020	190,595

3.2.4 Exposure Management

To minimise the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear requirements and guidelines for on-going management of the risk asset portfolio and individual risk exposures are defined. On-going exposure management entails collateral management, facility performance monitoring, exposure quality reviews, prompt and timely identification of decline in quality and risk portfolio reporting.

3.2.5 Delinquency Management/Loan Workout

The Group's delinquency management process involves effective and timely management of accounts showing signs of delinquency to reduce the crystallisation of impairment loss. In line with the Group's delinquency management process, all activities are geared towards resuscitating delinquent loans and includes restructuring and loan work-out arrangements.

3.2.6 Credit Recovery

In the event of continued delinquency and failure of remediation, full credit recovery action is initiated to recover on such exposures and minimise the overall credit loss to the Group. Recovery action may include appointment of a receiver manager, external recovery agent and/or sale of pledged assets.

3.2.7 Write Off

The Group writes off financial assets, in whole or in 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 (i) ceasing enforcement activity and (ii) where the Group'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 Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2022 was ₦41.96bn (December 2021: ₦37.32bn). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.8 Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer to notes 1.2.1.1(iv) and (v) above). The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more (for non-specialised assets) and six consecutive months or more (for specialised assets).

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

3.2.9 Governance structure around the ECL model

The governance around ECL model centers on oversight functions of primary stakeholders. Oversight function is provided over the following:

- i. Obligor ratings
- ii. Loss Given Default
- iii. Derivation of Credit Conversion Factor (CCF), Exposure at Default (EAD), scenarios and the use of forward looking estimates. Data utilised in deriving these estimates are sourced from credible sources. However, a team of IT experts still carry out periodic checks for system vulnerability, performance and deficiency.

Overall, review of completeness and accuracy is jointly carried out by credit risk team, internal control on regular basis and by internal audit periodically.

3.2.10 Grouping of instruments for losses measured on collective basis

To estimate credit losses for retail portfolio, the Group adopts a model which groups loans with similar or homogeneous characteristics together and this mainly based on the product types. Products are segmented in to four broad categories namely Credit Cards, Mortgages, Term Loans and Overdrafts.

Models for probability of default and loss given default are built in line with the segmentation and the output provide PD and LGD for each of the product category while EAD is applied at individual level.

PD for each product category is calculated as the ratio of the loans which have defaulted to the total count of the loans in the product group while LGD is estimated based on account balances, recoveries and collateral cover.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

3.2.11 Credit risk measurement

In measuring credit risk of financial assets (loans and advances to customers and to banks, investment securities and loan commitments) at a counterparty level, the Group reflects the following components:

- The character and capacity to pay of the client or counterparty to meet its contractual obligations;
- Current exposures to the counterparty and its likely future development;
- Credit history of the counterparty; and
- The likely recovery ratio in case of default obligations – value of collateral and other ways out.

Obligor Risk Rating

The Group has a robust internal rating system it leverages on to determine credit worthiness of its borrowers and likelihood of default.

The obligor risk rating grids is based on a 21-master rating scale mapped in to 9 buckets to provide a pre-set objective basis for making credit decisions and estimating expected credit loss (ECL) in line with IFRS 9 requirements. The rating adopted depends on outcome of quantitative and qualitative factors considered on the customer and reflects the inherent risks associated with each customer.

The rating tools are reviewed and upgraded when necessary. The Group regularly validates the performance of the rating tools and their predictive powers regarding default events.

Each risk bucket may be denoted alphabetically and by range of scores as follows:

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Description	Scale Rating			Grade
Highest quality, with minimal credit risk	Aaa	Aaa	1	Investment Grade
High quality, subject to very low credit risk	Aa1	Aa	2	
	Aa2		3	
	Aa3		4	
Considered upper-medium and may possess certain speculative characteristics	A1	A	5	
	A2		6	
	A3		7	
Considered medium-grade and may possess certain speculative characteristics	Baa1	Baa	8	
	Baa2		9	
	Baa3		10	
Considered to have speculative elements and are subject to substantial credit risk	Ba1	Ba	11	Non Investment Grade
	Ba2		12	
	Ba3		13	
Considered speculative and are subject to high credit risk	B1	B	14	
	B2		15	
	B3		16	
Considered to be of poor standing and are subject to very high credit risk	Caa1	Caa	17	
	Caa2		18	
	Caa3		19	
In or near default, with possibility of recovery	Ca	Ca	20	
In default with little chance of recovery	C	C	21	

3.2.12 Expected Credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has the credit risk continuously monitored by the Group.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 3.2.11(a) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to note 3.2.11(b) for a description of credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note 3.2.11(c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 3.2.11(d) includes an explanation of how the Group has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

However, the simplified approach has been adopted for trade receivables and other assets.

a. Assessment of significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Corporate portfolio, Investment Securities and Placements with financial institutions

Quantitative Criteria:

This is based on the backstop policy disclosed in the next section. Downward rating migration as at reporting date compared to initial rating at origination that exceeds specified threshold as specified per table below:

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3.2.12 Expected Credit loss measurement (continued)

Criteria	Number of notches/rating scale considered significant
Rating Notches Downgrade	>= 4
Poor Credit Rating Threshold	>=17
Default	>=20

Migrations to rating scale 17 and above is considered stage 2 while rating scale 20 and above is considered stage 3. Please refer to note 3.2.11 on 21 rating scale adopted by the Group.

Qualitative Criteria:

If the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default.
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

Retail Portfolio

Quantitative Criteria:

This is based on the backstop policy disclosed in the next section

Qualitative Criteria:

If the borrower meets one or more of the following criteria:

- In short-term forbearance
- Significant modification to contractual terms
- Previous arrears within the last 3 months
- Negative credit bureau reports

The assessment of SICR incorporates forward-looking information (refer to note 3.2.11(d) for further information) and is performed on a periodic basis at a counterparty level for all financial instruments held by the Group.

Backstop

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, however specialised facilities are considered to have experienced significant increase in credit risk if the borrower is more than 90 days past due on its contractual repayment. Specialised facilities include lending for Project/Object finance and Commercial Real Estate.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2022.

b. Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments (with the sole exception of specialised lending for project, object and commercial real estate where a borrower is required to be more than 180 days past due to be considered in default).

Qualitative criteria

The following qualitative criteria indicates that a borrower is in significant financial difficulty:

- Long-term forbearance
- Deceased borrower
- Insolvency or bankruptcy
- Breach of financial covenant(s)
- Disappearance of an active market for a financial asset due to financial difficulties
- Concessions made by the lender in relation to the borrower's financial difficulty

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's expected loss calculations.

Cure Criteria

- An exposure will move from stage 2 to 1 where probationary period of 90 days is met subject to all payments being up to date with the customer demonstrating ability to maintain future repayments.
- An exposure will move from Stage 3 to 2 where probationary period of 180 days is met and there is consistency in repayment of obligations as and when due.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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;
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group 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; and
- Loss Given Default (LGD) represents the Group'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 12M PD associated with a given rating is calibrated to a 12M Point in Time PD (PiT PD) using regression analysis while the lifetime PD is developed by applying a cross section regression model which extends the 12-month PiT PD over a long-time horizon. The cross-sectional analysis incorporates time-variant factors, time-invariant factors and idiosyncratic factors.

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

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower;
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type;
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales which has embedded cost of recovery, recovery period and haircuts;
- For unsecured products, the Group leverages on a statistical model which estimates recovery rate based on analysis of default data. The model takes in to consideration the credit worthiness and borrowers industry in arriving at the recovery rate; and
- LGD's are typically set at product level for retail portfolio and counterparty level for the corporate portfolio, investment securities and placements with financial institutions.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by portfolio/product type. Refer to note 3.2.11(d) for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation such as rating migration for determination of PDs and change in collateral values etc. are monitored and reviewed on a quarterly 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 Group has performed historical analysis and identified the key macro-economic variables impacting credit risk and expected credit losses for its portfolio.

These variables and their associated impact on the PD, EAD and LGD vary by portfolio type; in addition, expert judgment has also been applied in this process. Forecasts of these macro-economic variables for each of the possible scenarios (upturn, baseline and downturn) are provided by Moody's Analytics economic's team (Groups Vendor) via its platform known as Data Buffet on a quarterly basis. The platform can provide an economic forecast up to 30 years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical cross sectional regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Weights are assigned to the possible outcome of each scenario based on statistical regression analysis and expert judgement taking account of the range of possible outcomes each chosen scenario is representative of.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The assessment of SICR is determined using rating migration which are linked to the PDs of each scenarios multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note 3.2.11a). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

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

e. Simplified Approach

In determining the ECL for other assets, the Group applies the simplified approach to estimate ECLs, adopting a provision matrix, where the receivables are grouped based on the nature of the transactions, aging of the balances and different historical loss patterns, to determine the lifetime ECLs. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for forward looking estimates e.g. inflation, exchange rates etc.

3.2.13 Economic variable assumptions

The most significant period-end assumptions in the table below is for First Bank of Nigeria Limited (FBN) as at 31 December 2022. FBN contributes 97% of the total loans and advances to customers of the Group, therefore the table is a representative for the Group.

Corporate Portfolio, Investment Securities and Placements with financial institutions

		2023	2024	2025	2026	2027
Gross Domestic Product (₦' billions)	Base	76,833	79,218	82,836	86,813	90,663
	Upturn	77,902	81,073	84,827	89,751	94,497
	Downturn	73,156	75,908	80,330	83,838	87,051
Stock Index Price (₦' per share)	Base	44,273	45,356	49,369	52,938	56,067
	Upturn	48,503	49,805	53,399	56,870	59,766
	Downturn	33,792	36,696	42,567	47,041	50,710
Oil price (USD per barrel)	Base	89	75	70	69	70
	Upturn	92	76	70	69	70
	Downturn	72	58	65	67	69

The most significant period-end assumptions used for the ECL estimate as at 31 December 2021 are set out below.

		2022	2023	2024	2025	2026
Gross Domestic Product (₦' billions)	Base	76,411	78,287	81,382	84,901	88,642
	Upturn	76,874	79,797	83,526	87,612	92,016
	Downturn	74,495	74,379	79,461	82,617	86,018
Stock Index Price (₦' per share)	Base	43,162	43,549	45,759	48,192	50,069
	Upturn	46,942	48,086	50,003	52,056	53,669
	Downturn	33,117	35,289	39,467	42,821	45,647
Oil price (USD per barrel)	Base	71	64	64	66	69
	Upturn	73	69	70	72	75
	Downturn	44	46	53	56	60

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

In current year, FirstBank adopted the Gaussian distribution method of probability distribution to determine the weights of each of its selected scenarios. Expert judgement was applied for other entities. The weightings assigned to each economic scenario are as follows:

December 2022	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	45%	33%	22%

December 2021	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	44%	28%	28%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

3.2.14 Sensitivity analysis on ECL Model

The most significant assumptions affecting the ECL allowance are as follows:

Corporate Portfolios

- GDP, given the significant impact on companies' performance and collateral valuations;
- Oil price, given its significant impact on Nigerian economy and industry players; and
- Stock Price Index, given its relevance for evaluating market performance of firms.

The sensitivity analysis has been determined by changing one variable or holding it constant on the x -axis, while changing another variable or holding it constant on the y-axis. Set out below are the changes to the ECL that would result if the economic variable assumptions used to measure ECL remain as expected, as well as if each of the key assumptions used change by plus or minus 10%.

December 2022 Corporate Portfolios	Oil Price			
		(-10%) ₦millions	No change ₦millions	+10% ₦millions
GDP	+10%	47,705	47,545	46,088
	No Change	49,617	48,581	47,545
	(-10%)	51,074	49,617	47,705

December 2021 Corporate Portfolios	Oil Price			
		(-10%) ₦millions	No change ₦millions	+10% ₦millions
GDP	+10%	115,978	115,978	114,754
	No Change	115,978	115,366	115,366
	(-10%)	115,978	115,366	115,366

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.15 Measurement basis of financial assets and liabilities

GROUP	31 December 2022			
	Fair Value through P/L ₦ millions	Fair Value through OCI ₦ millions	Amortised cost ₦ millions	Total ₦ millions
Financial assets				
Cash and balances with central banks	-	-	1,790,863	1,790,863
Loans and advances to banks	-	-	1,223,061	1,223,061
Loans and advances to customers - Corporate Portfolio:				
- Overdrafts	-	-	1,003,552	1,003,552
- Term loans	-	-	2,233,510	2,233,510
- Project finance	-	-	288,920	288,920
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	45,132	45,132
- Term loans	-	-	165,423	165,423
- Credit cards	-	-	2,790	2,790
- Mortgage	-	-	49,735	49,735
Financial assets at fair value through profit or loss	278,466	-	-	278,466
Investment securities:				
- Investments at FVOCI	-	1,023,690	-	1,023,690
- Investments at amortised cost	-	-	1,298,195	1,298,195
Asset pledged as collateral	-	495,913	99,258	595,171
Other assets	-	-	272,849	272,849
Total financial assets	278,466	1,519,603	8,473,287	10,271,356

	Fair Value through P/L ₦ millions	Amortised cost ₦ millions	Total ₦ millions
Financial liabilities			
Deposits from banks	-	1,055,254	1,055,254
Deposits from customers	-	7,124,086	7,124,086
Derivative liabilities	38,384	-	38,384
Other liabilities	-	649,214	649,214
Borrowings	-	675,440	675,440
Total financial liabilities	38,384	9,503,994	9,542,378

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.15 Measurement basis of financial assets and liabilities (continued)

GROUP	31 December 2021			
	Fair Value through P/L ₦millions	Fair Value through OCI ₦millions	Amortised cost ₦millions	Total ₦millions
Financial assets				
Cash and balances with central banks	-	-	1,586,769	1,586,769
Loans and advances to banks	-	-	1,015,122	1,015,122
Loans and advances to customers - Corporate Portfolio:				-
- Overdrafts	-	-	484,936	484,936
- Term loans	-	-	1,866,738	1,866,738
- Project finance	-	-	308,237	308,237
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	21,793	21,793
- Term loans	-	-	154,838	154,838
- Credit cards	-	-	2,338	2,338
- Mortgage	-	-	43,036	43,036
Financial assets at fair value through profit or loss	351,146	-	-	351,146
Investment securities:				-
- Investments at FVOCI	-	788,928	-	788,928
- Investments at amortised cost	-	-	1,168,550	1,168,550
Asset pledged as collateral	261,224	378,334	79,103	718,661
Other assets	-	-	135,680	135,680
Total financial assets	612,370	1,167,262	6,867,140	8,646,772
		Fair Value through P/L ₦millions	Amortised cost ₦millions	Total ₦millions
Financial liabilities				
Deposits from banks		-	1,098,107	1,098,107
Deposits from customers		-	5,849,487	5,849,487
Derivative liabilities		19,648	-	19,648
Other liabilities		-	649,917	649,917
Borrowings		-	405,304	405,304
Total financial liabilities		19,648	8,002,815	8,022,463

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.15 Measurement basis of financial assets and liabilities (continued)

COMPANY	31 December 2022			
	Fair Value through P/L ₦'millions	Fair Value through OCI ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial assets				
Loans and advances to banks	-	-	18,331	18,331
Loans and advances to customers - Retail portfolio				
- Staff loans	-	-	39	39
Financial assets at FVTPL	1,601	-	-	1,601
Investment securities:				-
- Investment securities at FVOCI	-	3,963	-	3,963
Other assets	-	-	18,772	18,772
Total financial assets	1,601	3,963	37,143	42,707

	Fair Value through P/L ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial liabilities			
Other liabilities	-	17,269	17,269
Total financial liabilities	-	17,269	17,269

COMPANY	31 December 2021			
	Fair Value through P/L ₦'millions	Fair Value through OCI ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial assets				
Loans and advances to banks	-	-	16,477	16,477
Loans and advances to customers - Retail portfolio				
- Staff loans	-	-	49	49
Financial assets at FVTPL	1,337	-	-	1,337
Investment securities:				-
- Investment securities at FVOCI	-	4,210	-	4,210
Other assets	-	-	13,304	13,304
Total financial assets	1,337	4,210	29,830	35,377

	Fair Value through P/L ₦'millions	Amortised cost ₦'millions	Total ₦'millions
Financial liabilities			
Other liabilities	-	16,192	16,192
Total financial liabilities	-	16,192	16,192

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements

(a) Financial instruments subject to impairment

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 Group's maximum exposure to credit risk on these assets.

GROUP	Balances with Central Banks 31 December 2022				
	Stage 1 12-month ECL ₦ millions	Stage 2 Lifetime ECL ₦ millions	Stage 3 Lifetime ECL ₦ millions	Purchased Credit-Impaired ₦ millions	Total ₦ millions
Credit grade					
Investment grade	-	-	-	-	-
Non investment grade	1,663,959	-	-	-	1,663,959
Gross carrying amount	1,663,959	-	-	-	1,663,959
Loss allowance	-	-	-	-	-
Carrying amount	1,663,959	-	-	-	1,663,959

	Loans and Advances to Banks 31 December 2022				
	Stage 1 12-month ECL ₦ millions	Stage 2 Lifetime ECL ₦ millions	Stage 3 Lifetime ECL ₦ millions	Purchased Credit-Impaired ₦ millions	Total ₦ millions
Credit grade					
Investment grade	324,024	-	-	-	324,024
Non investment grade	903,493	-	-	-	903,493
Gross carrying amount	1,227,517	-	-	-	1,227,517
Loss allowance	(4,456)	-	-	-	(4,456)
Carrying amount	1,223,061	-	-	-	1,223,061

	Loans and Advances to Customers - Retail Portfolio 31 December 2022				
	Stage 1 12-month ECL ₦ millions	Stage 2 Lifetime ECL ₦ millions	Stage 3 Lifetime ECL ₦ millions	Purchased Credit-Impaired ₦ millions	Total ₦ millions
Credit grade					
Investment grade	2,894	-	-	-	2,894
Non investment grade	257,814	1,287	-	-	259,101
Default	-	-	4,554	-	4,554
Gross carrying amount	260,708	1,287	4,554	-	266,549
Loss allowance	(1,655)	(70)	(1,745)	-	(3,470)
Carrying amount	259,053	1,218	2,809	-	263,079

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

	Loans and Advances to Customers - Corporate Portfolio 31 December 2022				
	Stage 1 12-month ECL ₦ millions	Stage 2 Lifetime ECL ₦ millions	Stage 3 Lifetime ECL ₦ millions	Purchased Credit-Impaired ₦ millions	Total ₦ millions
Credit grade					
Investment grade	674,223	-	-	-	674,223
Non investment grade	2,459,673	348,386	-	-	2,808,059
Default	-	-	180,378	-	180,378
Gross carrying amount	3,133,897	348,386	180,378	-	3,662,660
Loss allowance	(9,454)	(47,911)	(79,313)	-	(136,678)
Carrying amount	3,124,443	300,475	101,065	-	3,525,982

	Debt Investment Securities - at FVOCI 31 December 2022				
	Stage 1 12-month ECL ₦ millions	Stage 2 Lifetime ECL ₦ millions	Stage 3 Lifetime ECL ₦ millions	Purchased Credit-Impaired ₦ millions	Total ₦ millions
Credit grade					
Investment grade	760,263	-	-	-	760,263
Non investment grade	112,508	-	-	-	112,508
Carrying amount	872,771	-	-	-	872,771

	Investment Securities - at Amortised Cost 31 December 2022				
	Stage 1 12-month ECL ₦ millions	Stage 2 Lifetime ECL ₦ millions	Stage 3 Lifetime ECL ₦ millions	Purchased Credit-Impaired ₦ millions	Total ₦ millions
Credit grade					
Investment grade	1,193,137	-	-	-	1,193,137
Non investment grade	112,508	-	-	-	112,508
Gross carrying amount	1,305,644	-	-	-	1,305,644
Loss allowance	(7,449)	-	-	-	(7,449)
Carrying amount	1,298,196	-	-	-	1,298,196

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

	Assets Pledged as Collateral 31 December 2022					Total ₦'millions
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit- Impaired ₦'millions		
Credit grade						
Investment grade	595,171	-	-	-		595,171
Non investment grade	-	-	-	-		-
Gross carrying amount	595,171	-	-	-		595,171
Loss allowance	-	-	-	-		-
Carrying amount	595,171	-	-	-		595,171

	31 December 2022 Total ₦'millions
Other assets	294,486
ECL	(21,638)
Carrying amount	272,849

The expected loss rate per age bracket in table below is for First Bank of Nigeria Limited (FBN) as at 31 December 2022. FBN contributes 90% of the total Other assets of the Group, therefore the table is a representative for the Group:

	0-30 days	31-60 days	61-180 days	181 -365 days	> 365 days
Expected loss rate	0.56%	0.00%	0.00%	0.00%	71.90%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

GROUP	Balances with Central Banks 31 December 2021					Total ₦'millions
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired ₦'millions		
	12-month	Lifetime	Lifetime			
	ECL	ECL	ECL			
	₦'millions	₦'millions	₦'millions			
Credit grade						
Investment grade	1,465,605	-	-	-	1,465,605	
Non investment grade	-	-	-	-	-	
Gross carrying amount	1,465,605	-	-	-	1,465,605	
Loss allowance	-	-	-	-	-	
Carrying amount	1,465,605	-	-	-	1,465,605	
	Loans and Advances to Banks 31 December 2021					
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired ₦'millions	Total ₦'millions	
	12-month	Lifetime	Lifetime			
	ECL	ECL	ECL			
	₦'millions	₦'millions	₦'millions			
Credit grade						
Investment grade	199,003	-	-	-	199,003	
Non investment grade	819,345	-	-	-	819,345	
Gross carrying amount	1,018,348	-	-	-	1,018,348	
Loss allowance	(3,226)	-	-	-	(3,226)	
Carrying amount	1,015,122	-	-	-	1,015,122	
	Loans and Advances to Customers - Retail Portfolio 31 December 2021					
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired ₦'millions	Total ₦'millions	
	12-month	Lifetime	Lifetime			
	ECL	ECL	ECL			
	₦'millions	₦'millions	₦'millions			
Credit grade						
Investment grade	36,503	1,212	-	-	37,715	
Non investment grade	187,955	1,216	-	-	189,171	
Default	-	-	9,484	-	9,484	
Gross carrying amount	224,458	2,428	9,484	-	236,369	
Loss allowance	(8,942)	(638)	(4,785)	-	(14,365)	
Carrying amount	215,516	1,790	4,699	-	222,005	

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FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

Loans and Advances to Customers - Corporate Portfolio					
31 December 2021					
Credit grade	Stage 1 12-month ECL ₦millions	Stage 2 Lifetime ECL ₦millions	Stage 3 Lifetime ECL ₦millions	Purchased Credit-Impaired ₦millions	Total ₦millions
Investment grade	866,923	17,211	-	-	884,134
Non investment grade	1,175,679	515,736	-	-	1,691,415
Default	-	-	192,258	-	192,258
Gross carrying amount	2,042,602	532,947	192,258	-	2,767,807
Loss allowance	(4,498)	(25,461)	(77,937)	-	(107,896)
Carrying amount	2,038,104	507,486	114,321	-	2,659,911

Debt Investment Securities - at FVOCI					
31 December 2021					
Credit grade	Stage 1 12-month ECL ₦millions	Stage 2 Lifetime ECL ₦millions	Stage 3 Lifetime ECL ₦millions	Purchased Credit-Impaired ₦millions	Total ₦millions
Investment grade	647,293	-	-	-	647,293
Non investment grade	13,727	-	-	-	13,727
Carrying amount	661,020	-	-	-	661,020

Investment Securities - at Amortised Cost					
31 December 2021					
Credit grade	Stage 1 12-month ECL ₦millions	Stage 2 Lifetime ECL ₦millions	Stage 3 Lifetime ECL ₦millions	Purchased Credit-Impaired ₦millions	Total ₦millions
Investment grade	1,107,600	-	-	-	1,107,600
Non investment grade	62,563	-	-	-	62,563
Default	-	-	-	-	-
Gross carrying amount	1,170,163	-	-	-	1,170,163
Loss allowance	(1,613)	-	-	-	(1,613)
Carrying amount	1,168,550	-	-	-	1,168,550

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

	Assets Pledged as Collateral				
	31 December 2021				
	Stage 1 12-month ECL ₦millions	Stage 2 Lifetime ECL ₦millions	Stage 3 Lifetime ECL ₦millions	Purchased Credit-Impaired ₦millions	Total ₦millions
Credit grade					
Investment grade	718,662	-	-	-	718,662
Non investment grade	-	-	-	-	-
Gross carrying amount	718,662	-	-	-	718,662
Loss allowance	-	-	-	-	-
Carrying amount	718,662	-	-	-	718,662
					31 December 2021 Total ₦millions
Other assets					157,635
ECL					(21,955)
Carrying amount					135,680

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

COMPANY	Loans and Advances to Banks				
	31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit grade					
Investment grade	18,331	-	-	-	18,331
Non investment grade	-	-	-	-	-
Gross carrying amount	18,331	-	-	-	18,331
Loss allowance	-	-	-	-	-
Carrying amount	18,331	-	-	-	18,331

	Loans and Advances to Customers - Retail Portfolio				
	31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit grade					
Investment grade	-	-	-	-	-
Non investment grade	39	-	-	-	39
Gross carrying amount	39	-	-	-	39
Loss allowance	-	-	-	-	-
Carrying amount	39	-	-	-	39

	Debt Investment Securities - at FVOCI				
	31 December 2022				
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit grade					
Investment grade	3,963	-	-	-	3,963
Non investment grade	-	-	-	-	-
Gross carrying amount	3,963	-	-	-	3,963
Loss allowance	-	-	-	-	-
Carrying amount	3,963	-	-	-	3,963

	31 December 2022 ₦'millions
Other assets	18,772
ECL	-
Carrying amount	18,772

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(a) Financial instruments subject to impairment (continued)

Loans and Advances to Banks 31 December 2021					
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit grade					
Investment grade	16,477	-	-	-	16,477
Non investment grade	-	-	-	-	-
Gross carrying amount	16,477	-	-	-	16,477
Loss allowance	-	-	-	-	-
Carrying amount	16,477	-	-	-	16,477

Loans and Advances to Customers - Retail Portfolio 31 December 2021					
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit grade					
Investment grade	-	-	-	-	-
Non investment grade	61	-	-	-	61
Gross carrying amount	61	-	-	-	61
Loss allowance	-	-	-	-	-
Carrying amount	61	-	-	-	61

Debt Investment Securities - at FVOCI 31 December 2021					
	Stage 1 12-month ECL ₦'millions	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Purchased Credit-Impaired ₦'millions	Total ₦'millions
Credit grade					
Investment grade	4,210	-	-	-	4,210
Non investment grade	-	-	-	-	-
Default	-	-	-	-	-
Gross carrying amount	4,210	-	-	-	4,210
Loss allowance	-	-	-	-	-
Carrying amount	4,210	-	-	-	4,210

		31 December 2021 ₦'millions
Other assets		13,304
ECL		-
Carrying amount		13,304

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements (continued)

(b) 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

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Financial Assets at FVPTL				
- Debt securities	168,852	224,005	-	-
- Derivatives	63,180	78,780	-	-

3.2.17 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2022 and 31 December 2021. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. Investment securities and financial assets at fair value through profit or loss analysed below exclude investments in equity instruments.

GROUP	Lagos ₦'millions	Southern Nigeria ₦'millions	Northern Nigeria ₦'millions	Africa ₦'millions	Europe ₦'millions	America ₦'millions	Total ₦'millions
Balances with central bank	1,568,340	-	-	83,571	7,058	4,990	1,663,959
Loans and advances to banks	371,279	-	-	226,137	547,735	77,911	1,223,061
Loans and advances to customers - Retail portfolio	78,911	73,325	46,364	17,049	47,419	12	263,079
Loans and advances to customers - Corporate portfolio	2,544,050	522,390	172,424	214,122	50,197	22,799	3,525,982
Financial assets at FVTPL	231,525	-	-	506	-	-	232,032
Investment securities							
- FVOCI Investments	846,770	7,432	16,606	1,964	-	-	872,771
- Amortised cost investments	1,298,195	-	-	-	-	-	1,298,195
Asset pledged as collateral	595,171	-	-	-	-	-	595,171
Other assets	266,809	-	-	-	6,040	-	272,849
31 December 2022	7,801,048	603,146	235,394	543,350	658,449	105,712	9,947,099

Credit risk exposure relating to off balance sheet items are as follows:

Loan commitments	74,862	2,694	6,480	20,849	637	-	105,521
Letters of credit and other credit related obligations	669,495	108,977	87,532	130,686	205,056	-	1,201,746
31 December 2022	744,356	111,671	94,011	151,535	205,693	-	1,307,267

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.17 Concentration of risks of financial assets with credit risk exposure (continued)

	Lagos ₦millions	Southern Nigeria ₦millions	Northern Nigeria ₦millions	Africa ₦millions	Europe ₦millions	America ₦millions	Total ₦millions
Balances with central bank	1,314,894	-	-	127,673	13,779	9,259	1,465,605
Loans and advances to banks	347,220	-	-	150,189	381,837	135,876	1,015,122
Loans and advances to customers - Retail portfolio	59,412	66,974	36,079	17,996	41,527	17	222,005
Loans and advances to customers - Corporate portfolio	1,838,723	466,033	94,677	171,344	79,093	10,041	2,659,911
Financial assets at FVTPL	298,578	-	-	1,803	2,403	-	302,784
Investment securities							
- FVOCI Investments	657,798	737	431	2,054	-	-	661,020
- Amortised cost investments	215,484	54	-	220,212	159,174	573,626	1,168,550
Asset pledged as collateral	707,742	-	-	10,920	-	-	718,662
Other assets	105,165	10,696	2,936	16,490	393	-	135,680
31 December 2021	5,546,118	544,494	134,123	718,682	678,205	727,718	8,349,340

Credit risk exposure relating to off balance sheet items are as follows:

Loan commitments	63,560	22,575	1,251	14,909	-	-	102,295
Letters of credit and other credit related obligations	912,139	69,379	28,303	105,584	156,980	-	1,272,385
31 December 2021	975,699	91,955	29,554	120,493	156,980	-	1,374,680

COMPANY	Lagos ₦millions	Southern Nigeria ₦millions	Northern Nigeria ₦millions	Africa ₦millions	Europe ₦millions	America ₦millions	Total ₦millions
Loans and advances to banks	18,331	-	-	-	-	-	18,331
Loans and advances to customers							
- Term loans	39	-	-	-	-	-	39
Investment securities							
- FVOCI Investments	3,963	-	-	-	-	-	3,963
Other assets	18,772	-	-	-	-	-	18,772
31 December 2022	41,106	-	-	-	-	-	41,106

	Lagos ₦millions	Southern Nigeria ₦millions	Northern Nigeria ₦millions	Africa ₦millions	Europe ₦millions	America ₦millions	Total ₦millions
Loans and advances to banks	16,477	-	-	-	-	-	16,477
Loans and advances to customers							
- Term loans	49	-	-	-	-	-	49
Investment securities							
- FVOCI Investments	4,210	-	-	-	-	-	4,210
Other assets	13,304	-	-	-	-	-	13,304
31 December 2021	34,040	-	-	-	-	-	34,040

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.17 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors

The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets at fair value through profit or loss analysed below exclude investments in equity instruments.

GROUP	Balances with central bank ₦'millions	Loans and advances to banks ₦'millions	Financial assets at fair value through profit or loss ₦'millions	Investment Securities - FVOCI ₦'millions	Investment Securities - Amortised cost ₦'millions	Asset pledged as collateral ₦'millions	Other assets ₦'millions
Agriculture	-	-	-	-	17	-	-
Oil and gas	-	-	-	-	3,443	-	-
Consumer credit	-	-	-	-	-	-	-
Manufacturing	-	-	-	1,040	4,638	-	2,384
Finance and insurance	-	1,223,061	222	162,953	1,757	-	261,097
Transportation	-	-	-	-	-	-	-
Communication	-	-	3,869	-	-	-	-
General commerce	-	-	-	-	-	-	13,357
Utilities	-	-	-	18,068	-	-	5,304
Public sector	1,663,959	-	227,941	690,711	1,288,340	707,741	529
Total at 31 December 2022	1,663,959	1,223,061	232,032	872,771	1,298,195	595,171	282,671

	Loans and advances to customers - Retail Portfolio					Total ₦'millions
	Overdraft ₦'millions	Term loans ₦'millions	Credit Cards ₦'millions	Mortgage ₦'millions		
Agriculture	858	97	2	-		957
Oil and gas	176	266	3	-		445
Consumer credit	16,175	134,511	2,296	481		153,464
Manufacturing	440	35	-	-		475
Real estate	76	463	21	49,255		49,815
Construction	88	29	-	-		117
Finance and insurance	924	6	-	-		931
Transportation	34	13	-	-		47
Communication	11	221	-	-		233
General commerce	1,125	15,236	-	-		16,361
Utilities	1	34	-	-		35
Retail services	26,890	15,667	493	373		43,423
Public sector	60	188	-	-		248
Total at 31 December 2022	46,859	166,766	2,816	50,109		266,549

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.17 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

	Loans and advances to customers - Corporate Portfolio			
	Overdraft ₦ millions	Term loans ₦ millions	Project finance ₦ millions	Total ₦ millions
Agriculture	12,377	45,269	119	57,766
Oil and gas	522,190	683,711	14,278	1,220,179
Consumer credit	1,064	13,535	-	14,599
Manufacturing	234,616	398,886	136,208	769,710
Real estate	300	77,020	13,792	91,112
Construction	5,457	44,470	71,105	121,032
Finance and insurance	10,688	1,461	-	12,149
Transportation	1,779	24,111	759	26,649
Communication	56,823	106,113	42,806	205,742
General commerce	75,551	128,071	58	203,680
Utilities	16,507	244,530	7,493	268,530
Retail services	101,108	225,780	43,552	370,440
Public sector	1,228	299,845	-	301,073
Total at 31 December 2022	1,039,688	2,292,801	330,171	3,662,660

3.2.17 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

GROUP	Balances with central bank ₦ millions	Loans and advances to banks ₦ millions	Financial assets at fair value through profit or loss ₦ millions	Investment Securities- FVOCI ₦ millions	Investment Securities- Amortised cost ₦ millions	Asset pledged as collateral ₦ millions	Other assets ₦ millions
Oil and gas	-	-	-	-	-	-	-
Manufacturing	-	-	-	2,404	7,144	-	2,384
Construction	-	-	-	-	-	-	-
Finance and insurance	1,465,605	1,015,122	11,730	11,254	1,144,297	10,920	114,429
Transportation	-	-	-	117,498	-	-	-
Communication	-	-	-	-	-	-	-
General commerce	-	-	-	-	-	-	13,357
Utilities	-	-	-	-	-	-	5,304
Public sector	-	-	291,054	529,864	17,108	707,741	206
Total at 31 December 2021	1,465,605	1,015,122	302,784	661,020	1,168,550	718,662	135,680

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Loans and advances to customers - Retail Portfolio					
	Overdraft ₦millions	Term loans ₦millions	Credit Cards ₦millions	Mortgage ₦millions	Total ₦millions
Agriculture	140	247	4	-	391
Oil and gas	218	891	5	-	1,114
Consumer credit	8,421	121,650	1,859	6	131,936
Manufacturing	77	101	-	-	178
Real estate	17	1,033	-	43,030	44,080
Construction	420	320	-	-	740
Finance and insurance	19	101	-	-	119
Transportation	81	112	-	-	193
Communication	13	16	-	-	30
General commerce	899	641	1	-	1,540
Utilities	55	215	-	-	270
Retail services	11,360	29,395	470	-	41,226
Public sector	72	115	-	-	187
Total at 31 December 2021	21,793	154,838	2,339	43,036	222,004

3.2.17 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

Loans and advances to customers - Corporate Portfolio				
	Overdraft ₦millions	Term loans ₦millions	Project finance ₦millions	Total ₦millions
Agriculture	11,850	52,645	83	64,578
Oil and gas	189,552	669,744	13,154	872,450
Consumer credit	3,488	18,301	-	21,789
Manufacturing	129,750	286,463	141,848	558,060
Real estate	556	31,560	16,994	49,110
Construction	14,909	53,681	73,585	142,176
Finance and insurance	12,315	4,072	-	16,387
Transportation	1,515	13,868	-	15,383
Communication	14,784	69,578	35,812	120,174
General commerce	41,896	134,564	312	176,771
Utilities	16,306	221,757	19,195	257,258
Retail services	47,788	43,180	7,254	98,222
Public sector	227	267,326	-	267,554
Total at 31 December 2021	484,936	1,866,737	308,238	2,659,913

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.17 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

COMPANY	Loans and advances to banks ₦ millions	Financial assets at fair value through profit or loss ₦ millions	Investment Securities- FVOCI ₦ millions	Investment Securities- Amortised cost ₦ millions	Other assets ₦ millions	Loans to customers Retail portfolio ₦ millions
Finance and insurance	18,331	-	-	-	18,772	-
Retail services	-	-	-	-	-	39
Public sector	-	-	3,963	-	-	-
Total at 31 December 2022	18,331	-	3,963	-	18,772	39

COMPANY	Loans and advances to banks ₦ millions	Financial assets at fair value through profit or loss ₦ millions	Investment Securities- FVOCI ₦ millions	Investment Securities- Amortised cost ₦ millions	Other assets ₦ millions	Loans to customers Retail portfolio ₦ millions
Finance and insurance	16,477	-	-	-	13,304	-
Retail services	-	-	-	-	-	49
Public sector	-	-	4,210	-	-	-
Total at 31 December 2021	16,477	-	4,210	-	13,304	49

Credit risk exposure relating to off balance sheet items are as follows:

GROUP	Loan commitments 31 December 2022 ₦ millions	Letter of credit and other related obligations 31 December 2022 ₦ millions	Loan commitments 31 December 2021 ₦ millions	Letter of credit and other related obligations 31 December 2021 ₦ millions
Agriculture	2,145	8,550	518	16,610
Oil and gas	48,574	210,341	63,359	189,438
Consumer credit	2,427	-	12	-
Manufacturing	17,470	283,057	16,358	464,281
Real estate	641	-	4	-
Construction	2,234	142,792	2,319	68,791
Finance and insurance	970	283,439	4,163	302,267
Transportation	27	6,491	24	2,931
Communication	10,225	28,684	4,092	37,144
General commerce	5,697	136,673	6,147	136,821
Utilities	948	27,196	51	23,227
Retail services	9,917	66,808	4,760	24,782
Public sector	4,245	7,715	486	6,093
TOTAL	105,521	1,201,746	102,295	1,272,385

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.18 Loans and advances to customers

Credit quality of Loans and advances to customers is summarised as follows:

GROUP	Loans and advances to customers December 2022				
	Overdraft ₦millions	Term loans ₦millions	Credit Cards ₦millions	Mortgage ₦millions	Total ₦millions
Retail					
Stage 1 loans	45,748	163,696	2,737	48,526	260,708
Stage 2 loans	4	861	-	424	1,287
Stage 3 loans	1,107	2,209	78	1,159	4,554
Gross	46,859	166,766	2,816	50,109	266,549
Less: allowance for impairment (note 22)	(1,727)	(1,343)	(26)	(374)	(3,470)
Net	45,132	165,423	2,790	49,735	263,079
Lifetime ECL (see note 22)	907	732	24	152	1,815
12-months' ECL (see note 22)	820	611	2	222	1,655
Total	1,727	1,343	26	374	3,470

GROUP	Loans and advances to customers December 2022			
	Overdraft ₦millions	Term loans ₦millions	Project finance ₦millions	Total ₦millions
Corporate				
Stage 1 loans	786,172	2,107,305	240,419	3,133,896
Stage 2 loans	233,607	98,091	16,688	348,386
Stage 3 loans	19,909	87,405	73,064	180,378
Gross	1,039,687	2,292,801	330,171	3,662,659
Less: allowance for impairment (note 22)	(36,136)	(59,291)	(41,251)	(136,678)
Net	1,003,551	2,233,510	288,921	3,525,981
Lifetime ECL (see note 22)	34,743	51,513	40,968	127,224
12-months' ECL (see note 22)	1,393	7,778	283	9,454
Total	36,136	59,291	41,251	136,678

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.18 Loans and advances to customers (continued)

GROUP	Loans and advances to customers December 2021				
	Overdraft ₦millions	Term loans ₦millions	Credit Cards ₦millions	Mortgage ₦millions	Total ₦millions
Retail					
Stage 1 loans	23,965	156,059	2,912	41,523	224,458
Stage 2 loans	1,021	933	-	474	2,429
Stage 3 loans	5,610	2,196	81	1,598	9,484
Gross	30,596	159,187	2,993	43,594	236,371
Less: allowance for impairment (note 23)	(8,803)	(4,349)	(655)	(558)	(14,365)
Net	21,793	154,839	2,338	43,036	222,006
Lifetime ECL (see note 23)	4,575	435	58	355	5,423
12-months' ECL (see note 23)	4,228	3,914	597	203	8,942
Total	8,803	4,349	655	558	14,365

GROUP	Loans and advances to customers December 2021				Total ₦millions
	Overdraft ₦millions	Term loans ₦millions	Project finance ₦millions	Advances under finance lease ₦millions	
Corporate					
Stage 1 loans	365,522	1,415,449	261,631	-	2,042,602
Stage 2 loans	108,474	408,724	15,749	-	532,947
Stage 3 loans	27,560	92,281	72,417	-	192,258
Gross	501,557	1,916,454	349,796	-	2,767,808
Less: allowance for impairment (note 23)	(16,621)	(49,716)	(41,559)	-	(107,896)
Net	484,936	1,866,738	308,238	-	2,659,911
Lifetime ECL (see note 23)	15,776	46,315	41,307	-	103,398
12-months' ECL (see note 23)	845	3,401	252	-	4,498
Total	16,621	49,716	41,559	-	107,896

COMPANY	Term loans ₦millions	Total ₦millions
Retail		
December 2022		
Stage 1 loans	39	39
Gross	39	39
Less: allowance for impairment	-	-
Net	39	39

COMPANY	Term loans ₦millions	Total ₦millions
Retail		
December 2021		
Stage 1 loans	49	49
Gross	49	49
Less: allowance for impairment	-	-
Net	49	49

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.18 Loans and advances to customers (continued)

(a) Loans and advances to customers – Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

GROUP	December 2022				
	Overdraft ₦'millions	Term loans ₦'millions	Credit cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Retail					
Grades:					
A	22	83	-	-	105
Baa	123	2,666	-	-	2,789
Ba	43,123	140,245	2,471	2,214	188,054
B	2,481	20,638	266	46,312	69,697
Caa	-	63	-	-	63
	45,748	163,696	2,737	48,526	260,708

(b) Loans and advances – Stage 2

	Overdraft ₦'millions	Term loans ₦'millions	Credit cards ₦'millions	Mortgage ₦'millions	Total ₦'millions
Past due up to 30 days	3	751	-	24	777
Past due by 30 - 60 days	-	-	-	400	400
Past due 60-90 days	1	43	-	-	43
Above 90 days	-	67	-	-	67
Gross amount	4	861	-	424	1,287

(c) Loans and advances – Stage 3

Gross amount	1,107	2,209	78	1,159	4,554
Life time ECL- credit impaired	(906)	(683)	(16)	(140)	(1,744)
Net amount	201	1,526	63	1,019	2,809

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.18 Loans and advances to customers (continued)

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

COMPANY	December 2022			
	Overdraft ₦millions	Term loans ₦millions	Project finance ₦millions	Total ₦millions
Corporate				
Grades:				
Aa	152	5,177	-	5,330
A	145,148	55,244	135,941	336,333
Baa	52,748	241,565	38,247	332,560
Ba	30,275	226,561	13,074	269,910
B	477,734	855,408	37,033	1,370,175
Caa	80,115	723,349	16,124	819,588
	786,172	2,107,305	240,419	3,133,896

(b) Loans and advances - Stage 2

	Overdraft ₦millions	Term loans ₦millions	Project finance ₦millions	Total ₦millions
Past due up to 30 days	233,058	60,245	16,688	309,991
Past due by 30 - 60 days	282	786	-	1,068
Past due 60-90 days	268	36,975	-	37,242
Above 90 days	-	85	-	85
Gross amount	233,607	98,091	16,688	348,386

(c) Loans and advances - Stage 3

Gross amount	19,909	87,405	73,064	180,378
Life time ECL- credit impaired	(13,001)	(25,348)	(40,964)	(79,313)
Net amount	6,908	62,057	32,100	101,065

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.18 Loans and advances to customers (continued)

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

GROUP	December 2021				
	Overdraft £ millions	Term loans £ millions	Credit cards £ millions	Mortgage £ millions	Total £ millions
Retail					
Grades:					
A	1	193	-	-	194
Baa	3,374	23,511	54	277	27,216
Ba	18,594	108,949	2,452	2,093	132,088
B	1,995	23,406	406	39,152	64,960
	23,965	156,059	2,912	41,523	224,459

(b) Loans and advances - Stage 2

	Overdraft £ millions	Term loans £ millions	Credit cards £ millions	Mortgage £ millions	Total £ millions
Past due up to 30 days	37	653	-	-	690
Past due by 30 - 60 days	93	22	-	45	160
Past due 60-90 days	892	258	-	429	1,579
Gross amount	1,021	933	-	474	2,429

(c) Loans and advances - Stage 3

Gross amount	5,610	2,196	81	1,598	9,484
Life time ECL- credit impaired	(4,025)	(369)	(58)	(333)	(4,785)
Net amount	1,585	1,827	23	1,264	4,699

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.18 Loans and advances to customers (continued)

(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.2 for an explanation of the internal rating system).

CORPORATE	December 2021			
	Overdraft ₦ millions	Term loans ₦ millions	Project finance ₦ millions	Total ₦ millions
Grades:				
Aaa	-	-	-	-
Aa	57,297	91,243	133,929	282,470
A	10,829	67,788	8,170	86,788
Baa	71,494	413,465	21,726	506,684
Ba	172,889	536,147	70,521	779,557
B	53,013	306,806	27,284	387,103
Caa	-	23,155	-	23,155
	365,522	1,438,604	261,631	2,065,756

(b) Loans and advances - Stage 2

	Overdraft ₦ millions	Term loans ₦ millions	Project finance ₦ millions	Total ₦ millions
Past due up to 30 days	106,768	403,002	15,749	525,519
Past due by 30 - 60 days	872	618	-	1,490
Past due 60-90 days	833	5,105	-	5,938
Gross amount	108,474	408,724	15,749	532,947

(c) Loans and advances - Stage 3

Gross amount	27,560	92,281	72,417	182,138
Life time ECL- credit impaired	(9,309)	(27,332)	(41,296)	(48,360)
Net amount	18,252	64,948	31,121	133,778

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FOR THE YEAR ENDED 31 DECEMBER 2022

3.2.19 Collateralised assets

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset. The effect of collateral at 31 December 2022 and 31 December 2021 are as shown below

GROUP	31 December 2022			
	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	178,179	178,179	975,037	-
Financial assets at fair value through profit or loss	-	-	214,751	-
Total financial assets	178,179	178,179	1,189,788	-

GROUP	31 December 2021			
	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	588,489	591,742	407,329	-
Financial assets at fair value through profit or loss	-	-	294,799	8,574
Total financial assets	588,489	591,742	702,127	8,574

COMPANY	31 December 2022			
	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	-	-	18,331	-
Financial assets at fair value through profit or loss	-	-	1,601	-
Total financial assets	-	-	19,932	-

COMPANY	31 December 2021			
	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	-	-	16,477	-
Financial assets at fair value through profit or loss	-	-	1,337	-
Total financial assets	-	-	17,814	-

The underlisted financial assets are not collateralised:

Cash and balances with Central Banks

Investment securities:

- Investment securities at fair value through other comprehensive income
- Amortised cost investments

Asset pledged as collateral

Other assets

The Group's investment in risk-free government securities and its cash and balances with Central Banks are not considered to require collaterals given their sovereign nature.

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3.3 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows.

Funding risk is a form of liquidity risk that arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The objective of the Group's liquidity risk management is to ensure that all anticipated funding commitments can be met when due and that access to funding sources is coordinated and cost effective.

3.3.1 Management of liquidity risk

The Group's liquidity management process includes:

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Active monitoring of the timing of cashflows and maturity profiles of assets and liabilities to ensure mismatches are within stipulated limits;
- Monitoring the liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

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

Particular attention is also paid to the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Liquidity risk on derivatives is managed using the same source of funding as for the non derivative liabilities.

3.3.2 Funding approach

The Group is funded primarily by a well diversified mix of retail, corporate and public sector deposits. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and interbank takings as significant sources of funding.

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in table A below are the contractual undiscounted cash flow, whereas the Group manages the liquidity risk on a behavioural basis which is shown in table B below. See note 32b for maturity analysis of leases.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk (continued)

(a) Table A - liquidity analysis on a contractual basis

GROUP	Carrying Amount ₦'millions	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
31 December 2022								
Financial liabilities								
Deposits from banks	1,055,254	551,867	319,675	104,174	79,538	-	-	1,055,254
Deposits from customers	7,124,086	5,868,570	634,117	197,877	290,926	107,963	24,633	7,124,086
Derivative liabilities	38,384	38,384	-	-	-	-	-	38,384
Borrowings	675,440	44,700	83,628	53,999	45,777	437,144	10,193	675,440
Other liabilities	652,554	468,199	82,582	46,356	48,490	2,844	743	649,214
Total financial liabilities	9,545,718	6,971,719	1,120,002	402,406	464,731	547,951	35,568	9,542,378
Commitments								
Loan commitments	105,521	46,402	17,634	9,115	27,356	5,014	-	105,521
Letters of credit and other credit related obligations	1,201,746	258,236	202,954	215,902	471,481	51,417	1,756	1,201,746
Total commitments	1,307,267	304,638	220,588	225,017	498,837	56,431	1,756	1,307,267
Assets held for managing liquidity risk								
	9,763,415	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	11,758,637
31 December 2021								
Financial liabilities								
Deposits from banks	1,098,107	477,701	250,365	140,246	223,473	1,743	-	1,093,528
Deposits from customers	5,849,487	4,701,431	580,989	127,401	203,690	162,678	10,422	5,786,613
Derivative liabilities	19,648	19,293	355	-	-	-	-	19,648
Borrowings	405,304	266,273	33,234	7,644	12,865	30,995	54,292	405,304
Other liabilities	654,350	350,250	95,176	41,149	66,521	24,338	243	577,678
Total financial liabilities	8,026,896	5,814,949	960,120	316,440	506,550	219,754	64,958	7,882,771
Commitments								
Loan commitments	87,263	24,196	20,537	32,652	24,125	767	18	102,295
Letters of credit and other credit related obligations	1,272,385	131,818	232,074	250,463	555,451	96,909	5,670	1,272,385
Total commitments	1,359,648	156,014	252,611	283,115	579,576	97,676	5,689	1,374,680
Assets held for managing liquidity risk								
	8,882,535	1,328,152	1,268,480	941,476	656,106	529,350	139,663	4,863,228

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk (continued)

COMPANY	Carrying Amount ₦'millions	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
31 December 2022								
Financial liabilities								
Other liabilities	17,269	15,024	2,245	-	-	-	-	17,269
Total financial liabilities	17,269	15,024	2,245	-	-	-	-	17,269
Assets held for managing liquidity risk		5,232	13,523	1,210	185	2,192	5,866	28,208
31 December 2021								
Financial liabilities								
Other liabilities	16,192	12,386	3,805	-	-	-	-	16,191
Total financial liabilities	16,192	12,386	3,805	-	-	-	-	16,191
Assets held for managing liquidity risk	5,870	5,870	10,713	141	247	2,099	7,334	26,404

- (b) Table B below presents the undiscounted cashflows payable by the Group based on their behavioral patterns. In managing its liquidity risk, the Group profiles its cashflows statistically using historical observations, to ensure that projections are in tune with demonstrated behavioral trends. The Group adopts a Behavioral run-off model in estimating Core and Volatile components of its non-maturing liabilities, complemented by qualitative factors e.g. changes in collection sweep cycles, effect of new fiscal or monetary policies etc. The objective is to determine the proportion of the non-contractual balances to be spread across the Group's maturity bands.

Table B - liquidity analysis on a behavioural basis

GROUP	0 - 30 days ₦'millions	31 - 90 days ₦'millions	91 - 180 days ₦'millions	181 - 365 days ₦'millions	Over 1 year but less than 5 yrs ₦'millions	Over 5 years ₦'millions	Total ₦'millions
31 December 2022							
Financial liabilities							
Deposits from banks	7,961	769,808	127,614	106,291	-	-	1,011,674
Deposits from customers	749,767	804,584	426,694	573,418	4,333,878	7,434	6,895,774
Borrowings	345,668	103,699	39,396	134,432	27,187	62,975	713,356
Other liabilities	396,645	82,582	46,356	48,490	2,844	743	577,660
Total financial liabilities	1,500,041	1,760,672	640,060	862,631	4,363,908	71,151	9,198,464
Loan commitments	46,360	17,634	9,115	27,356	5,014	-	105,478
Letters of credit and other credit related obligations	256,395	202,954	215,902	471,481	51,417	1,756	1,199,905
Total commitments	302,755	220,588	225,017	498,837	56,431	1,756	1,305,383
Assets held for managing liquidity risk	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	11,758,638

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	0 - 30 days ₦millions	31 - 90 days ₦millions	91 - 180 days ₦millions	181 - 365 days ₦millions	Over 1 year but less than 5 yrs ₦millions	Over 5 years ₦millions	Total ₦millions
31 December 2021							
Financial liabilities							
Deposits from banks	167,878	472,163	228,271	223,474	1,743	-	1,093,528
Deposits from customers	335,687	815,138	256,076	458,188	3,907,875	13,649	5,786,612
Borrowings	266,273	33,234	7,644	12,865	30,995	54,292	405,304
Other liabilities	326,517	117,328	43,242	66,521	24,338	243	578,189
Total financial liabilities	1,096,355	1,437,863	535,233	761,048	3,964,951	68,184	7,863,634
Commitments							
Loan commitments	24,166	20,537	32,652	24,125	767	18	102,265
Letters of credit and other credit related obligations	129,721	232,074	250,463	555,451	96,909	5,670	1,270,288
Total commitments	153,887	252,611	283,115	579,576	97,676	5,689	1,372,553
Assets held for managing liquidity risk	1,328,152	1,268,480	941,476	656,106	529,350	139,663	4,863,228

3.3.4 Assets held for managing liquidity risk

The Group holds a diversified portfolio of liquid assets - largely cash and government securities to support payment and funding obligations in normal and stressed market conditions across foreign and local currencies. The Group's liquid assets comprise:

- Cash and balances with the central bank comprising reverse repos and overnight deposits
- Short-term and overnight placements in the interbank market
- Government bonds and T-bills that are readily accepted in repurchase agreements with the Central Bank and other market participants
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios
- The ability to access incremental short term funding by interbank borrowing from the interbank market

First Bank of Nigeria Limited, the commercial banking segment of the Group, is most exposed to liquidity risk. The bank is largely deposit funded and thus, as is typical amongst Nigerian banks, has significant funding mismatches on a contractual basis, given that the deposits are largely demand and short tenured, whilst lending is longer term. On an actuarial basis, the bank's demand deposits exhibit much longer duration, with 80.83% of the bank's current account balances and 88.57% of savings account balances being deemed core.

To manage liquidity shocks in either foreign or local currency, largely as a result of episodic movements, the bank typically holds significant short term liquidity in currency placements or taps the repo markets to raise short term funding as is required. To grow local currency liquidity, the bank has also systematically worked towards reducing the duration of our securities portfolio in the last year, shifting the emphasis to holding more liquid shorter dated treasury bills over longer term bonds, to allow more flexibility in managing liquidity. Whilst on the foreign currency side, the bank has built up placement balances with our offshore correspondents.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.3.5 Derivative liabilities

(a) Derivatives settled on a net basis

The put options and the foreign exchange (FX) contract will be settled on a net basis.

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month ₦'millions	1-3 months ₦'millions	3-6 months ₦'millions	6 - 12 months ₦'millions	1-5 years ₦'millions	Over 5 years ₦'millions	Total ₦'millions
At 31 December 2022							
Derivative liabilities							
FX Futures	-	-	-	145	-	-	145
FX Swap	290	201	-	-	-	-	491
Forward Contract	1,675	1,622	820	29	-	-	4,146
Put Option	-	-	193	12,855	-	-	13,048
	1,966	1,823	1,012	13,029	-	-	17,830
Derivative assets							
FX Futures	-	-	-	145	-	-	145
Put Option	-	-	227	-	-	-	227
FX Swap	22,219	19,200	-	6,060	-	-	47,479
Forward Contract	1,860	2,118	978	10,174	-	-	15,130
	24,079	21,318	1,205	16,379	-	-	62,982
	22,113	19,495	193	3,350	-	-	45,152
At 31 December 2021							
Derivative liabilities							
FX Futures	990	1,297	136	32	-	-	2,455
Cross-Currency Swap	8	-	-	46,394	-	-	46,402
Put Options	2,010	149	102	39	10	-	2,310
	3,009	1,446	238	46,465	10	-	51,168
Derivative assets							
FX Futures	(120)	1,193	136	32	-	-	1,241
Put Options	2,148	174	126	312	42	-	2,802
Forward Contract	(8)	-	-	-	-	-	(8)
	2,020	1,367	262	343	42	-	4,035
	(989)	(79)	25	(46,122)	32	-	(47,133)

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3.3.5 Derivative liabilities (continued)

(b) Derivatives settled on a gross basis

The Group's derivatives that will be settled on a gross basis are foreign exchange derivatives. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cashflows on all derivatives including derivatives classified as 'liabilities held for trading'. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month ₦millions	1-3 months ₦millions	3-6 months ₦millions	6 - 12 months ₦millions	1-5 years ₦millions	Over 5 years ₦millions	Total ₦millions
At 31 December 2022							
Assets held for trading							
FX Swap - Payable	219,919	221,856	-	136,200	-	-	577,975
FX Swap - Receivable	242,157	241,119	-	142,792	-	-	626,068
Forward Contract - Payment	35,202	52,851	46,628	5,842	-	-	140,524
Forward Contract - Receipt	37,064	54,982	47,621	5,878	-	-	145,545
	534,342	570,808	94,250	290,712	-	-	1,490,111
Liabilities held for trading							
FX Swap - Payable	8,881	11,891	-	-	-	-	20,772
FX Swap - Receivable	8,590	11,690	-	-	-	-	20,280
Forward Contract - Payment	39,288	46,567	44,209	5,878	-	-	135,942
Forward Contract - Receipt	37,611	44,936	43,377	5,849	-	-	131,771
	94,370	115,084	87,586	11,727	-	-	308,766
At 31 December 2021							
Assets held for trading							
FX Swap - Payable	195,395	197,879	4,581	125,100	125,100	-	648,055
FX Swap - Receivable	215,169	310,230	35,566	127,291	127,291	-	815,547
Forward Contract - Payment	54,799	97,596	47,379	-	-	-	199,774
Forward Contract - Receipt	57,407	184,222	127,516	-	-	-	369,145
	522,770	789,926	215,043	252,391	252,391	-	2,032,520
Liabilities held for trading							
FX Swap - Payable	-	1,932	24,613	-	-	-	26,545
FX Swap - Receivable	-	94,508	55,584	4,517	-	-	154,609
Forward Contract - Payment	48,714	74,449	36,575	-	-	-	159,739
Forward Contract - Receipt	46,955	153,531	111,702	149,397	-	-	461,586
Put Options	-	-	-	-	-	-	-
	95,669	324,420	228,475	153,915	-	-	802,479

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4 Market risk

Market risk is the potential for adverse changes in the value of a trading or an investment portfolio due to changes in market risk variables such as equity and commodity prices, interest rates, and foreign exchange rates.

Market risk arises from positions in currencies, interest rate and securities held in our trading portfolio and from our retail banking business, investment portfolio, and other non-trading activities. The movement in market risk variables may have a negative impact on the balance sheet and or income statement. Through the financial year, the Group was exposed to market risk in its trading, and non-trading activities mainly as a result of:

- Interest rate movements in reaction to monetary policy changes by the Central Banks in each jurisdiction, fiscal policies changes, and market forces;
- Foreign exchange fluctuations arising from demand and supply as well as government policies; and
- Equity price movements in response to market forces and changing market dynamics, such as market making on the Stock Exchange.

3.4.1 Management of market risk

The Group's market risk management process applies disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilisation of risk capital. Thus, the Group market risk management policy ensures:

- Formal definition of market risk management governance – recognised individual roles and committees, segregation of duties, avoidance of conflicts, etc.;
- Management is responsible for the establishment of appropriate procedures and processes in implementing the Board-approved market risk policy and strategy. The procedures are documented in a periodically reviewed market risk procedural manual that spells out the procedures for executing relevant market risk controls.;
- An independent market risk management function;
- A Group-wide market risk management process to which all risk-taking units are subjected;
- Alignment of market risk management standards with international best practice. Risk measurements are progressively based on modern techniques such as sensitivity, value-at-risk methodology (VaR), stress testing and scenario analysis;
- A robust market risk management infrastructure reinforced by a strong management information system (MIS) for controlling, monitoring and reporting market risk;
- Continual evaluation of risk appetite, communicated through risk limits and overall effectiveness of the market risk management process;
- The Group does not undertake any risk that cannot be managed, or risks that are not fully understood especially in new products; and
- Where the Group takes on any risk, full consideration is given to product maturity, financial market sophistication and regulatory pronouncement, guidelines or policies. The risk taken must be adequately compensated by the anticipated reward.

3.4.2 Market risk measurement techniques

The major measurement techniques used to measure and control market risk are outlined below:

(a) Value at Risk (VAR)

VaR measures potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 99% and a 10-day holding period. The confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced three times per year in every 250 days. Only First Bank of Nigeria (the bank) is subject to the VaR methodology. The Group measures interest rate risk and foreign exchange risk using sensitivity analysis, see note 3.4.6 and 3.4.3 respectively.

The Bank continues to use VaR to estimate the potential losses that could occur on its positions as a result of movements in market factors.

The Bank uses the parametric method as its VaR methodology with an observation period of two years obtained from published data from pre-approved sources. VaR is calculated on the Bank's positions at close of business daily.

The table below shows the trading VaR of the Bank. The major contributors to the trading VaR are Treasury Bills and Foreign Exchange due to volatility in those instruments impacting positions held by the Bank during the period.

The assets included in the VAR analysis are the held for trading assets.

The Fixed Income portfolio (Interest Rate Risk) trading VaR is 1.67bn as at 31 December 2022 and reflects the potential loss given assumptions of a 1-day holding period, volatility computed using 500-day return data, and a 99% statistical confidence level.

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The foreign exchange trading VaR was ₦30.77mn as at 31 December 2022, reflecting the regulatory Trading Open Position of 0.5% of Shareholder's Fund stipulated by the CBN.

VAR summary

	12 months to 31 December 2022		
	Average	High	Low
Foreign exchange risk	22	55	1
Interest rate risk	1,646	4,652	25
Total VAR	1,668	4,707	26

VAR summary

	12 months to 31 December 2021		
	Average	High	Low
Foreign exchange risk	18	46	-
Interest rate risk	2,739	4,757	451
Total VAR	2,758	4,802	451

(b) Stress tests

Based on the reality of unpredictable market environment and the frequency of regulations that have had significant effect on market rates and prices, the Group augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

The Asset and Liability Committee (ALCO) of each subsidiary is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure. The stress-testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Regular stress-test scenarios are applied to interest rates, exchange rates and equity prices. This covers all asset classes in the financial markets banking and trading books. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Non-trading portfolio

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Due to the size of the Group's holdings in rate-sensitive assets and liabilities the Group is exposed to interest rate risk.

Non-trading interest rate risk results mainly from differences in the mismatches or re-pricing dates of assets and liabilities, both on- and off-balance sheet as interest rate changes.

The Group uses a variety of tools to measure non-tradable interest rate risk such as:

- Interest rate gap analysis (which allows the Group to maintain a positive or negative gap depending on the perceived interest rate direction). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income;
- Forecasting and simulating interest rate margins;
- Market value sensitivity;
- Calculating earnings at risk (EaR) using various interest rate forecasts; and
- Re-pricing risk in various portfolios and yield curve analysis.

See note 3.4.5 for interest rate sensitivity disclosures.

Hedged non-trading market risk exposures

The Group's books have some key market risk exposures, which have been identified and are being managed using swaps and options.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.3 Foreign exchange risk

The Group is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2022 and 31 December 2021. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
31 December 2022						
Financial assets						
Cash and balances with Central Banks	1,624,576	56,528	1,919	7,571	100,269	1,790,863
Loans and advances to banks	380,337	520,552	112,331	55,543	154,299	1,223,061
Loans and advances to customers: Retail portfolio	182,370	22,055	47,400	13	11,242	263,079
Loans and advances to customers: Corporate portfolio	1,612,625	1,752,939	7,149	4,015	149,255	3,525,982
- Advances under finance lease	-	-	-	-	-	-
Investment securities						
- FVOCI Investments	934,726	87,421	-	-	1,543	1,023,690
- Amortised cost investments	122,237	802,726	-	-	373,233	1,298,195
Asset pledged as collateral	583,574	-	-	-	11,597	595,171
Financial assets at fair value through profit or loss	224,895	51,929	33	901	708	278,466
Other assets	222,999	32,935	413	11	16,490	272,849
	5,888,338	3,327,085	169,245	68,053	818,635	10,271,356
Financial liabilities						
Customer deposits	4,764,102	1,714,001	318,743	66,489	260,750	7,124,086
Deposits from banks	98,719	941,321	5,584	5,762	3,869	1,055,254
Derivative liabilities	355	16,726	54	438	613	38,384
Borrowings	86,034	567,216	-	-	22,191	675,440
Other liabilities	242,782	295,868	938	4,981	104,645	649,214
	5,191,991	3,535,131	325,318	77,671	392,068	9,542,378

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.3 Foreign exchange risk (continued)

GROUP	Naira ₦millions	USD ₦millions	GBP ₦millions	Euro ₦millions	Others ₦millions	Total ₦millions
31 December 2021						
Financial assets						
Cash and balances with Central Banks	1,401,077	37,601	1,919	7,571	138,601	1,586,769
Loans and advances to banks	473,444	347,212	112,331	55,543	26,593	1,015,122
Loans and advances to customers:						
Retail portfolio						
- Overdrafts	18,621	2,228	-	8	936	21,793
- Term loans	127,049	5,839	12,269	-	9,681	154,838
- Credit cards	2,017	321	-	-	-	2,338
- Mortgage	2,684	-	40,346	-	6	43,036
Loans and advances to customers:						
Corporate portfolio						
- Overdrafts	110,079	349,464	-	32	25,361	484,936
- Term loans	889,405	880,360	682	13,519	82,771	1,866,738
- Project finance	169,837	138,401	-	-	-	308,237
- Advances under finance lease	-	-	-	-	-	-
Investment securities						
- FVOCI Investments	662,886	126,042	-	-	-	788,928
- Amortised cost investments	229,500	765,713	(58)	-	173,395	1,168,550
Asset pledged as collateral	707,742	-	-	-	10,920	718,662
Financial assets at fair value through profit or loss	272,535	77,503	78	326	703	351,146
Other assets	85,830	32,935	413	11	16,490	135,680
	5,152,706	2,763,618	167,981	77,010	485,457	8,646,772
Financial liabilities						
Customer deposits	3,947,751	1,186,886	313,568	58,435	342,847	5,849,487
Deposits from banks	65,495	999,563	15,458	10,573	7,018	1,098,107
Derivative liabilities	355	19,251	-	441	71	20,118
Borrowings	61,986	342,837	-	-	481	405,304
Other liabilities	195,632	400,990	10,352	12,411	30,532	649,917
	4,271,219	2,949,527	339,377	81,861	380,949	8,022,933

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3.4.3 Foreign exchange risk (continued)

COMPANY	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
31 December 2022						
Financial assets						
Loans and advances to banks	18,251	80	-	-	-	18,331
Loans and advances to customers: Retail portfolio						
- Term loans	39	-	-	-	-	39
Investment securities						
- FVOCI Investments	3,963	-	-	-	-	3,963
Financial assets at fair value through profit or loss	1,601	-	-	-	-	1,601
Other assets	18,772	-	-	-	-	18,772
	42,627	80	-	-	-	42,707
Financial liabilities						
Other liabilities	17,269					17,269
	17,269	-	-	-	-	17,269

COMPANY	Naira ₦'millions	USD ₦'millions	GBP ₦'millions	Euro ₦'millions	Others ₦'millions	Total ₦'millions
31 December 2021						
Financial assets						
Loans and advances to banks	16,415	62	-	-	-	16,477
Loans and advances to customers: Retail portfolio						
- Term loans	49	-	-	-	-	49
Investment securities						
- FVOCI Investments	4,210	-	-	-	-	4,210
Financial assets at fair value through profit or loss	1,337	-	-	-	-	1,337
Other assets	13,304	-	-	-	-	13,304
	35,315	62	-	-	-	35,377
Financial liabilities						
Other liabilities	16,192					16,192
	16,192	-	-	-	-	16,192

The Company and Group's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigerian Naira affects reported earnings through revaluation gain or loss and balance sheet size through increase or decrease in the revalue amounts of assets of assets and liabilities denominated in US Dollars.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.3 Foreign exchange risk (continued)

The Group is exposed to the US Dollar, EURO and GBP currencies. The Group's exposure to other foreign exchange movements is not material.

The following table details the Group's sensitivity to a 9% increase and decrease in Naira against the US Dollar, EURO and GBP. Management believe that a 10% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding US Dollar, EURO and GBP denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 10% against the US dollar, EURO and GBP. For a 10% strengthening of Naira against the US dollar, EURO and GBP, there would be an equal and opposite impact on profit.

	GROUP	
	31 December 2022	31 December 2021
Naira strengthens by 9% against the US dollar (2021:10%)	(78,437)	(10,587)
Profit/(loss)		
Naira weakens by 9% against the US dollar (2021:10%)	78,437	10,587
Profit/(loss)		
Naira strengthens by 9% against the EURO (2021:10%)	(399)	(933)
Profit/(loss)		
Naira weakens by 9% against the EURO (2021:10%)	399	933
Profit/(loss)		
Naira strengthens by 9% against the GBP (2021:10%)	(3,421)	11,698
Profit/(loss)		
Naira weakens by 9% against the GBP (2021:10%)	3,421	(11,698)
Profit/(loss)		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.4 Interest rate risk

Interest rate risk is the risk of loss in income or portfolio value as a result of changes in market interest rates. The Group is exposed to interest rate risk in its fixed income securities portfolio, as well as on the interest sensitive assets and liabilities in the course of banking and or trading. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Asset and Liability Committee.

The table below summarises the Group's interest rate gap position showing its exposure to interest rate risks. Value at risk exposure is disclosed in note 3.4.2.

GROUP	Carrying amount ₦millions	Variable interest ₦millions	Fixed interest ₦millions	Non interest-bearing ₦millions
31 December 2022				
Financial assets				
Cash and balances with central banks	1,790,863	-	232,599	1,558,264
Loans and advances to banks	1,223,061	767,607	189,635	265,819
Loans and advances to customers - Retail portfolio	263,079	227,700	30,141	5,239
Loans and advances to customers - Corporate portfolio	3,525,982	3,261,657	234,941	29,384
Financial assets at fair value through profit or loss	278,466	-	229,663	48,803
Investment securities:				
- FVOCI Investments	1,023,690	-	839,891	183,799
- Amortised cost investments	1,298,195	110,538	1,187,657	-
Assets pledged as collateral	595,171	-	595,171	-
Other assets	272,849	-	-	272,849
	10,271,356	4,367,502	3,539,698	2,364,156
Financial liabilities				
Deposits from customers	7,124,086	2,878,800	2,583,713	1,661,573
Deposits from banks	1,055,254	561,365	493,889	-
Derivative liabilities	38,384	-	38,384	-
Other liabilities	649,214	167,018	482,196	-
Borrowings	675,440	-	-	675,440
	9,542,378	3,607,182	3,598,182	2,337,013
Interest rate mismatch		760,319	(58,484)	27,143

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.4 Interest rate risk (continued)

GROUP	Carrying amount ₦millions	Variable interest ₦millions	Fixed interest ₦millions	Non interest-bearing ₦millions
31 December 2021				
Financial assets				
Cash and balances with central banks	1,586,769	-	1,357,600	229,169
Loans and advances to banks	1,015,122	494,356	388,553	132,213
Loans and advances to customers: Retail portfolio	222,005	204,271	17,769	27
Loans and advances to customers: Corporate portfolio	2,659,911	2,518,461	141,278	170
Financial assets at fair value through profit or loss	351,146	-	351,146	-
Investment securities:				
- FVOCI Investments	788,928	-	661,019	127,908
- Amortised cost investments	1,168,550	-	1,168,550	8
Assets pledged as collateral	718,662	-	718,662	71,968
Other assets	135,680	-	-	135,680
	8,646,772	3,217,088	4,804,577	697,143
Financial liabilities				
Deposits from customers	5,849,487	2,430,007	1,817,917	1,601,564
Deposits from banks	1,098,107	602,975	492,636	2,496
Derivative liabilities	19,648	-	-	19,648
Other liabilities	649,917	-	7,189	649,917
Borrowings	405,304	53,604	351,700	-
	8,022,464	3,086,587	2,669,441	2,273,625
Interest rate mismatch		130,501	2,135,136	(1,576,481)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.4 Interest rate risk (continued)

COMPANY	Carrying amount ₦millions	Variable interest ₦millions	Fixed interest ₦millions	Non interest-bearing ₦millions
31 December 2022				
Financial assets				
Loans and advances to banks	18,331		18,331	
Loans and advances to customers: Retail portfolio				
- Term loans	39		39	
Financial assets at fair value through profit or loss	1,601			1,601
Investment securities:				
- FVOCI Investments	3,963		3,963	
Other assets	87			87
	24,021	-	22,333	1,688
Financial liabilities				
Other liabilities	17,269			17,269
	17,268	-	-	17,269
Interest rate mismatch		-	22,333	(15,580)
31 December 2021				
Financial assets				
Loans and advances to banks	16,477		16,477	
Loans and advances to customers: Retail portfolio				
- Term loans	49		49	
Financial assets at fair value through profit or loss	1,337			1,337
Investment securities:				
- FVOCI Investments	4,210		4,210	
Other assets	87			87
	22,160	-	20,736	1,424
Financial liabilities				
Other liabilities	16,192			16,192
	16,191	-	-	16,192
Interest rate mismatch		-	20,736	(14,766)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.5 Interest rate repricing profile

The tables below summarise the repricing profile of First Bank Nigeria Limited's non-trading book as at 31 December 2022 and 31 December 2021. Carrying amounts of items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The cash flows bucketing on non-maturing financial asset and financial liabilities were determined using their behavioural assumptions based in historical trend analysis. The interest rate exposure of the other subsidiaries' is considered insignificant to the Group. Thus, the repricing profile of the bank is deemed to be fairly representative of the Group.

	<= 30 DAYS ₦'billions	31 - 90 Days ₦'billions	91 - 180 Days ₦'billions	181 - 365 Days ₦'billions	1 - 2 Years ₦'billions	2 Years & Above ₦'billions	Rate Sensitive 'billions
31 December 2022							
Treasury bills	350	455	242	192	-	-	1,239
Government bonds	-	-	2	-	4	288	294
Corporate bonds	-	1	-	-	2	18	21
Loans and advances to banks	188	206	188	363	-	-	945
Loans and advances to customers-Retail							
- Overdrafts	8	-	14	2	11	7	43
- Term loans	8	26	14	81	5	7	141
- Credit cards	-	1	1	1	-	-	3
- Mortgage	-	-	-	2	-	-	2
Loans and advances to customers-Corporate							
- Overdrafts	181	-	134	206	270	162	953
- Term loans	171	101	139	1,123	264	74	1,872
- Project finance	36	38	36	92	81	5	288
Total assets	942	828	770	2,062	638	561	5,801
Deposits from customers	2,947	426	266	305	439	1,179	5,562
Deposits from banks	152	297	119	68	-	-	637
Medium term loan	11	9	25	143	11	20	219
Total liabilities	3,110	732	411	517	450	1,198	6,418
Interest rate repricing gap	(2,168)	96	359	1,545	188	(637)	(617)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.5 Interest rate repricing profile (continued)

31 December 2021	<=30 DAYS ₦billions	31 - 90 Days ₦billions	91 - 180 Days ₦billions	181 - 365 Days ₦billions	1 - 2 Years ₦billions	2 Years & Above ₦billions	Rate Sensitive ₦billions
Treasury bills	314	496	334	216	-	-	1,360
Government bonds	-	-	-	-	-	267	266
Corporate bonds	-	-	-	-	3	20	23
Loans and advances to banks	695	1	38	132	-	-	866
Loans and advances to customers-Retail							
- Overdrafts	5	4	3	5	-	1	19
- Term loans	7	3	7	4	24	80	126
- Credit cards	-	-	-	-	1	1	2
- Mortgage	-	-	-	-	-	2	2
Loans and advances to customers-Corporate							
- Overdrafts	202	107	84	50	-	-	443
- Term loans	238	124	142	128	376	491	1,498
- Project finance	96	10	1	38	22	171	338
Total assets	1,559	746	608	573	426	1,033	4,944
Deposits from customers	260	458	212	295	3,449	-	4,674
Deposits from banks	167	239	102	138	-	-	646
Medium term loan	266	105	8	8	31	21	438
Total liabilities	693	802	322	441	3,480	21	5,758
Interest rate repricing gap	865	(56)	286	132	(3,054)	1,012	(814)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.4.6 Interest rate sensitivity showing fair value interest rate risk

The aggregate figures presented above are further segregated into their various components as shown below:

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Financial assets at fair value through profit or loss				
Treasury bills	154,239	210,447	-	-
Bonds	10,745	13,557	-	-
Total	164,984	224,005	-	-
Impact on income statement:				
Unfavourable change @ 2% reduction in interest rates	(3,300)	(4,480)	-	-
Favourable change @ 2% increase in interest rates	3,300	4,480	-	-
Investment securities - FVOCI				
Treasury bills	660,840	564,157	-	935
Bonds	211,932	96,863	3,963	8,928
Total	872,771	661,020	3,963	9,863
Impact on other comprehensive income statement:				
Unfavourable change @ 2% reduction in interest rates	(17,455)	(13,220)	(79)	(197)
Favourable change @ 2% increase in interest rates	17,455	13,220	79	197

3.5 Equity risk (market risk)

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Exchange (NGX) and other non-quoted investments. Equity securities quoted on the NGX are exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

As at 31 December 2022, the market value of quoted securities held by the Group was ₦15.42bn (2021: ₦10.89bn). If the all share index of the NGX moves by 4,827 basis points from the 51,251 position at 31 December 2022, the effect on the fair value of these quoted securities and the other comprehensive income statement would have been ₦1.45bn.

The Group holds a number of investments in unquoted securities with a market value of ₦191bn (2021: ₦165bn) of which investments in African Finance Corporation (AFC) is the significant holding. AFC is a private sector led investment bank and development finance institution which has the Central Bank of Nigeria as a single major shareholder (42.5%) with other African financial institutions and investors holding the remaining shares. See fair value hierarchy of these investments and sensitivity analysis in note 3.6.

The Group does not deal in commodities and is therefore not exposed to any commodity price risk.

3.6 Fair value of financial assets and liabilities

3.6.1 Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.6.1 Financial instruments measured at fair value – fair value hierarchy (continued)

GROUP	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total ₦ millions
31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss				
Debt securities	168,852	-	-	168,852
Equity	14,677	-	31,757	46,434
Derivatives	198	62,982	-	63,180
Assets pledged as collateral	-	-	-	-
FVOCI Investments				
Investment securities – debt	872,771	-	-	872,771
Investment securities – unlisted debt	-	-	-	-
Investment securities – unlisted equity	-	114,621	35,543	150,164
Investment securities – listed equity	755	-	-	755
Assets pledged as collateral	495,913	-	-	495,913
Derivative liabilities				
Derivatives	-	38,384	-	38,384
	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total ₦ millions
31 December 2021				
Financial assets at fair value through profit or loss				
Debt securities	224,005	-	-	224,005
Equity	7,083	-	41,278	48,361
Derivatives	4,646	74,133	-	78,780
Assets pledged as collateral	261,224	-	-	-
FVOCI Investments				
Investment securities – debt	644,574	11,356	2,054	657,983
Investment securities – unlisted debt	-	-	3,037	3,037
Investment securities – unlisted equity	-	95,203	28,892	124,095
Investment securities – listed equity	3,813	-	-	3,813
Assets pledged as collateral	378,334	-	-	378,334
Derivative liabilities				
Derivatives	-	6,766	-	6,766

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3.6.1 Financial instruments measured at fair value – fair value hierarchy (continued)

COMPANY	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total ₦ millions
31 December 2022				
Financial assets				
Financial assets at FVTPL				
Investment securities – unlisted equity	-	-	1,601	1,601
FVOCI Investments				
Investment securities – debt	3,963	-	-	3,963
31 December 2021				
Financial assets				
Financial assets at FVTPL				
Investment securities – unlisted equity	-	-	1,337	1,337
FVOCI Investments				
Investment securities – debt	4,210	-	-	4,210

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level 2 except for certain unquoted equities and equity derivatives explained below.

(c) Financial instruments in level 3

Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes debt and equity investments with significant unobservable components.

Transfers in and out of level 3 instruments are recognised on the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.6.1 Financial instruments measured at fair value – fair value hierarchy (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

GROUP	₦millions
At 1 January 2021	146,180
Acquisitions	12,715
Matured/redeemed	(95,746)
Total losses recognised through profit/loss	4,184
Total gains recognised through OCI	7,928
Transfer into level 2 due to change in observability of market data	-
At 31 December 2021	75,261
Acquisitions	(6,700)
Matured/redeemed	(7,774)
Total gains recognised through profit/loss	5,226
Total gains recognised through OCI	1,287
At 31 December 2022	67,300

During the year ended 31 December 2022, there was transfer between level 3 and 2 fair value measurements based on availability of observable inputs.

COMPANY	₦millions
At 1 January 2021	2,116
Total losses recognised through profit/loss	(779)
At 31 December 2021	1,337
Total losses recognised through profit/loss	264
At 31 December 2022	1,601

Total gains or losses for the period included in profit or loss are presented in 'Net gains/(losses) from investment securities'.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.6.1 Financial instruments measured at fair value – fair value hierarchy (continued)

Information about the fair value measurements using significant unobservable Inputs (level 3)

The equity sensitivity measures the impact of a +/- 250bps movements in the comparative companies. The sensitivity of the fair values of investment in unlisted equities to changes in the P/E multiples, EBITDA, cost of capital, illiquidity discount and transaction price as at 31 December, 2022 is as shown in the below table:

Description	Valuation technique	Assumption	
NIBSS PLC	P/E MULTIPLES	Base	10,954
		Sensitivity of +2.5%	11,228
		Sensitivity of -2.5%	10,680
AFREXIM BANK LIMITED	P/B MULTIPLES	Base	2,179
		Sensitivity of +2.5%	2,233
		Sensitivity of -2.5%	2,124
CAPITAL ALLIANCE PROPERTY INVESTMENT COMPANY (CAPIC)	NET ASSET VALUATION	Base	1,601
		Sensitivity of +2.5%	1,641
		Sensitivity of -2.5%	1,561
TIDE AFRICAN FUND	TRANSACTION PRICE	Base	1,087
		Sensitivity of +2.5%	1,114
		Sensitivity of -2.5%	1,060
RESOURCERY PLC (Ordinary shares)	MARKET APPROACH	Base	100
		Sensitivity of +2.5%	103
		Sensitivity of -2.5%	98
MP BUDGET LIMITED (Ordinary shares)	EV/REVENUE METHODOLOGY	Base	101
		Sensitivity of +2.5%	104
		Sensitivity of -2.5%	98
AVERY ROW CAPITAL GP	TRANSACTION PRICE	Base	2,099
		Sensitivity of +2.5%	2,151
		Sensitivity of -2.5%	2,047
ECHO VC PAN AFRICA	NET ASSET VALUATION	Base	1,616
		Sensitivity of +2.5%	1,656
		Sensitivity of -2.5%	1,576
LEKKY BUDGET HOTEL	MARKET APPROACH	Base	319
		Sensitivity of +2.5%	327
		Sensitivity of -2.5%	311
ARCHFIN LP	TRANSACTION PRICE	Base	21,205
		Sensitivity of +2.5%	21,735
		Sensitivity of -2.5%	20,675

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.6.1 Financial instruments measured at fair value – fair value hierarchy (continued)

EV/EBITDA, P/B valuation or P/E valuation multiple – the Group determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The Group then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the enterprise value of the comparable company by its earning before interest, tax, depreciation and amortisation (EBITDA), or dividing the quoted price of the comparable company by its net income (P/E). The trading multiple is then adjusted for discounts/premiums with regards to such consideration as illiquidity and other differences, advantages and disadvantages between the Group's investee company and the comparable public companies based on company-specific facts and circumstances.

Income approach (discounted cashflow) – the Group determines the free cash flow of the investee company, and discounts these cashflows using the relevant cost of equity. The cost of equity is derived by adjusting the yield on the risk free securities (FGN Bonds) with the equity risk premium and company/sector specific premium. The present value derived from the calculation represents the investee company's enterprise value.

3.6.2 Group's valuation process

The Group's asset liability management (ALM) unit performs the valuation of financial assets required for financial reporting purposes. This team also engages external specialist valuers when the need arises, and reports directly to the Chief Risk Officer. Discussions on the valuation process and results are held between the ALM team and the Chief Risk Officer on a monthly basis in line with the Group's management reporting dates.

3.6.3 Financial instruments not measured at fair value

- (a) The carrying value of the following financial assets and liabilities for both the Company and Group approximate their fair values:

Cash and balances with central bank
Loans and advances to banks
Other assets (excluding prepayments)
Deposits from banks
Deposits from customers
Liability on investment contracts
Other liabilities (excluding provisions and accruals)

- (b) Table below shows the carrying value of other financial assets not measured at fair value:

GROUP	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total Fair Value ₦ millions	Total Carrying Amount ₦ millions
31 December 2022					
Financial assets					
Loans and advances to customers: Retail Portfolio					
- Overdrafts	-	-	45,132	45,132	45,132
- Term loans	-	-	165,423	165,423	165,423
- Credit cards	-	-	2,790	2,790	2,790
- Mortgage	-	-	49,735	49,735	49,735
Loans and advances to customers: Corporate Portfolio					
- Overdrafts	-	-	1,003,552	1,003,552	1,003,552
- Term loans	-	-	2,233,510	2,233,510	2,233,510
- Project finance	-	-	288,920	288,920	288,920
Amortised cost investments	-	1,298,195	-	1,298,195	1,298,195
Asset pledged as collateral	595,171	-	-	595,171	595,171

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.6.3 Financial instruments not measured at fair value (continued)

	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total Fair Value ₦ millions	Total Carrying Amount ₦ millions
31 December 2022					
Financial liabilities					
Borrowing	-	675,440	-	675,440	675,440

	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total Fair Value ₦ millions	Total Carrying Amount ₦ millions
31 December 2021					
Financial assets					
Loans and advances to customers: Retail Portfolio					
- Overdrafts	-	-	21,793	21,793	21,793
- Term loans	-	-	154,838	154,838	154,838
- Credit cards	-	-	2,338	2,338	2,338
- Mortgage	-	-	43,036	43,036	43,036
Loans and advances to customers: Corporate Portfolio				-	
- Overdrafts	-	-	484,936	484,936	484,936
- Term loans	-	-	1,866,738	1,866,738	1,866,738
- Project finance	-	-	308,237	308,237	308,237
- Advances under finance lease	-	-	-	-	-
Amortised cost investments	-	1,168,550	-	1,168,550	1,168,550
Asset pledged as collateral	718,662	-	-	718,662	718,662
Financial liabilities					
Borrowing	-	405,304	-	405,304	405,304

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3.6.3 Financial instruments not measured at fair value (continued)

COMPANY	Level 1 ₦ millions	Level 2 ₦ millions	Level 3 ₦ millions	Total Fair Value ₦ millions	Total Carrying Amount ₦ millions
31 December 2022					
Financial assets					
Loans and advances to customers: Retail Portfolio					
- Term loans	-	-	39	39	39
31 December 2021					
Financial assets					
Loans and advances to customers: Retail Portfolio					
- Term loans	-	-	49	49	49

(c) The fair value of loans and advances to customers (including loan commitments) and investment securities are as follows:

GROUP	31 December 2022		31 December 2021	
	Carrying value ₦ millions	Fair value ₦ millions	Carrying value ₦ millions	Fair value ₦ millions
Financial assets				
Loans and advances to customers				
Fixed rate loans	132,974	132,974	159,855	159,855
Variable rate loans	3,656,087	3,656,087	2,722,061	2,698,179
Investment securities (Amortised cost)	1,298,195	1,298,195	1,168,550	1,177,804
Asset pledged as collateral	99,258	99,258	79,104	75,660
Loan commitments	105,478	105,478	102,295	102,295
Financial liability				
Borrowings	675,440	675,440	405,304	392,071

Investment securities have been fair valued using the market prices and is within level 1 of the fair value hierarchy. Loans and advances to customers have been fair valued using average benchmarked lending rates which are adjusted to specific entity risks based on history of losses. Borrowings which are listed on stock exchange are fair valued using market prices and are within level 1 of the fair value hierarchy while other borrowings are fair valued using valuation techniques and are within level 3 of the fair value hierarchy.

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4. Capital management

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the regulators (Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission etc), (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve the current regulatory capital requirement of FBN Holdings Plc and its subsidiaries. The regulatory capital requirement for entities within the Group, as well as the internal target for capital management are as follows:

Name of Entity	Primary Regulator	Regulatory Requirement
FBN Holdings Plc	Central Bank of Nigeria	Paid-up capital in excess of aggregated minimum paid up capital of subsidiaries
First Bank of Nigeria Limited	Central Bank of Nigeria	₦50bn capital; and 15% capital adequacy ratio
FBNQuest Merchant Bank Limited	Central Bank of Nigeria	₦15bn capital; and 10% capital adequacy ratio
FBNQuest Capital Limited	Securities and Exchange Commission	Issuing House: ₦150mn; Broker-Dealer: ₦300mn; Underwriter: ₦200mn; and Fund Manager: ₦150mn
FBNQuest Trustees Limited	Securities and Exchange Commission	Trustee: ₦300mn
FBN Insurance Brokers Limited	National Insurance Commission	₦5mn Capital

The Group's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors. The Group has an Internal Capital Adequacy Assessment Process which proactively evaluates capital needs vis-a-vis business growth and the operating environment. It also guides the capital allocation among the subsidiaries and the business units. The Group's internal capital adequacy assessment entails periodic review of risk management processes, monitoring of levels of risk and strategic business focus through a system of internal controls that provides assurance to those charged with governance on risk management models and processes.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4 Capital management (continued)

The Group considers both equity and debt, subject to regulatory limits as capital.

The test of capital adequacy for FBN Holdings Plc and its subsidiaries, in accordance with the requirements of paragraphs 7.1 and 7.3 of the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, as at 31 December 2022 and 2021 are as follows:

i. FBN Holdings Plc

Subsidiary	Proportion of shares held		FBN Holdings Plc's share of minimum paid up capital	
	31 December 2022	31 December 2021 (%)	31 December 2022 ₦millions	31 December 2021 ₦millions
First Bank of Nigeria Limited	100	100	50,000	50,000
FBNQuest Merchant Bank Limited	100	100	15,000	15,000
FBNQuest Capital Limited	100	100	800	800
FBNQuest Trustees Limited	100	100	300	300
FBN Insurance Brokers Limited	100	100	5	5
Rainbow Town Development Limited	55	55	-	-
Aggregated minimum paid up Capital of Subsidiaries			66,105	66,105
FBN Holdings Plc's Paid-up Capital			251,340	251,340

ii. First Bank of Nigeria Limited & FBNQuest Merchant Bank Limited

The Banks' capital is divided into two tiers:

- Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve. Non-controlling interests arising on consolidation from interests in permanent shareholders' equity. The book value of goodwill, unpublished losses and under provisions are deducted in arriving at qualifying tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising from the fair valuation of financial instruments held as available for sale. Under the Basel II requirements as implemented in Nigeria, tier 2 capital is restricted to tier 1 capital based on CBN's guidelines.

The Central Bank of Nigeria prescribed the minimum limit of total qualifying capital/total risk weighted assets as a measure of capital adequacy of banks in Nigeria. Total qualifying capital consists of tier 1 and 2 capital less investments in subsidiaries and other regulatory adjustments.

The table below summarises the Basel II capital adequacy ratio for 2022 and 2021. It shows the composition of regulatory capital and ratios for the years. During those years, First Bank of Nigeria Limited and FBNQuest Merchant Bank complied with all the regulatory capital requirements to which they are subjected.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4 Capital management (continued)

	FBNQuest Merchant Bank Limited		First Bank of Nigeria Limited	
	31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
Tier 1 capital				
Share capital	4,302	4,302	17,948	17,948
Share premium	3,905	3,905	212,609	212,609
Statutory reserve	9,160	8,709	134,120	120,408
SMEIS reserves	-	-	6,076	6,076
Retained earnings	13,623	12,228	266,432	217,593
Less: Goodwill/Deferred Tax	(9,246)	(9,236)	-	-
Less: Investment in subsidiaries	(1,322)	(1,216)	(55,696)	(55,696)
Total qualifying for tier 1 capital	20,421	18,691	581,489	518,939
Tier 2 capital				
Fair value reserve	975	978	98,151	88,067
Other borrowings	8,020	8,021	35,903	49,494
Total tier 2 capital	8,996	8,999	134,053	137,561
Tier 2 Capital Restriction	7,248	6,636	134,053	137,561
Less: Investment in subsidiaries	-	-	(55,696)	(55,696)
Total qualifying for tier 2 capital	7,248	6,636	78,358	81,865
Total regulatory capital	27,669	25,327	659,847	600,804
Risk-weighted assets				
Credit Risk	145,120	106,103	3,152,407	2,634,681
Operational Risk	20,147	20,130	795,547	731,262
Market Risk	4,036	3,900	33,704	88,059
Total risk-weighted assets	169,304	130,132	3,981,659	3,454,003
Risk-weighted Capital Adequacy Ratio (CAR)	16.34%	19.46%	16.57%	17.39%
Tier 1 CAR	12.06%	14.36%	14.60%	15.02%

iii. Other Regulated Subsidiaries

	31 December 2022			31 December 2021	
	Regulatory Capital ₦millions	Shareholders fund ₦millions	Excess/ (Shortfall) ₦millions	Shareholders fund ₦millions	Excess/ (Shortfall) ₦millions
FBNQuest Capital Limited	800	19,624	18,824	17,303	16,503
FBNQuest Trustees Limited	300	4,976	4,676	6,318	6,018
FBN Insurance Brokers Limited	5	232	227	167	162

All the regulated entities within the Group complied with all the regulatory capital requirements to which they were subjected.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5 Significant accounting judgements, estimates and assumptions

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

a Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and debt instruments measured at 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).

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;
- Generating the term structure of the probability of default;
- Determining whether credit risk has increased significantly;
- Incorporation of forward-looking information;
- Determination of definition of default; and
- Estimation of loss given default.

The detailed methodologies, areas of estimation and judgement applied in the calculation of the Group's impairment charge on financial assets are set out in the financial risk management section of the annual report.

Impairment losses of debt securities issued by the Government of Ghana (GOG)

Background

FirstBank Nigeria Limited's subsidiary entity in Ghana held investments in debt securities of ₦6.27bn (GHS117mn) that were impaired because of significant increase in credit risks. This impact FBN Holding Plc as a result of its indirect investment in FBNBank Ghana, which is a direct subsidiary of FirstBank Nigeria Limited (100% ownership)

The measurement of the expected credit loss allowance for the debt securities measured at amortised cost and FVOCI is an area that required 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).

Significant judgements were required in applying the accounting for measuring ECL, such as the input assumptions applied in estimating probability of default, loss given default and exposure at default; and incorporation of forward-looking information.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL as well as the detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.2.10 to 3.2.16.

During the year, the Government of Ghana announced the suspension of all Debt Service Payments on its External Debt, a move that was made to restore the country's macro-economic stability, amid the country's economic and financial challenges. The Government also renegotiated and exchanged domestic non-marketable debt, the Cocoa bills and USD denominated local notes, under comparable terms subsequent to the year end. These events including the downgrade of the country, provided evidence that the government exposures were credit-impaired at the year end.

Measurement of the expected credit loss allowance for financial assets

A. Bonds eligible for exchange

Included in the Group investment securities in note 23 and 24, are Ghana government debt securities held at amortised cost and FVTPL held by the Group which were eligible for the exchange programme as stated below:

	21 February 2023	31 December 2022			
	Value of Bonds Exchanged ₦millions	Gross Carrying Amount ₦millions	Impairment Allowance ₦millions	Carrying Amount ₦millions	Fair value changes ₦millions
Amortised Cost**	8,830	8,659	(2,422)	6,237	-
FVTPL	29	29	-	29	(6)
	8,859	8,688	(2,422)	6,266	(6)

** This excludes ₦1.87bn (GHS34,707,890) bonds which matured and were settled in January 2023

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Sensitivity of ECL on Eligible Bonds to Yield-to-Maturity Rates

The ECL on the eligible bonds are sensitive to judgements and assumptions made regarding the choice of yield-to-maturity rate applied in discounting the cashflows of the new bonds to be issued under the exchange programme. The table below shows the impact on expected credit losses on investment securities of changes in discount rate.

	31 December 2022		
	No change ₦ millions	1% Increase ₦ millions	1% decrease ₦ millions
Gross balance of investment securities issued by the Government of Ghana	8,659	8,659	8,659
Loss allowance	(2,422)	(2,711)	(2,112)
	6,237	5,948	6,547

B. Other Ghana Government Exposures

The Group also held other Ghana government exposures such as treasury bills, USD denominated local notes, cocoa bills and Eurobonds. The Government's Effective Default on Debt Payments and Debt Restructuring Plan resulted in each of the entities with exposures to the Ghanaian Sovereign securities taking an Impairment Loss, in line with the requirement of IFRS 9 Financial Instruments. The table below details the other Ghana government exposures held by the Group:

	31 December 2022			
	Gross Carrying Amount ₦ millions	Impairment Allowance ₦ millions	Carrying Amount ₦ millions	Fair value changes ₦ millions
Held at Amortised cost:				
Cocoa bills	564	-	564	-
Treasury bills	73,752	(2,073)	71,679	-
USD denominated local notes	3,250	-	3,250	-
Eurobonds	1,836	(1,377)	459	-
	79,402	(3,450)	75,952	-
Held at FVTPL:				
Eurobonds	676	-	676	(283)
Cocoa bills	317	-	304	(14)
	993	-	980	(297)
	80,395	(3,450)	76,932	(297)

The effect of the exchange on impairment of the existing bonds at 31 December 2022 was duly recognised in the consolidated financial statements. See disclosures in note 4.1

For exposures that were outstanding at the reporting date and where the Government had not defaulted on, two scenarios were formulated: a scenario where a loss occurs and a scenario where no loss occurs. The probability weightings applied to these scenarios are as follows:

Instrument	Scenario where a loss occurs	Scenario where no loss occurs
Treasury bills	12.35%	87.65%
Cocoa bills	12.35%	87.65%
USD denominated local notes	50.00%	50.00%

Subsequent to the year end, the Group exchanged ₦8.86bn (GHS165mn) of its existing Government of Ghana bonds for an equivalent amount of twelve new bonds with maturity dates commencing from 2027 to 2038 under the Ghana Domestic Debt Exchange Programme. The new bonds were successfully settled on the 21 February 2023 and have been allotted on the Central Securities Depository. The Bank of Ghana also unilaterally rolled over cocoa bills that were due to mature subsequent to the year end. The Group has derecognised the existing bonds eligible for exchange and recognised the new bonds at fair value in its 2023 financial periods.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5 Significant accounting judgements, estimates and assumptions (continued)

b. Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly arm's length transaction between market participants in the principal market under current market conditions (i.e., the exit price). Fair value measurements are categorised into levels within a fair value hierarchy based on the nature of the valuation inputs (level 1, 2 or 3). Fair value is based on unadjusted quoted prices in an active market for the same instrument, where available (level 1). If active market prices or quotes are not available for an instrument, fair value is then based on valuation models in which the significant inputs are observable (level 2) or in which one or more of the significant inputs are non-observable (level 3). Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available. For instruments valued using internally developed models that use significant non-observable market inputs and are therefore classified within level 3 of the hierarchy, the judgment used to estimate fair value is more significant than when estimating the fair value of instruments classified within levels 1 and 2. To ensure that valuations are appropriate, a number of policies and controls are in place. Valuation inputs are verified to external sources such as exchange quotes, broker quotes or other management-approved independent pricing sources.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. All fair values are on a recurring basis. Refer to note 3.6 for additional sensitivity information for financial instruments.

c. Retirement benefit obligation

The Group recognises its obligations to its employees on the gratuity scheme at the period end, less the fair value of the plan assets after performing actuarial valuation of the obligation. The scheme's obligations are calculated using the projected unit credit method. Plan assets are stated at fair value as at the period end. Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

The measurement of the Group's benefit obligation and net periodic pension cost/(income) requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. See note 40, 'Retirement benefits obligation', for a description of the defined benefit pension plans. An actuarial valuation is performed by actuarial valuation experts on an annual basis to determine the retirement benefit obligation of the Group.

d. Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of significant amount of judgement and estimates of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behaviour and competition. See note 32 for detailed information on impairment assessment performed on the CGU. There was no impairment charge during the year (2021: Nil).

e. Determining the lease term: extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate); otherwise
- The Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

f. Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 32.

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6 Segment information

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Board of Directors (the chief operating decision maker), which is responsible for allocating resources to the operating segments and assesses its performance.

The identifiable reportable business groups of FBN Holdings Plc

1. Commercial Banking Business Group
2. Merchant Banking and Asset Management Business Group
3. Others

Commercial Banking Business Group

This is the Group's core business, which provides both individual and corporate clients/customers with financial intermediation services. This business segment includes the Group's local, international and representative offices offering commercial banking services.

Merchant Banking and Asset Management Business Group (MBAM)

This is the investment-banking arm of the Group, providing advisory, asset management, markets and private equity services to a large institutional (corporations and governments) clientele, as well as merchant banking services.

Others

Others, previously referred to as Other Financial Services, comprises of FBN Holdings Plc, the parent Company, FBN Insurance Brokers Limited and Rainbow Town Development Limited.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effect of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring events.

As the Board of Directors reviews operating profit, the results of discontinued operations are not included in the measure of operating profit. The transactions between segments are carried out at arm's length, which is consistent with the basis of transacting with external parties.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Board of Directors.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

Segment result of operations

Total revenue in the segment represents: Interest income, fee and commission income, foreign exchange income, net gains/losses on sale of investment securities, net gains/losses from financial instruments at fair value through profit/loss, dividend income, other operating income and share of profit/loss of associates.

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

	Commercial Banking Group ₦'millions	MBAM Group ₦'millions	Others ₦'millions	Total ₦'millions
At 31 December 2022				
Total segment revenue	748,568	53,278	67,146	868,992
Inter-segment revenue	(1,632)	(375)	(61,857)	(63,864)
Revenue from external customers	746,936	52,903	5,289	805,128
Interest income	522,577	27,294	2,065	551,937
Interest expense	(167,010)	(21,675)	(3)	(188,688)
Profit/(loss) before tax	157,532	12,567	(12,196)	157,903
Income tax expense	(17,667)	(3,671)	(253)	(21,591)
Profit/(loss) for the year from continuing operations	139,865	8,896	(12,449)	136,312
Impairment charge for losses	(55,128)	(1,905)	(11,585)	(68,619)
Profit for the year from discontinued operations	-	-	(138)	(138)
Depreciation	(20,227)	(491)	(265)	(20,982)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Commercial Banking Group ₦'millions	MBAM Group ₦'millions	Others ₦'millions	Total ₦'millions
At 31 December 2022				
Total assets	10,064,010	474,611	39,090	10,577,711
Other measures of assets:				
Loans and advances to customers	3,682,528	106,473	60	3,789,061
Expenditure on non-current assets	121,213	2,760	1,194	125,167
Investment securities	2,172,663	145,184	4,037	2,321,884
Total liabilities	9,164,158	397,836	19,975	9,581,969
At 31 December 2021				
Total segment revenue	716,761	42,470	18,025	777,257
Inter-segment revenue	(3,188)	(58)	(16,715)	(19,961)
Revenue from external customers	713,573	42,413	1,310	757,296
Interest income	347,488	20,343	1,215	369,047
Interest expense	(124,698)	(16,106)	(1)	(140,805)
Profit/(loss) before tax	160,285	9,835	(3,458)	166,661
Income tax expense	(13,033)	(2,324)	(158)	(15,515)
Profit/(loss) for the year from continuing operations	147,252	7,511	(3,616)	151,147
Impairment charge for losses	(90,767)	(945)	-	(91,711)
Loss for the year from discontinued operations	-	-	(68)	(68)
Depreciation	(19,289)	(502)	(230)	(20,022)
At 31 December 2021				
Total assets	8,512,231	363,903	56,239	8,932,374
Other measures of assets:				
Loans and advances to customers	2,805,091	76,769	57	2,881,916
Expenditure on non-current assets	113,400	1,814	773	115,987
Investment securities	1,831,514	121,661	4,301	1,957,477
Total liabilities	7,709,555	323,703	19,259	8,052,517
Geographical information				
	31 December 2022 ₦'millions	31 December 2021 ₦'million		
Revenues				
Nigeria	667,214	699,857		
Outside Nigeria	137,914	57,439		
Total	805,128	757,296		
Non current asset				
Property and equipment				
Nigeria	96,772	89,810		
Outside Nigeria	28,395	26,177		
Total	125,167	115,987		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7 Interest income

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Loans and advances to customers	403,616	271,024	7	12
Investment securities at FVOCI	47,883	23,132	274	514
Investment securities at amortised cost	28,409	52,025	-	-
Loans and advances to banks	56,438	21,854	1,806	976
Total interest income calculated using effective interest income	536,347	368,035	2,088	1,502
Investment securities at Fair value through profit or loss	15,590	1,012	-	-
	551,937	369,047	2,088	1,502

Interest income on loans and advances to customers includes interest income of ₦6.5bn on (2021: ₦5.7bn) stage 3 loans, for which effective interest rate is applied to the net carrying amount of the asset after deduction of the loss allowance.

Included in interest income on loans and advances to banks is the sum of ₦1.29bn (2021: ₦842mn) income earned on unclaimed dividend fund.

8 Interest expense

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Deposit from customers	117,199	79,658	-	-
Deposit from banks	22,448	29,179	-	-
Borrowings	48,505	31,370	-	-
Lease liability	536	598	3	1
	188,688	140,805	3	1

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9 Impairment charge for losses

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Loans and advances to banks (refer note 21)		
Stage 1 - 12-month ECL	1,789	514
Stage 2 - Lifetime ECL	-	-
Stage 3 - Lifetime ECL	-	-
	1,789	514
Investment securities (refer to note 24)		
Stage 1 - 12-month ECL	7,105	864
	7,105	864
Loans and advances to customers (refer to note 22)		
Stage 1 - 12-month ECL	(2,325)	1,521
Stage 2 - Lifetime ECL	24,841	16,648
Stage 3 - Lifetime ECL	37,128	66,592
	59,645	84,761
Write-off of loans	95	1,163
Other assets (refer to note 26)		
Other assets ECL	909	5,212
	909	5,212
Off balance sheet (refer to note 35)		
Impairment reversal	(924)	(803)
Net impairment charge	68,619	91,711

10a Fee and commission income

	GROUP	
	31 December 2022 'millions	31 December 2021 'millions
Credit related fees	16,019	11,813
Letters of credit commissions and fees	16,022	15,702
Electronic banking fees	55,099	56,375
Money transfer commission	760	681
Commission on bonds and guarantees	1,812	1,610
Funds transfer and intermediation fees	6,760	12,747
Account maintenance	19,883	16,667
Brokerage and intermediations	7,637	5,717
Custodian fees	8,935	7,559
Financial advisory fees	44	469
Fund management fees	6,625	4,921
Trust fee income	1,313	1,457
Other fees and commissions	3,071	4,856
	143,981	140,574
Timing of revenue recognition		
At a point in time	111,972	101,629
Over time	32,009	38,945
	143,981	140,574

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10b Fees and commission expense

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Acceptance cost (alternative channels)	11,965	11,810
SMS charge	7,596	7,439
Agent banking expenses	5,239	4,643
Internet/web expenses	1,212	44
	26,012	23,936

Fee and commission expense primarily relates to charges raised by switching platforms on holders of FirstBank Limited ATM cards, who make use of the other banks machines while transacting business, and SMS alert related expenses.

11 Foreign exchange income

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Revaluation (loss)/gain on foreign currency balances (unrealised)	(933)	(3,567)	38	24
Foreign exchange trading gain	23,325	10,611	-	-
	22,392	7,044	38	24

12 Net gains on sale of investment securities

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Gain on sale of investment securities	22,425	31,295	-	71
	22,425	31,295	-	71

This relates to gain on sale of financial assets at fair value through other comprehensive income.

13 Net gains/(losses) from financial instruments at FVTPL

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Fair value gain on derivatives	14,224	21,869	-	-
Fair value gain/(loss) on equities	7,440	4,155	264	(779)
Fair value (loss)/gain on debt securities	(10,874)	24,810	-	-
Fair value gain/(loss) on financial instruments at FVTPL	10,790	50,834	264	(779)
Trading income on debt securities	27,857	2,824	-	-
Net gains/(losses) from financial instruments at FVTPL	38,648	53,658	264	(779)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14 Dividend income

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
First Bank of Nigeria Limited	-	-	12,500	12,500
FBNQuest Capital Limited	-	-	3,550	2,000
FBNQuest Merchant Bank Limited	-	-	1,376	507
FBNQuest Trustees Limited	-	-	2,503	1,410
FBN Insurance Limited	-	-	-	-
FBN Insurance Brokers Limited	-	-	350	230
Entities outside the Group*	3,166	6,520	-	-
Withholding tax on dividend	-	-	(408)	(246)
	3,166	6,520	19,871	16,401

*This represents dividend income earned on equity investments held by subsidiaries of FBN Holdings Plc.

15 Other operating income

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Profit/(Loss) on sale of property and equipment	1,249	(79)	6	(84)
Other income (i)	7,459	8,467	2,018	-
Recoveries (ii)	13,695	141,028	-	-
	22,404	149,416	2,024	(84)

- (i) Other income largely comprises income made by the Group from private banking services and gain on disposal of repossessed collateral.
- (ii) Included in recoveries during the year is a recovery by the Bank on the Atlantic Energy Limited loan, which was previously written off. The amount recognised is net of expenses incurred in relation to the recovery.

16 Personnel expenses

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Wages and salaries	97,586	116,256	1,840	1,588
Pension costs:				
- Defined contribution plans	4,983	5,130	38	32
- Defined benefit cost (refer to note 37)	3	82	-	-
Post employment benefit	901	1,288	-	-
Other staff benefits	13,903	6,016	6	-
	117,376	128,772	1,884	1,620

Staff received some loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the present value (PV) of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit (in prepayments) which is amortised to personnel expenses over the life of the loan.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The average number of persons employed by the Group during the period was as follows:

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Executive directors	2	1	2	1
Management	304	293	7	7
Non-management	7,666	7,885	29	29
	7,972	8,179	38	37

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

Below 2,000,000	325	224	6	4
2,000,001 - 2,800,000	157	63	-	-
2,800,001 - 3,500,000	149	20	-	-
3,500,001 - 4,000,000	1,181	1,533	-	-
4,000,001 - 5,500,000	200	72	1	4
5,500,001 - 6,500,000	996	913	2	1
6,500,001 - 7,800,000	1,408	1,664	4	2
7,800,001 - 9,000,000	113	71	4	1
9,000,001 and above	3,443	3,618	21	24
	7,972	8,178	38	36

17 Operating expenses

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Auditors' remuneration ¹	1,058	1,146	30	30
Directors' emoluments	3,070	3,729	965	686
Regulatory cost	39,764	55,234	-	-
Maintenance	42,961	35,307	80	124
Insurance premium	29,444	3,179	70	77
Rent and rates	3,605	2,558	-	-
Advert and corporate promotions	12,133	10,461	329	292
Legal and other professional fees	13,780	8,283	369	589
Donations & subscriptions	741	4,350	18	24
Stationery & printing	1,952	1,125	27	24
Communication, light and power	15,618	9,322	15	7
Cash handling charges	1,877	1,555	-	-
Operational and other losses	11,682	6,849	-	-
Passages and travels	6,071	4,265	380	93
Outsourced cost	17,006	17,109	29	25
Statutory fees	52	51	51	35
WHT on retained dividend	408	246	-	-
Fines and penalties	26	632	12	1
Other operating expenses ²	17,230	11,729	315	244
	218,481	177,130	2,690	2,251

¹Auditors' remuneration for the Group represents the aggregate of the fees paid by the various entities in the Group to their respective auditors.

²Other operating expenses includes debt recovery expenses, entertainment of customers and medical expenses on corona virus.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18 Taxation - Income tax expense and liability

a Income tax expense

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Corporate tax	15,442	11,133	22	4
Education tax	5,598	1,939	-	-
Technology tax	2,021	2,122	-	-
Police trust fund levy	7	8	1	1
National agency for science and engineering infrastructure levy	254	353	-	-
Over provision in prior years	51	(126)	-	-
Current income tax - current period	23,373	15,429	23	5
Origination and reversal of temporary deferred tax differences (see note 32)	(1,782)	86	-	-
Income tax expense	21,591	15,515	23	5

GROUP	2022		2021	
Effective tax reconciliation				
Profit before income tax	157,902		166,662	
Tax calculated using the domestic corporation tax rate of 30% (2021: 30%)	47,371	30%	49,999	30%
Effect of tax rates in foreign jurisdictions	(1,673)	-1%	189	0%
Tax exempt income	(326,826)	-207%	(64,510)	-39%
Non-deductible expenses	312,703	198%	24,946	15%
Effect of education tax levy	5,598	4%	1,939	1%
Effect of Information technology	2,021	1%	2,122	1%
Effect of minimum tax	3,362	2%	2,406	1%
Effect of change in tax rate	-	0%	(732)	-0%
Tax effect of unrecognised deferred tax asset arising during the year	7,179	5%	5,333	3%
Tax incentives	(28,456)	-18%	(6,409)	-4%
Over/(under) provision in prior years	51	0%	(129)	-0%
NASENI Levy	254	0%	353	0%
Effect of police trust fund Levy	7	0%	8	0%
Total income tax expense in income statement	21,591	14%	15,515	9%
Income tax expense	21,591	14%	15,515	9%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY	2022		2022	
Effective tax reconciliation				
Profit before income tax	19,483		13,053	
Tax calculated using the domestic corporation tax rate of 30% (2020: 30%)	5,845	30%	3,916	20%
Tax exempt income	(5,927)	-30%	(5,103)	-26%
Non-deductible expenses	83	0%	393	2%
Effect of Information technology	-	0%	-	0%
Effect of minimum tax	22	0%	4	0%
Effect of police trust fund levy	1	0%	1	0%
Tax effect of unrecognised deferred tax asset arising during the year	-	0%	794	4%
Total income tax expense in income statement	23	0%	5	0%
Income tax expense	23	0%	5	0%

b Current income tax liability

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
The movement in the current income tax liability is as follows:				
At start of the period	17,741	11,247	7	214
Tax paid	(13,053)	(8,390)	-	(163)
Withholding tax credit utilised	(937)	(1,296)	(1)	(49)
Income tax charge	23,373	15,429	23	5
Effect of changes in exchange rate	778	751	-	-
At 31 December	27,901	17,741	29	7
Current	27,901	17,741	29	7

19 Cash and balances with central banks

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Cash	126,177	120,528	-	-
Balances with central banks excluding mandatory reserve deposits	105,696	117,519	-	-
Effect of exchange rate fluctuation	727	636	-	-
	232,599	238,683	-	-
Mandatory reserve deposits with central banks	1,558,263	1,348,086	-	-
	1,790,863	1,586,769	-	-

Restricted deposits with central banks are not available for use in Group's day to day operations. FBN Limited and FBNQuest Merchant Bank Limited had restricted balances of ₦1,478.55bn and ₦59.28bn respectively with Central Bank of Nigeria (CBN) as at 31 December 2022 (December 2021: ₦1,296.73bn and ₦38.12bn). This balance includes CBN cash reserve requirement and Special Intervention Reserve. FBNBank Ghana and FBNBank Guinea also had restricted balances of ₦10.00bn and ₦5.41bn (December 2021: ₦5.47bn and ₦5.09bn) respectively with their respective central banks. The balance of ₦5.01bn (December 2021: ₦2.66bn) relates to restricted balances of other commercial banking group subsidiaries with their respective central banks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20 Cash and cash equivalents

For the purpose of the statement of cash flows, 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 other banks and other short-term highly liquid investments with original maturities less than three months.

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Cash (Note 19)	126,177	120,528	-	-
Balances with central banks other than mandatory reserve deposits (Note 19)	105,696	117,519	-	-
Loans and advances to banks excluding long term placements (Note 21)	941,732	904,238	18,293	16,453
Treasury bills included in financial assets at FVTPL (Note 23)	4,428	8,958	-	-
Treasury bills and eligible bills excluding pledged treasury bills (Note 24.1&24.2)	677,960	300,076	-	-
Effect of exchange rate fluctuations (Note 19 & 21)	6,457	3,142	38	24
	1,862,451	1,454,461	18,331	16,477

21 Loans and advances to banks

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Current balances with banks within Nigeria (i)	540,727	452,360	566	317
Current balances with banks outside Nigeria (ii)	357,036	382,882	0	-
Placements with banks and discount houses (iii)	43,970	68,996	17,727	16,136
	941,732	904,238	18,293	16,453
Exchange rate fluctuation	5,730	2,506	38	24
	947,463	906,744	18,331	16,477
Long term placement/cash collateral balance (iv)	280,054	111,604	-	-
Stage 1 : 12 month ECL on placements	(4,456)	(3,226)	-	-
Carrying amount	1,223,061	1,015,122	18,331	16,477

- (i) The balances includes clearing balance with other deposit money banks. The FirstBank provides clearing services for some banks in Nigeria. The current balances with banks within Nigeria comprise clearing exposures to banks as at 31 December 2022. The Central bank of Nigeria has undertaken that the Bank will suffer no financial loss on the outstanding balance.
- (ii) These balances includes the sum of ₦166.4bn (2021: ₦305.6bn) in respect of trade finance and other short term financing advanced to banks on the back of their letters of credit/trade related transactions. All other loans to banks within these balances are due within 3 months.
- (iii) These are short term placements with banks and discount houses. These balances also includes the sum of ₦10.7bn (2021: ₦7.9bn) relating to unclaimed dividend fund.
- (iv) These are long term placement/cash collateral balance which do not qualify as cash and cash equivalent.

Reconciliation of impairment account

	GROUP		COMPANY	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2022 ₦ millions	31 December 2021 ₦ millions
At start of year	(3,226)	(2,586)	-	-
Impairment (charge)/writeback	(1,789)	(514)	-	-
Write-off	-	(78)	-	-
Exchange difference	559	(48)	-	-
At end of year	(4,456)	(3,226)	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

22 Loans and advances to customers

GROUP	Gross Amount ₦'millions	Stage 1 12 months ECL	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Corporate						
31 December 2022						
Overdrafts	1,039,688	(1,393)	(21,742)	(13,001)	(36,136)	1,003,552
Term loans	2,292,801	(7,778)	(26,165)	(25,348)	(59,291)	2,233,510
Project finance	330,171	(283)	(4)	(40,964)	(41,251)	288,920
	3,662,660	(9,454)	(47,911)	(79,313)	(136,678)	3,525,982

GROUP	Gross Amount ₦'millions	Stage 1 12 months ECL	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Retail						
31 December 2022						
Overdrafts	46,859	(820)	(1)	(906)	(1,727)	45,132
Term loans	166,766	(611)	(49)	(683)	(1,343)	165,423
Credit cards	2,816	(2)	(8)	(16)	(26)	2,790
Mortgage	50,109	(222)	(12)	(140)	(374)	49,735
	266,549	(1,655)	(70)	(1,745)	(3,470)	263,079
Total loans and advances to customers	3,929,209	(11,109)	(47,981)	(81,058)	(140,148)	3,789,061

GROUP	Gross Amount ₦'millions	Stage 1 12 months ECL	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Corporate						
31 December 2021						
Overdrafts	501,557	(845)	(6,467)	(9,309)	(16,621)	484,936
Term loans	1,916,454	(3,401)	(18,983)	(27,332)	(49,716)	1,866,738
Project finance	349,796	(252)	(11)	(41,296)	(41,559)	308,237
	2,767,807	(4,498)	(25,461)	(77,937)	(107,896)	2,659,911

GROUP	Gross Amount ₦'millions	Stage 1 12 months ECL	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
Retail						
31 December 2021						
Overdrafts	30,596	(4,228)	(550)	(4,025)	(8,803)	21,793
Term loans	159,187	(3,914)	(66)	(369)	(4,349)	154,838
Credit cards	2,993	(597)	-	(58)	(655)	2,338
Mortgage	43,594	(203)	(22)	(333)	(558)	43,036
	236,370	(8,942)	(638)	(4,785)	(14,365)	222,005
Total loans and advances to customers	3,004,177	(13,440)	(26,099)	(82,722)	(122,261)	2,881,916

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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COMPANY	Gross Amount ₦'millions	Stage 1 12 months ECL	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
31 December 2022						
Term loans	39	-	-	-	-	39
	39	-	-	-	-	39

COMPANY	Gross Amount ₦'millions	Stage 1 12 months ECL	Stage 2 Lifetime ECL ₦'millions	Stage 3 Lifetime ECL ₦'millions	Total Impairment ₦'millions	Carrying Amount ₦'millions
31 December 2021						
Term loans	49	-	-	-	-	49
	49	-	-	-	-	49

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Current	1,932,498	1,504,570	6	6
Non-current	1,856,563	1,377,346	33	43
	3,789,061	2,881,916	39	49

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Reconciliation of impairment allowance on loans and advances to customers:

GROUP	Corporate ₹ millions	Retail ₹ millions	Total ₹ millions
At 1 January 2022			
12 months ECL- Stage 1	4,498	8,942	13,440
Life time ECL not credit impaired - Stage 2	25,461	638	26,099
Life time ECL credit impaired - Stage 3	77,937	4,785	82,722
	107,896	14,365	122,261
Additional allowance			
12 months ECL- Stage 1	4,982	(7,306)	(2,324)
Life time ECL not credit impaired - Stage 2	25,425	(584)	24,841
Life time ECL credit impaired - Stage 3	34,422	2,706	37,128
	64,830	(5,184)	59,645
Transfer between stages			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	(2,969)	-	(2,969)
Life time ECL credit impaired - Stage 3	2,969	-	2,969
Exchange difference			
12 months ECL- Stage 1	(26)	19	(7)
Life time ECL not credit impaired - Stage 2	(6)	17	10
Life time ECL credit impaired - Stage 3	(184)	380	197
Loan write off			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	-	-	-
Life time ECL credit impaired - Stage 3	(35,831)	(6,127)	(41,958)
At 31 December 2022	136,678	3,470	140,148
12 months ECL- Stage 1	9,454	1,655	11,109
Life time ECL not credit impaired - Stage 2	50,880	70	50,950
Life time ECL credit impaired - Stage 3	76,344	1,745	78,089
At 31 December 2022	136,678	3,470	140,148

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Reconciliation of impairment allowance on loans and advances to customers:

GROUP	Corporate ₦millions	Retail ₦millions	Total ₦millions
At 1 January 2021			
12 months ECL- Stage 1	6,121	5,412	11,533
Life time ECL not credit impaired - Stage 2	7,988	136	8,124
Life time ECL credit impaired - Stage 3	48,360	6,260	54,620
	62,469	11,808	74,277
Additional allowance			
12 months ECL- Stage 1	(1,962)	3,483	1,521
Life time ECL not credit impaired - Stage 2	16,163	485	16,648
Life time ECL credit impaired - Stage 3	63,871	2,721	66,592
	78,072	6,689	84,761
Exchange difference			
12 months ECL- Stage 1	339	47	386
Life time ECL not credit impaired - Stage 2	1,310	17	1,327
Life time ECL credit impaired - Stage 3	(1,190)	43	(1,148)
Loan write-off			
Life time ECL credit impaired - Stage 3	(33,094)	(4,239)	(37,332)
Transfer to off balance sheet	(10)		(10)
At 31 December 2021	107,896	14,365	122,261
12 months ECL- Stage 1	4,498	8,942	13,440
Life time ECL not credit impaired - Stage 2	25,461	638	26,099
Life time ECL credit impaired - Stage 3	77,937	4,785	82,722
At 31 December 2021	107,896	14,365	122,261

Nature of security in respect of loans and advances:

	GROUP		COMPANY	
	31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	1,971,807	1,526,692	-	-
Guarantee/Receivables Of Investment Grade Banks & State Govt.	518,818	497,325	-	-
Domiciliation of receivables	641,153	479,148	-	-
Clean/Negative Pledge	418,539	250,823	-	-
Marketable Securities/Shares	-	9,329	-	-
Otherwise Secured	1,601	64,010	39	49
Cash/Government Securities	376,237	176,850	-	-
Unsecured	1,054	-	-	-
	3,929,209	3,004,177	39	49

The Group is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23 Financial assets and liabilities at fair value through profit or loss

	GROUP		COMPANY	
	31 December 2022 R'millions	31 December 2021 R'millions	31 December 2022 R'millions	31 December 2021 R'millions
Treasury bills with maturity of less than 90 days	4,428	8,958	-	-
Treasury bills with maturity over 90 days	149,810	201,490	-	-
Commercial papers	3,869	-	-	-
Bonds	10,745	13,557	-	-
Total debt securities	168,852	224,005	-	-
Listed equity securities	14,677	7,083	-	-
Unlisted equity securities	31,757	41,278	1,601	1,337
Total equity securities	46,434	48,361	1,601	1,337
Derivative assets (refer note 23a)	63,180	78,780	-	-
Total assets at fair value through profit or loss	278,466	351,146	1,601	1,337
Current	269,991	326,538	-	-
Non-current	8,475	24,608	1,601	1,337
	278,466	351,146	1,601	1,337

Derivatives are only used for economic hedging purposes and not as speculative investments. However, existing derivatives do not meet the hedge accounting criteria, and are therefore classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

a Derivatives

	GROUP		
	31 December 2022		
	Notional contract amount R'millions	Fair values	
		Asset R'millions	Liability R'millions
Foreign exchange derivatives			
Forward FX contract	629,690	15,327	18,269
FX futures	9,222	145	-
Currency swap	642,161	47,479	20,115
Put options	23,811	228	-
	1,304,884	63,180	38,384
Current	1,304,884	63,180	38,384
Non-current	-	-	-
	1,304,884	63,180	38,384

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	GROUP		
	31 December 2021		
	Notional contract amount ¥millions	Fair values	
		Asset ¥millions	Liability ¥millions
Foreign exchange derivatives			
Forward FX contract	803,836	12,071	(15,296)
FX accumulator contract	225,618	1,596	(2,110)
Currency swap	718,316	56,635	(441)
Put options	83,407	8,478	(1,801)
	1,831,177	78,780	(19,648)
Current	1,831,177	78,780	(19,648)
Non-current	-	-	-
	1,831,177	78,780	(19,648)

24 Investment Securities

24.1 Investment securities at FVOCI

	GROUP		COMPANY	
	31 December 2022 ¥millions	31 December 2021 ¥millions	31 December 2022 ¥millions	31 December 2021 ¥millions
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	431,694	132,970	-	-
– Treasury bills with maturity of more than 90 days	229,145	431,187	-	-
– Government bonds	203,284	91,770	3,963	4,210
– Other bonds	8,648	5,093	-	-
Total debt securities classified as FVOCI	872,771	661,020	3,963	4,210
Equity securities:				
– Listed	755	3,813	-	-
– Unlisted (note 24.2)	150,164	124,095	-	-
Total equity securities classified as FVOCI	150,918	127,908	-	-
Total securities classified as FVOCI	1,023,690	788,928	3,963	4,210
Current	353,816	212,686	-	-
Non-current	669,873	576,242	3,963	4,210
	1,023,690	788,928	3,963	4,210

Reconciliation of impairment on investment securities at FVOCI

	GROUP		COMPANY	
	31 December 2022 ¥millions	31 December 2021 ¥millions	31 December 2022 ¥millions	31 December 2021 ¥millions
At start of year	568	195	-	-
Charge/(writeback)	1,313	373	-	-
At end of year	1,881	568	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24.2 Analysis of Unlisted Equity Investments:

	GROUP		COMPANY	
	31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
Unlisted Equity Investments:				
NIBSS Plc	13,549	10,954	-	-
AFREXIM Bank Limited	1,423	2,179	-	-
Africa Finance Corporation	98,902	76,491	-	-
Unified Payment Systems Limited	10,671	14,098	-	-
CRC Credit Bureau Limited	1,464	1,412	-	-
FMDQ OTC Securities Exchange	1,635	1,635	-	-
Anchorage Leisures Limited	133	154	-	-
JDI Investments Company Limited (JDI)	118	213	-	-
Capital Alliance Private Equity Fund (CAPE)	1,292	2,162	-	-
FBN Heritage Fund	100	87	-	-
Mutual Funds	809	1,417	-	-
	130,096	110,803	-	-
Other Unlisted Equity Investments:				
SANEF Investment Scheme	50	50	-	-
Deposit for Investment in AGSMEIS (See note (i) below)	20,018	13,242	-	-
Total Unlisted Equities	150,164	124,095	-	-

- (i) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

24.3 Investment securities at amortised cost

	GROUP		COMPANY	
	31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	246,266	167,106	-	-
– Treasury bills with maturity of more than 90 days	383,916	382,624	-	-
– Bonds	655,700	612,752	-	-
– Unlisted debt	19,762	7,681	-	-
Impairment on Amortised Cost securities				
– Stage 1: 12-month ECL	(7,449)	(1,613)	-	-
Total securities at amortised cost	1,298,195	1,168,550	-	-
Current	103,799	709,750	-	-
Non-current	1,194,396	458,800	-	-
	1,298,195	1,168,550	-	-
Total investment securities	2,321,885	1,957,478	3,963	4,210

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Reconciliation of impairment on investment securities at amortised cost

	GROUP		COMPANY	
	31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
At start of year	1,613	1,096	-	-
Impairment charge	5,792	491	-	-
Exchange difference	44	26	-	-
At end of year	7,449	1,613	-	-

25 Asset pledged as collateral

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty. To the extent that the counterparty is not permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities.

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

	GROUP	
	31 December 2022 ₦millions	31 December 2021 ₦millions
Debt securities at FVOCI (note 25.1)	495,913	378,334
Debt securities at amortised cost (note 25.2)	99,258	79,104
Debt securities at FVTPL (note 25.3)	-	261,224
	595,171	718,662

25.1 Debt securities at FVOCI

- Treasury bills	444,859	365,708
- Bonds	51,054	12,626
	495,913	378,334

25.2 Debt securities at amortised cost

- Treasury bills	23,585	4,910
- Bonds	75,673	74,194
	99,258	79,104

25.3 Debt securities at FVTPL

- Treasury bills	-	261,224
	-	261,224
The related liability for assets held as collateral include:		
Bank of Industry	15,675	25,514
Central Bank of Nigeria/Commercial Agriculture Credit Scheme Intervention fund	25,306	22,980
Due to Other Banks	325,566	434,422

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above.

Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of ₦58bn for the Group in December 2022 (2021: ₦40.5bn) for which there is no related liability.

Current	444,859	636,973
Non current	150,312	81,689
	595,171	718,662

All assets pledged as collateral are Stage 1 assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

26 Other assets

	GROUP		COMPANY	
	31 December 2022 ₹millions	31 December 2021 ₹millions	31 December 2022 ₹millions	31 December 2021 ₹millions
Financial assets:				
Other receivables	1,363	-	2	
Accounts receivable	293,124	157,635	18,770	13,304
	294,486	157,635	18,772	13,304
Impairment on other assets - Simplified Approach	(21,638)	(21,955)	-	-
	272,849	135,680	18,772	13,304
Non financial assets:				
Stock of consumables	10,484	7,790	14	14
Inventory- repossessed collateral	72,039	61,802	-	-
Prepayments	16,260	11,742	246	26
WHT receivable	1,569	2,261	-	-
Deferred expenses	11,512	-	-	-
Impairment on non financial other assets	(11,583)	(637)	-	-
	100,281	82,958	260	40
Net other assets balance	373,130	218,638	19,032	13,344

Inventory (repossessed collateral) of ₹60.46bn (2021: ₹61.80bn) comprises of assets recovered from default loan customers.

Total impairment on other assets

	GROUP		COMPANY	
	31 December 2022 ₹millions	31 December 2021 ₹millions	31 December 2022 ₹millions	31 December 2021 ₹millions
Impairment on other assets - Simplified Approach	21,638	21,955	-	-
Impairment on non financial other assets	11,583	637	-	-
At end of year	33,220	22,592	-	-

Reconciliation of impairment account

	GROUP		COMPANY	
	31 December 2022 ₹millions	31 December 2021 ₹millions	31 December 2022 ₹millions	31 December 2021 ₹millions
At start of year	22,592	19,860	-	-
Recoveries	(924)	(803)	-	-
Write off	11,105	(1,681)	-	-
Impairment charge	909	5,212	-	-
Exchange difference	(461)	4	-	-
At end of year	33,220	22,592	-	-

All other assets on the statement of financial position of the Group had a remaining period to contractual maturity of less than 12 months.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The information of the professional engaged by the entities within the Group for valuation of repossessed collateral are as follows:

Name of Professional Firm	FRC Number
Bode Adediji Partnership	FRC/2012/0000000000279
Udoetuk & Associates Estate Surveyors & Valuers	FRC/2013/NIESV/00000002389
Boye Komolafe & Co	FRC/2013/0000000000613
Jide Taiwo & Co	FRC/2012/0000000000254
Ubosi Eleh & Co	FRC/2014/NIESV/00000003997

27 Investment in associates (equity method)

i Seawolf Oilfield Services Limited (SOSL)

FBN Holdings Plc holds 42% shareholding in Seawolf Oilfields Services Limited (SOSL). SOSL is a Company incorporated in Nigeria and is involved in the oil and gas sector. SOSL has share capital consisting only of ordinary share capital which are held directly by the Group; the country of incorporation or registration is also their principal place of business. SOSL is not publicly traded and there is no published price information.

In 2014, Asset Management Corporation of Nigeria (AMCON), a major creditor of SOSL, appointed a receiver manager to take over the business. The investment has been fully impaired.

ii FBN Balanced Fund

FBN Balanced Fund (Formerly FBN Heritage Fund) is an open-ended Securities and Exchange Commission (SEC) registered mutual fund that invests in stocks, bonds, money market instruments, real estate and other securities in the Nigerian Capital Markets. The fund manager publishes daily unit price of the fund on the memorandum listing section of the Nigerian Stock Exchange. The unit price of FBN Balanced Fund as at reporting date ₦199.20 (Cost: ₦100). FBN Balanced Fund's principal place of business is Nigeria while its principal activity is Fund management. The Group's ownership interest in the Fund is 28.23%.

	GROUP	
	31 December 2022 ₦millions	31 December 2021 ₦millions
FBN Balanced Fund		
Balance at beginning of year	1,009	1,163
Share of profit/ (loss)	175	(258)
Share of other comprehensive income	1	104
At end of year	1,185	1,009

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

28 Investment in subsidiaries

28.1 Principal subsidiary undertakings

	COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
DIRECT SUBSIDIARIES OF FBN HOLDINGS PLC		
First Bank of Nigeria Limited (note 28 (i))	230,557	230,557
FBNQuest Capital Limited (note 28 (ii))	5,812	5,812
FBN Insurance Brokers Limited (note 28 (iii))	25	25
FBNQuest Merchant Bank Limited (note 28 (v))	17,206	17,206
FBNQuest Trustees Limited (note 28 (vi))	4,521	4,521
	258,121	258,121
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC		
FBNQuest Funds Limited (note 28 (vii))	4,550	4,550
	4,550	4,550
	262,671	262,671

All shares in subsidiary undertakings are ordinary shares. For the year ended 31 December 2022, the Group owned the total issued shares in all its subsidiary undertakings except New Villa Limited (Rainbow Town Development Limited) in which it owned 55%. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Company and the Group do not differ from the proportion of ordinary shares held. The total non-controlling interest as at the end of the year ₦12.11bn (2021: ₦10.41bn).

Subsidiary	Principal activity	Country of incorporation	Proportion of shares held directly by the parent/ Group (%)	Statutory year end
First Bank of Nigeria Limited (note 28 (i))	Banking	Nigeria	100	31 December
FBNQuest Capital Limited (note 28 (ii))	Investment Banking & Funds Management	Nigeria	100	31 December
FBN Insurance Brokers Limited (note 28 (iii))	Insurance Brokerage	Nigeria	100	31 December
New Villa Limited (Rainbow Town Development Limited) (note 28 (iv))	Investment and General Trading	Nigeria	55	31 December
FBNQuest Merchant Bank Limited (note 28 (v))	Merchant Banking & Asset Management	Nigeria	100	31 December
FBNQuest Trustees Limited (note 28 (vi))	Trusteeship	Nigeria	100	31 December
FBNQuest Funds Limited (note 28 (vii))	Investment Banking & Funds Management	Nigeria	100	31 December

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

i First Bank of Nigeria Limited

The Bank commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. The Bank was the parent Company of the Group until 30 November 2012, when a business restructuring was effected in accordance with the directives of the Central Bank of Nigeria and FBN Holdings Plc became the parent Company of the Group.

ii FBNQuest Capital Limited

FBNQuest Capital Limited (formerly FBN Capital Limited) is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission (SEC) to undertake issuing house business. It is also involved in the business of financial advisory.

iii FBN Insurance Brokers Limited

The Company was incorporated under the Companies and Allied Matters Act, as a limited liability company on 31 March 1994 with the name 'Trust Link Insurance Brokers Limited'. The Company prepared financial statements up to 31 March 1998 after which it became dormant. The Company was resuscitated on 1 April 2000 as FBN Insurance Brokers Limited. The principal activity of the Company is insurance brokerage business.

iv New Villa Limited (Rainbow Town Development Limited)

New Villa Limited is a special purpose vehicle incorporated on 28 November 2008. Its principal activities include real estate investments and general trading.

As at 31 December 2022, the recoverable amount of investment in Rainbow Town Development Limited was lower than the carrying amount. (Cost: ₦5bn; Total Impairment: ₦5bn).

v FBNQuest Merchant Bank Limited

FBNQuest Merchant Bank Limited (formerly FBN Merchant Bank Limited) was incorporated in Nigeria as a limited liability company on 14 February 1995 originally known as Kakawa Discount House Limited. The Company was granted a license to carry on the business of a discount house and commenced operations on 16 November 1995. FBN Holdings Plc acquired the shares of the Company and converted the business to a merchant bank having obtained the Central Bank of Nigeria for merchant banking operations in May 2015.

vi FBNQuest Trustees Limited

FBNQuest Trustees Limited (formerly FBN Trustees Limited) was incorporated in Nigeria as a limited liability company on 8 August 1979 and commenced business on 3 September 1979. The Company was established to engage in the business of trusteeship as well as portfolio management, and financial/investment advisory services.

vii FBNQuest Funds Limited

FBNQuest Funds Limited (formerly FBN Funds Limited) was incorporated on 14 November 2002. It commenced operations on 1 April 2003. Its principal activities are to carry on venture capital and private equity business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

28.2 Condensed results of consolidated entities from continuing operations

	FBN Holdings Plc N' millions	FBN Limited N' millions	FBNQuest Capital N' millions	FBNQuest Trustees Limited N' millions	FBNQuest Merchant Bank Limited N' millions	FBNQuest Insurance Brokers Limited N' millions	Rainbow Town Development Limited N' millions	Adjustments N' millions	Total N' millions	Group N' millions
31 December 2022										
Summarised Income Statement										
Operating income	24,284	555,663	7,790	5,126	17,800	1,217	40,149	(61,778)	652,030	590,252
Operating expenses	(4,799)	(341,702)	(3,575)	(1,555)	(11,415)	(588)	(138)	(135)	(363,771)	(363,906)
Impairment charge for credit losses	-	(66,710)	(484)	(248)	(1,173)	(3)	(1,184)	1,184	(69,803)	(68,619)
Operating profit	19,485	147,251	3,731	3,323	5,212	626	38,827	(60,729)	218,456	157,727
Associate	-	-	176	-	-	-	-	-	176	175
Profit before tax	19,485	147,251	3,907	3,323	5,212	626	38,827	(60,730)	218,632	157,902
Tax	(23)	(17,667)	(1,307)	(1,033)	(1,328)	(230)	-	(0)	(21,591)	(21,591)
Profit/(Loss) for the year from continuing operations	19,462	129,584	2,597	2,291	3,884	397	38,827	(60,730)	197,041	136,311
Loss for the year from discontinued operations	-	-	-	-	-	-	-	(138)	-	(138)
Other comprehensive income	(125)	(27,388)	1,800	(1,130)	(524)	(8)	-	(7,725)	(7,725)	(7,725)
Total comprehensive income	19,337	121,845	4,397	1,161	3,360	389	38,827	(60,869)	189,316	128,448
Total comprehensive income allocated to non-controlling interest	-	1,770	-	-	-	-	(63)	1,707	0	1,707
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-
Summarised Financial Position										
Assets										
Cash and balances with central bank	0	1,731,584	-	0	59,278	0	-	-	1,790,863	1,790,863
Loans and advances to banks	18,331	1,532,216	28,038	2,795	57,578	1,122	13	(38,032)	1,261,093	1,223,061
Loans and advances to customers	38	3,699,495	-	21	106,452	22	-	(16,967)	3,789,061	3,789,061
Financial assets at fair value through profit or loss	1,601	229,663	44,014	-	3,188	-	-	(0)	278,466	278,466
Investment securities	3,963	217,264	109,393	5,449	30,343	74	-	(0)	2,321,885	2,321,885
Assets pledged as collateral	-	571,122	-	-	24,049	-	-	595,171	595,171	595,171
Other assets	19,032	374,716	26	829	8,861	60	44,052	(74,447)	447,577	373,130
Investment in associates accounted for using the equity method	-	-	1,329	-	-	-	-	(144)	1,329	1,185
Investment in subsidiaries	262,672	-	-	-	-	-	-	(262,672)	-	-
Property, plant and equipment	718	121,213	58	178	2,524	128	4	345	124,823	125,167
Intangible assets	-	15,457	15	-	375	13	5	(5)	15,864	15,859
Deferred tax assets	-	20,320	1,265	-	9,314	9	-	30,908	32,953	30,909
Assets held for sale	-	461	-	-	-	-	-	461	-	-
Financed by										
Deposits from banks	-	1,011,674	-	-	43,580	-	-	-	1,055,254	1,055,254
Deposits from customers	-	6,895,774	132,959	-	133,366	-	-	(38,012)	7,124,086	7,124,086
Derivative liabilities	-	379,945	246	-	192	-	-	-	38,384	38,384
Current income tax liability	29	23,804	1,188	1,246	1,416	218	6	(6)	27,907	27,901
Other liabilities	17,269	580,978	29,330	3,020	37,113	1,004	1,776	(17,937)	670,491	652,554
Borrowings	-	630,387	-	-	47,552	-	28,549	(31,049)	706,489	675,440
Retirement benefit obligations	-	5,698	-	-	-	-	-	5,698	-	5,699
Deferred tax liabilities	-	-	837	30	-	-	-	868	-	868
Liabilities held for sale	-	-	-	-	-	-	-	-	-	-
Equity and reserves	17,298	9,186,261	164,561	4,297	263,219	1,222	30,331	(85,220)	9,667,189	9,581,969
Summarised Cash Flows										
Operating activities										
Interest received	2,209	284,833	4,228	2,285	10,944	45	-	109,724	304,544	414,267
Interest paid	-	(88,324)	(4,348)	-	(8,220)	-	-	(60,815)	(100,892)	(161,707)
Income tax paid	-	(6,558)	(20)	(552)	(670)	(147)	-	(7,947)	(5,105)	(13,053)
Cash flow generated from operations	(1,821)	283,209	(3,906)	(2,408)	(2,000)	593	(197)	(45,202)	273,470	228,268
Net cash generated from operating activities	388	473,160	(4,046)	(675)	54	491	(197)	469,174	(1,399)	467,775
Net cash used in investing activities	13,991	(708,161)	(19,802)	(2,275)	(32,786)	15	-	(749,018)	455,872	(293,146)
Net cash used in financing activities	(12,563)	(21,358)	16,272	(1,426)	(10,944)	(61)	(0)	(20,231)	247,135	226,904
Increase in cash and cash equivalents	1,816	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(300,074)	701,607	401,533
Cash and cash equivalents at start of year	16,477	1,445,890	23,020	(3,619)	(10,580)	1,645	5	1,472,837	(18,376)	1,454,461
Effect of exchange rate fluctuations on cash held	38	636	2,530	29	(77)	-	-	3,156	-	6,457
Cash and cash equivalents at end of year	18,331	1,190,167	17,974	(7,966)	(4,483)	2,089	(192)	1,175,920	686,531	1,862,451

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

28.2 Condensed results of consolidated entities from continuing operations

31 December 2021	FBN Holdings Plc N'millions	FBN Limited N'millions	FBNQuest Capital Limited N'millions	FBNQuest Trustees Limited N'millions	FBNQuest Bank Limited N'millions	FBNQuest Merchant Bank Limited N'millions	Insurance Brokers Limited N'millions	FBN Development Limited N'millions	Rainbow Town Development Limited N'millions	Total N'millions	Adjustments N'millions	Group N'millions
Summarised Income Statement												
Operating income	17,135	567,875	7,366	4,561	14,557	863	-	-	-	612,357	(19,544)	592,813
Operating expenses	(4,082)	(313,922)	(2,088)	(1,888)	(11,552)	(408)	-	-	-	(333,940)	(242)	(334,182)
Impairment charge for credit losses	-	(123,080)	(679)	259	(525)	-	-	-	-	(124,025)	32,314	(91,711)
Operating profit	13,053	130,873	4,599	2,932	2,480	455	-	-	-	154,392	12,528	166,920
Associate	-	-	(258)	-	-	-	-	-	-	(258)	-	(258)
Profit before tax	13,053	130,873	4,341	2,932	2,480	455	-	-	-	154,134	12,528	166,662
Tax	(5)	(13,033)	(441)	(962)	(921)	(153)	-	-	-	(15,515)	-	(15,515)
Profit/(Loss) for the year from continuing operations	13,048	117,840	3,900	1,970	1,559	302	-	-	-	138,619	12,528	151,147
Loss for the year from discontinued operations	-	-	-	-	-	-	-	(3,207)	-	(3,207)	31,39	(68)
Other comprehensive income	(1,474)	(16,309)	(1,800)	338	(925)	(22)	-	-	-	(20,192)	(48)	(20,240)
Total comprehensive income	11,574	101,531	2,100	2,308	634	280	-	-	-	115,221	15,618	130,839
Total comprehensive income allocated to non-controlling interest	-	1,400	-	-	-	-	-	(30)	-	1,370	-	1,370
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Summarised Financial Position												
Assets												
Cash and balances with central bank	0	1,548,649	0	0	38,120	0	-	-	-	1,586,769	-	1,586,769
Loans and advances to banks	16,477	971,418	35,991	2,239	14,906	978	-	-	-	1,042,009	(26,887)	1,015,122
Loans and advances to customers	49	2,835,233	49	30	76,690	8	-	-	-	2,912,059	(30,144)	2,881,916
Financial assets at fair value through profit or loss	1,337	292,988	50,305	-	6,516	-	-	-	-	351,146	-	351,146
Investment securities	4,210	183,1514	72,106	5,955	43,601	92	-	-	-	1,957,478	-	1,957,478
Assets pledged as collateral	-	706,068	-	12,594	-	718,662	-	-	-	718,662	0	718,662
Other assets	13,344	205,734	6,367	1,077	5,355	28	-	-	-	231,905	(13,267)	218,638
Investment in associates accounted for using the equity method	-	-	1,154	-	-	-	-	-	-	1,154	(145)	1,009
Investment in subsidiaries	262,672	-	-	-	-	-	-	-	-	262,672	(262,672)	-
Property, plant, and equipment	397	113,400	91	133	1,590	26	-	-	-	115,637	350	115,987
Intangible assets	-	18,645	17	1	338	17	-	-	-	19,018	-	19,018
Deferred tax assets	-	18,394	918	-	9,363	35	-	-	-	28,710	-	28,710
Assets held for sale	-	329	-	-	-	-	-	-	-	45,464	(7,876)	37,918
Financed by	298,486	8,542,372	166,997	9,435	209,073	1,184	45,464	45,464	(340,638)	9,273,011	(340,638)	8,932,373
Deposits from banks	-	1,088,270	-	-	9,837	-	-	-	-	1,098,107	-	1,098,107
Deposits from customers	-	5,634,948	122,001	-	119,433	-	-	-	-	5,876,382	(26,895)	5,849,487
Derivative liabilities	-	19,293	-	-	355	-	-	-	-	19,648	-	19,648
Current income tax liability	7	14,952	700	999	922	161	-	-	-	17,741	-	17,741
Other liabilities	16,190	593,140	26,748	1,997	28,532	857	-	-	-	667,464	(13,114)	654,350
Borrowings	-	392,071	-	-	13,233	-	-	-	-	405,304	-	405,304
Retirement benefit obligations	-	5,392	-	-	-	-	-	-	-	5,392	-	5,392
Deferred tax liabilities	-	-	246	120	-	-	-	-	-	366	-	366
Liabilities held for sale	-	-	-	-	-	-	-	-	-	70,550	(68,428)	2,122
Equity and reserves	16,197	7,748,066	149,695	3,116	172,312	1,018	-	-	-	8,160,955	(108,437)	8,052,517
Equity and reserves	282,289	794,306	17,302	6,319	36,761	166	(25,085)	(25,085)	(232,201)	1,112,057	(232,201)	879,856
Summarised Cash Flows												
Operating activities												
Interest received	934	284,833	4,228	2,285	10,944	45	-	-	-	303,268	(6,868)	296,401
Interest paid	-	(88,324)	(4,348)	-	(8,220)	-	-	-	-	(100,892)	8	(100,884)
Income tax paid	(163)	(6,558)	(20)	(552)	(670)	(147)	-	-	-	(811)	0	(811)
Cash flow generated from operations	(1,201)	283,209	(3,906)	(2,408)	(2,000)	593	-	-	-	274,090	(17,138)	156,952
Net cash generated from operating activities	(429)	473,160	(4,046)	(675)	54	491	-	-	-	468,358	(124,000)	344,358
Net cash used in investing activities	21,795	(708,161)	(19,802)	(2,275)	(32,786)	15	-	-	-	(741,214)	(34,161)	(775,374)
Net cash used in financing activities	(16,153)	(21,358)	16,272	(14,26)	(10,94)	(61)	-	-	-	(23,820)	(24,231)	(48,051)
Increase in cash and cash equivalents	5,213	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(197)	(182,390)	(296,677)	(182,390)	(479,068)
Cash and cash equivalents at start of year	11,240	1,701,613	28,066	728	23,323	1,200	-	-	-	1,766,373	166,520	1,932,893
Effect of exchange rate fluctuations on cash held	24	636	2,530	29	(77)	-	-	-	-	3,142	(0)	3,142
Cash and cash equivalents at end of year	16,477	1,445,890	23,020	(3,619)	(10,580)	1,645	5	5	(15,870)	1,472,837	(15,870)	1,456,967

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

29 Asset Held for Sale

Discontinued operations:

The assets classified as held for sale is Rainbow Town Development Limited.

(i) Rainbow Town Development Limited

The assets and liabilities of Rainbow Town Development Limited (RTDL) were classified as held for sale following the decision and resolution of the Board of Directors of FBN Holdings Plc to dispose the Group's interest in RTDL. The carrying amount of the investment is expected to be recovered principally by a sale rather than through continuing use.

The operating results and net cash flows are separately presented in the income statement and statement of cash flows respectively because the disposal group represents a separate line of business within the Group, and as such meets the definition of discontinued operation.

29.1 The carrying amount of the assets and liabilities of the disposal group classified as held for sale are as listed below

	GROUP	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Assets classified as held for sale		
Other assets	-	1,242
Inventory	32,482	36,337
Property, plant and equipment	5	5
Intangible assets	5	5
	32,492	37,589
Liabilities classified as held for sale		
Company income tax liability	6	6
Other liabilities	1,777	2,116
	1,783	2,122
Net Asset	30,709	35,467

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

29.2 The operating results of the discontinued operations are as follows.

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Revenue	-	-
Expenses	(138)	(68)
(Loss)/profit before tax from discontinuing operations	(138)	(68)
Income tax expense	-	-
(Loss)/profit from discontinued operations after tax	(138)	(68)
Gain on disposal of investment in subsidiary (see note 29.3)	-	-
(Loss)/profit from discontinued operations	(138)	(68)
(Loss)/profit from discontinued operations is attributable to:		
Owners of the parent	(76)	(44)
Non-controlling interests	(62)	(24)
	(138)	(68)

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
The cash flows of the discontinued operations are as follows:		
Net cash flow used in operating activities	903	(189)
Net cash flow generated from/(used in) investing activities	3,723	8
Net cash flow used in financing activities	-	-
	4,626	(181)

29.3 Non current asset held for sale

FBN Senegal has classified a building from its property and equipment as Asset held for sale. This is following management's decision to dispose the asset. The Board of Directors is committed to the sale in line with the requirements of IFRS 5 and as such the sales is expected to be completed within the next 12 months. The entity is recognised as a cash generating unit (CGU) and forms part of the segment shown as 'commercial banking group'.

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Property, plant and equipment	461	329
Total Assets classified as held for sale	32,953	37,918

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 Property and equipment

GROUP	Improvement & buildings R' millions	Land R' millions	Motor vehicles R' millions	Office equipment R' millions	Computer equipment R' millions	Furniture & fittings R' millions	Machinery R' millions	Work in progress* R' millions	Right of Use Asset R' millions	Total Asset R' millions
Cost										
At 1 January 2022	49,064	25,112	17,896	53,127	37,756	9,514	121	9,044	21,909	223,543
Additions	1,226	105	4,394	5,797	11,428	699	332	5,556	1,221	30,758
Reclassifications	289	(72)	15	173	1,002	(89)	5	(720)	-	603
Transfers	(1,445)	1,431	-	191	402	-	-	(579)	-	(0)
Disposals	(212)	(301)	(1,550)	(1,376)	(39)	(60)	-	(5)	(35)	(3,578)
Write offs	(652)	-	(726)	(379)	(1,853)	(163)	-	-	(114)	(3,887)
Exchange difference	76	274	(71)	197	(63)	(7)	(19)	(1)	(949)	(562)
At 31 December 2022	48,346	26,549	19,958	57,730	48,633	9,895	439	13,295	22,031	246,877
Accumulated depreciation										
At 1 January 2022	14,672	491	9,558	37,349	28,648	7,989	106	-	8,741	107,554
Charge for the year	1,245	38	3,399	5,669	7,505	577	48	-	2,501	20,982
Reclassifications	(108)	167	(48)	(9)	49	(78)	28	-	-	(0)
Disposals	(92)	-	(1,222)	(1,342)	(36)	(48)	-	-	(29)	(2,768)
Write offs	(652)	-	(726)	(379)	(1,853)	(163)	-	-	(114)	(3,887)
Exchange differences	189	140	8	59	73	(22)	113	-	(730)	(170)
At 31 December 2022	15,254	836	10,969	41,347	34,386	8,255	295	-	10,370	121,710
Net book amount at 31 December 2022	33,093	25,713	8,989	16,383	14,247	1,640	145	13,295	11,662	125,167
Cost										
At 1 January 2021	46,339	24,243	16,555	62,373	37,312	11,867	21	9,422	21,255	229,385
Additions	1,695	738	5,054	5,715	6,387	519	11	1,541	831	22,491
Reclassifications	8	(9)	140	70	175	32	-	(415)	-	-
Disposals	-	-	(3,836)	(16,577)	(6,319)	(2,874)	(4)	(53)	-	(29,663)
Write offs	-	-	(108)	-	-	-	-	-	(205)	(313)
Transfers	-	-	-	1,476	-	-	-	(1,476)	-	-
Exchange difference	1,023	139	91	69	201	(30)	94	25	28	1,641
At 31 December 2021	49,064	25,112	17,896	53,127	37,756	9,514	121	9,044	21,909	223,541
Accumulated depreciation										
At 1 January 2021	12,738	469	9,685	48,086	28,010	10,290	21	-	6,051	115,351
Charge for the year	1,113	2	2,970	5,745	6,790	555	12	-	2,834	20,022
Reclassifications	(40)	-	17	45	2	(25)	-	-	-	-
Disposals	-	-	(3,090)	(16,548)	(6,345)	(2,873)	(3)	-	-	(28,859)
Write offs	-	-	(108)	-	-	-	-	-	(205)	(313)
Exchange differences	861	20	85	21	190	42	76	-	61	1,355
At 31 December 2021	14,672	491	9,558	37,349	28,648	7,989	106	-	8,741	107,556
Net book amount at 31 December 2021	34,392	24,621	8,338	15,779	9,108	1,526	15	9,044	13,168	115,987

* Work in progress refers to capital expenditures incurred on items of property and equipment which are however not ready for use and as such are not being depreciated.

No capitalised borrowing cost relates to the acquisition of property, plant and equipment during the year.

Exchange Difference on Property and Equipment

These exchange difference on property and equipment occurs as a result of translation of balances relating to the foreign entities of the Group as at reporting date.

Right-of Use-Asset

See note 30b for additional disclosure on right-of-use assets

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 Property and equipment

COMPANY	Improvement & buildings N'millions	Motor vehicles N'millions	Machinery N'millions	Office equipment N'millions	Computer equipment N'millions	Furniture & fittings N'millions	Right-of- use Asset N'millions	Total N'millions
Cost								
At 1 January 2022	615	662	57	455	39	421	156	2,405
Additions	-	507	7	2	17	1	108	643
Write off	-	-	-	-	-	-	-	-
Disposal	-	(174)	-	-	(2)	-	-	(176)
At 31 December 2022	615	995	64	457	54	422	264	2,872
Accumulated depreciation								
At 1 January 2022	615	307	48	451	25	420	142	2,007
Charge for the year	-	181	4	2	10	1	27	225
Write off	-	-	-	-	-	-	-	-
Disposal	-	(77)	-	-	(1)	-	-	(79)
At 31 December 2022	615	410	52	453	34	421	169	2,154
Net book amount at 31 December 2022	-	584	12	4	21	1	95	718
Cost								
At 1 January 2021	615	694	61	453	24	420	206	2,473
Additions	-	411	-	2	18	1	-	432
Write-off	-	(108)	-	-	-	-	(50)	(158)
Disposal	-	(335)	(4)	-	(3)	-	-	(342)
At 31 December 2021	615	662	57	455	39	421	156	2,405
Accumulated depreciation								
At 1 January 2021	615	468	46	449	19	419	144	2,160
Charge for the year	-	164	4	2	6	1	33	211
Write-off	-	(108)	-	-	-	-	(35)	(144)
Disposal	-	(217)	(2)	-	-	-	-	(219)
At 31 December 2021	615	307	48	451	25	420	142	2,008
Net book amount at 31 December 2021	-	355	9	4	14	1	14	397

Right-of-use asset

See note 30b for additional disclosure on right of use assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

30 b) Leases

This note provides information for leases where the Group is a lessee.

(i) Right-of-use assets

	GROUP			COMPANY	
	Buildings R' millions	Land R' millions	Total R' millions	Buildings R' millions	Total R' millions
Opening balance at 1 January 2022	21,620	289	21,909	156	156
Additions for the year	935	-	935	108	108
Derecognition	(35)	-	(35)	-	-
Exchange difference	(1,429)	-	(1,429)	-	-
Closing balance as at 31 December 2022	21,091	289	21,380	264	264
<i>Depreciation</i>					
Opening balance at 1 January 2022	8,666	76	8,742	142	142
Charge for the year	2,574	-	2,574	27	27
Exchange difference	(1,252)	-	(1,252)	-	-
Derecognition	(27)	-	(27)	-	-
Closing balance as at 31 December 2022	9,961	76	10,037	169	169
Net book value as at 31 December 2022	11,130	213	11,343	95	95

	GROUP			COMPANY	
	Buildings R' millions	Land R' millions	Total R' millions	Buildings R' millions	Total R' millions
Opening balance at 1 January 2021	20,966	289	21,255	206	206.00
Additions for the year	831	0	831	-	-
Derecognition	(205)	-	(205)	(50)	(50)
Exchange difference	28	-	28	-	-
Closing balance as at 31 December 2021	21,620	289	21,909	156	156
<i>Depreciation</i>					
Opening balance at 1 January 2021	5,976	76	6,052	144	144
Charge for the year	2,834	-	2,834	33	33
Exchange difference	101	-	101	-	-
Derecognition	(245)	-	(245)	(35)	(35)
Closing balance as at 31 December 2021	8,666	76	8,742	142	142
Net book value as at 31 December 2021	12,954	213	13,167	14	14

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(ii) Lease liabilities

	GROUP ₦ millions	COMPANY ₦ millions
Opening balance at 1 January 2022	10,353	75
Additions	1,056	48
Interest expense	536	3
Payments made during the year	(3,241)	-
Reversal	(15)	-
Exchange difference	(392)	-
Closing balance as at 31 December 2022	8,297	125
Current lease liabilities	2,038	125
Non-current lease liabilities	6,259	-
	8,297	126
Opening balance at 1 January 2021	12,106	90
Additions	637	-
Interest expense	598	1
Payments made during the year	(3,063)	-
Reversal	-	(16)
Exchange difference	75	-
Closing balance as at 31 December 2021	10,353	75
Current lease liabilities	3,070	75
Non-current lease liabilities	7,283	-
	10,353	75

(iii) Amounts recognised in the statement of profit or loss

	GROUP ₦ millions	COMPANY ₦ millions
31 December 2022		
Depreciation charge of right-of-use assets	2,574	27
Interest expense	536	3
Lease expense (short term)	-	-
31 December 2021		
Depreciation charge of right-of-use assets	2,834	33
Interest expense	598	1
Lease expense (short term)	-	-

(iv) Amounts recognised in the statement of cashflow

	GROUP ₦ millions	COMPANY ₦ millions
31 December 2022		
Total cash outflow for leases	3,241	-
31 December 2021		
Total cash outflow for leases	3,063	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

30 b) Leases (continue)

	GROUP						
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
31 December 2022							
Lease liability	114	406	349	996	1,787	4,645	8,297
	GROUP						
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
31 December 2021							
Lease liability	214	825	341	1,293	3,126	4,554	10,353
	COMPANY						
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
31 December 2022							
Lease liability	75	-	-	-	50	-	125
	COMPANY						
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year but less than 5 years	Over 5 years	Total
31 December 2021							
Lease liability	75	-	-	-	-	-	75

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

31 Intangible assets

	GROUP			
	Goodwill N'millions	Computer Software N'millions	Work in Progress N'millions	Total N'millions
Cost				
At 1 January 2021	6,119	39,748	1,191	47,058
Additions	-	6,629	5,169	11,798
Reclassification	-	4,433	(4,433)	-
Write off	-	(176)	-	(176)
Transfers	-	(105)	-	(105)
Exchange difference	76	222	-	298
At 31 December 2021	6,195	50,751	1,927	58,873
Additions	-	3,304	3,372	6,676
Reclassification	-	138	(1,032)	(894)
Transfers	-	1,485	(1,485)	-
Exchange difference	(499)	(1,421)	-	(1,920)
At 31 December 2022	5,696	54,257	2,782	62,735
Amortisation and impairment				
At 1 January 2021	1,925	29,793	-	31,718
Amortisation charge	-	8,258	-	8,258
Transfers	-	(105)	-	(105)
Discontinued operations	-	(176)	-	(176)
Exchange difference	-	160	-	160
At 31 December 2021	1,925	37,930	-	39,855
Amortisation charge	-	7,068	-	7,068
Exchange difference	-	(47)	-	(47)
At 31 December 2022	1,925	44,951	-	46,876
Net book value				
At 31 December 2022	3,771	9,306	2,782	15,859
At 31 December 2021	4,270	12,820	1,927	19,018

The software is not internally generated.

Impairment tests for goodwill

Goodwill is monitored on the operating segment level. The entity to which the goodwill relates is recognised as a cash generating unit (CGU) and segmented as part of the Commercial Banking Business, see analysis by segment below.

Each CGU to which goodwill is allocated for impairment testing purposes reflects the lowest level at which goodwill is monitored for internal management purposes. The carrying value of goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of goodwill with the recoverable amount, which is the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks of the cash-generating unit to which the goodwill relates or the CGU's fair value if this is higher.

There was no impairment identified in the year ended 31 December, 2022.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The recoverable amount of each CGU has been based on value in use and the weighted average cost of capital (WACC). These calculations use pre-tax cash flow projection covering five years. The cash flow projections for each CGU are based on forecasts approved by senior management. The nominal growth rate reflects GDP and inflation for the countries within which the CGU operates or derives revenue from. The rates are based on IMF forecast growth rates as they represent an objective estimate of likely future trends.

The discount rate used to discount the cash flows is based on the cost of capital assigned to each CGU, which is derived using a Capital Asset Pricing Model (CAPM). The CAPM depends on inputs reflecting a number of financial and economic variables including the risk free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. The discount rates for each CGU are refined to reflect the rates of inflation for the countries within which the CGU operates.

Impairment testing on cash generating units containing goodwill

Analysis of Goodwill balances

	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Commercial banking group segment		
FBNBank Ghana	2,401	3,154
FirstBank DRC	869	552
FirstBank Sierra-Leone	204	306
FBNBank Guinea	297	258
	3,771	4,270

The cash generating unit (CGUs) with material goodwill balances relates to FirstBank DRC and FBNBank Ghana and the key assumptions used in the value-in-use calculation are as follows:

	2022		2021	
	FirstBank DRC	FBNBank Ghana	FirstBank DRC	FBNBank Ghana
Terminal growth rate: %	12.6%	14.1%	15.1%	13.6%
Discount rate: %	37.6%	48.0%	41%	43%
Deposit growth rate: %	16.4%	37.0%	20%	35%
Recoverable amount of the CGU: (' million)	192,598	80,568	91,348	71,912

The discount rate has been determined based on the Capital Asset Pricing Model and comprise a risk-free interest rate, the market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factor are determined using external sources of information.

Terminal growth rates reflect the expected long-term gross domestic product growth and inflation for the countries within which the CGU operates. Cash flows in the terminal period reflect net earnings (dividend) in the preceding year growing at a constant rate.

Management determined deposits to be the key value driver in each of the entities. Deposits are considered by Management as the most important source of funds for the banks' subsidiaries to finance their assets. Deposit growth rate was determined using historical trend of deposit growth in the last 5 years.

Sensitivity analysis was performed by flexing two key inputs (WACC and Terminal Growth Rate) in the DCF valuation models.

For the two material CGUs, FBNBank Ghana and FBNBank Congo, if the weighted average cost of capital (WACC) rate had been higher by 0.5%, the recoverable amount (VIU) would have been higher than the carrying amount by ₦41.3bn and ₦154.75bn respectively, while if it had been lower by 0.5% the recoverable amount (VIU) would have been higher than the carrying amount by ₦44.54bn and ₦166.72bn respectively.

If the terminal growth rate had been higher by 0.5% the recoverable amount would have been higher than the carrying amount by ₦43.41bn and ₦162.43bn respectively, while if lower by 0.5% the recoverable amount would have been higher by ₦42.37bn and ₦158.72bn respectively.

For the above scenarios, at no point was the recoverable amount (VIU) lower than the carrying amount to result in impairment of goodwill.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

31 Intangible assets (continued)

Goodwill Sensitivity Analysis

	% Change	Recoverable amount	Excess of recoverable amount over carrying amount
FirstBank DRC			
Terminal growth rate:	+ 0.5%	194,490	162,426
	- 0.5%	190,781	158,717
WACC			
	+ 0.5%	186,809	154,745
	- 0.5%	198,786	166,723
FBNBank Ghana			
Terminal growth rate:	+ 0.5%	81,098	43,414
	- 0.5%	80,053	42,368
WACC			
	+ 0.5%	78,983	41,299
	- 0.5%	82,224	44,540

Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the respective CGUs to exceed their recoverable amounts.

	2022		2021	
	FirstBank DRC ₦'millions	FBNBank Ghana ₦'millions	FirstBank DRC ₦'millions	FBNBank Ghana ₦'millions
Goodwill	869	2,401	552	3,154
Net asset	31,195	35,283	21,285	40,904
Total carrying amount	32,064	37,684	21,837	44,058
Excess of recoverable amount over carrying amount	160,534	42,883	69,511	27,854

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

32 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2021: 30%).

	GROUP	
	31 December 2022 ₹ millions	31 December 2021 ₹ millions
Deferred income tax assets and liabilities are attributable to the following items:		
Deferred tax assets		
Property and equipment	4,012	1,634
Allowance for loan losses	4,589	6,458
Tax losses carried forward	21,084	19,917
Other assets	489	258
Other liabilities	17	790
Defined benefit obligation	884	1,192
Effect of changes in exchange rate	(492)	740
Fair value adjustment	326	(2,278)
	30,909	28,710
Deferred tax liabilities		
Property and equipment	82	81
Other assets	786	285
	868	366
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	30,909	28,710
- Deferred tax asset to be recovered within 12 months	-	-
	30,909	28,710
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	868	366
- Deferred tax liability to be recovered within 12 months	-	-
	868	366

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Analysis of unrecognised deferred tax asset

GROUP	Gross Amount ₦'millions	Tax effect ₦'millions	Recognised ₦'millions	Unrecognised ₦'millions
Property and equipment	57,803	17,341	4,012	13,329
Allowance for loan losses	90,294	29,346	4,589	24,757
Tax losses carried forward	80,673	24,202	21,084	3,118
Other assets	7,408	2,407	489	1,919
Other liabilities	4,140	1,345	17	1,328
Defined benefit obligations	2,719	884	884	-
Effect of changes in exchange rate	(1,515)	(492)	(492)	-
Fair value adjustment	5,386	1,750	326	1,424
	246,908	76,783	30,909	45,875

GROUP	1 Jan 2022 ₦'millions	Recognised in P&L ₦'millions	Recognised in OCI ₦'millions	31 Dec 2022 ₦'millions
Movements in deferred tax assets during the year:				
Property and equipment	1,634	2,378	-	4,012
Allowance for loan losses	6,458	(1,868)	-	4,589
Tax losses carried forward	19,917	1,167	-	21,084
Other assets	258	231	-	489
Other liabilities	790	(772)	-	17
Defined benefit obligation	1,192	(309)	-	884
Effect of changes in exchange rate	740	(1,232)	-	(492)
Fair value adjustment	(2,278)	2,604	-	326
	28,710	2,199	-	30,909

GROUP	1 Jan 2021 ₦'millions	Recognised in P&L ₦'millions	Recognised in OCI ₦'millions	31 Dec 2021 ₦'millions
Movements in deferred tax assets during the year:				
Property and equipment	(16)	1,650	-	1,634
Allowance for loan losses	5,545	912	-	6,458
Tax losses carried forward	19,845	71	-	19,917
Other assets	260	(2)	-	258
Other liabilities	624	166	-	790
Defined benefit obligation	488	704	-	1,192
Effect of changes in exchange rate	873	(134)	-	740
Fair value adjustment	-	(3,189)	911	(2,278)
	27,619	178	911	28,710

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	1 Jan 2022 ₦'millions	Recognised in P&L ₦'millions	Recognised in OCI ₦'millions	31 Dec 2022 ₦'millions
Movements in deferred tax liabilities during the year:				
Property and equipment	82	-	-	82
Other assets	284	502	-	786
	366	502	-	868

	1 Jan 2021 ₦'millions	Recognised in P&L ₦'millions	Recognised in OCI ₦'millions	31 Dec 2021 ₦'millions
Movements in deferred tax liabilities during the year:				
Property and equipment	62	20	-	82
Other assets	39	245	-	284
	101	265	-	366

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of ₦45.88bn (2021: ₦90.90bn).

As the Group exercises control over the subsidiaries, it has power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries will not be disposed of. Hence, the deferred tax arising from temporary differences relating to the Group's investment in subsidiaries will not be recognised.

The Group has assessed that based on the Group's profit forecast, it is probable that there will be future taxable profits against which the tax losses, from which deferred tax asset has been recognised, can be utilised.

c) Analysis of Group deferred tax asset by subsidiaries:

	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Parent	-	-
FBN Limited	20,320	18,395
FBNQuest Capital Limited	1,265	886
FBNQuest Trustees Limited	-	-
FBNQuest Merchant Bank Limited	9,314	9,429
FBN Insurance Brokers Limited	9	-
	30,909	28,710

33 Deposits from banks

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Due to banks within Nigeria	662,539	683,756
Due to banks outside Nigeria	392,715	414,351
	1,055,254	1,098,107
Current	1,055,254	1,098,107
Non-current	-	-
	1,055,254	1,098,107

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

34 Deposits from customers

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Current	2,369,237	1,928,032
Savings	2,163,567	1,866,487
Term	1,080,190	1,004,647
Domiciliary	1,490,668	1,034,710
Electronic purse	20,424	15,611
	7,124,086	5,849,487
Current	7,124,086	5,725,025
Non-current	-	124,462
	7,124,086	5,849,487

Deposits from customers only include financial instruments classified as liabilities at amortised cost.

35 Other liabilities

	GROUP		COMPANY	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Financial liabilities:				
Customer deposits for letters of credit	352,994	393,068	-	-
Accounts payable	127,403	69,675	-	-
Lease liability	8,297	10,353	125	75
Creditors	9,086	38,369	276	365
Bank cheques	25,554	27,795	-	-
Collection on behalf of third parties	20,045	22,529	-	-
Unclaimed dividend (see (ii) below)	14,623	11,947	14,623	11,947
Other credit balance (see (iii) below)	91,212	76,181	2,245	3,805
	649,214	649,917	17,269	16,192
Non financial liabilities:				
Allowance for credit losses on off-balance sheet items (see (iv) below)	1,775	2,713	-	-
Provisions	1,565	1,720	-	-
	3,340	4,433	-	-
Other liabilities balance	652,554	654,350	17,269	16,192
Current	644,429	651,110	17,269	16,192
Non-current	8,125	3,240	-	-
	652,554	654,350	17,269	16,192

- (i) The provision for litigations is recognised in income statement within 'other operating expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2022.
- (ii) The unclaimed dividend balance represents the aggregate amounts of dividends that remained unclaimed after 15 months or more which the Registrars returned to the Company in line with current regulations. In 2022, an additional sum of ₦2.68bn was returned to FBN Holdings Plc by the Registrars.
- (iii) Other credit balances include transactional taxes and other accrued expenses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(iv) Reconciliation of impairment on Off Balance Sheet account

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Opening balance at 1 January	2,713	3,486
Impairment writeback	(924)	(803)
Exchange difference	(15)	30
Closing balance at 31 December	1,775	2,713

The movement in provision during the year is as follows:

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Opening balance at 1 January	1,720	28,445
Reversal of provisions	(155)	(26,725)
Closing balance at 31 December	1,565	1,720
Analysis of total provisions:		
Current	1,565	1,720
Non-current	-	-
	1,565	1,720

35a Long service awards

Included in other credit balances is long service award. Long service award amounted to ₦2.21bn (December 2021: ₦2.67bn). The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

The movement in the long service awards over the year is as follows:

GROUP	Present value of the obligation ₦'millions	Fair value of plan assets ₦'millions	Total ₦'millions
Defined benefit pension obligations at 1 January 2021	3,492	-	3,492
Current service cost	367	-	367
Interest cost on defined benefit obligation	266	-	266
Employer contribution made within the year	-	314	314
Benefit paid by employer	(314)	(314)	(628)
Actuarial gains due to change in:			
- Financial assumption	(883)	-	(883)
- Experience adjustments	(257)	-	(257)
Defined benefit pension obligations at 31 December 2021	2,671	-	2,671
Current service cost	269	-	269
Interest cost on defined benefit obligation	312	-	312
Curtailment gains	-	-	-
Employer contribution made within the year	-	-	-
Benefit paid by employer	(544)	-	(544)
Actuarial gains due to changes in:	-	-	-
- Financial assumption	(57)	-	(57)
- Experience adjustments	(441)	-	(441)
Defined benefit pension obligations at 31 December 2022	2,210	-	2,210

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The table below shows the funded status of the Group's long service award:

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Defined Benefit Obligation (DBO)	2,210	2,671
Fair value of plan assets	-	-
Funded Status	2,210	2,671

36 Borrowings

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Long term borrowing comprise:		
FBN EuroBond (i)	161,513	147,935
Subordinated debt (ii)	89,700	82,485
Proparco (iii)	41,085	10,654
British International Investment (iv)	40,550	-
International Finance Corporation (v)	57,640	53,045
African Export-Import Bank (vi)	68,827	-
On-lending facilities from financial institutions (vii)	40,981	48,753
Borrowing from correspondence banks (viii)	130,092	49,199
Subordinated unsecured debt (ix)	45,052	13,233
	675,440	405,304
Current	219,551	106,718
Non-current	455,889	298,586
	675,440	405,304

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Movement in borrowings		
At start of the year	405,304	379,484
Proceeds of new borrowings	266,837	58,978
Finance cost	48,505	31,370
Foreign exchange losses	2,398	23,287
Repayment of principal	(24,129)	(51,770)
Interest paid	(23,475)	(36,045)
At end of year	675,440	405,304

- (i) Facility represent Senior Note Participation Notes due 2025 issued by FBN Finance Company B.V., Netherlands on 27 October 2020 for a period of 5 years. The notes has interest at 8.625% per annum with coupon payable every six month. This facility is unsecured.
- (ii) The amount of ₦89.7bn (\$194.5mn) relates to subordinated debt of \$194.5mn from several counterparties. Interest is payable at the rate of 9% (Fixed) per annum. The tenor of the debt is for a period of 5 years to mature in December 2024. Interest on the Subordinated debt is payable semi-annually. This facility is unsecured.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

- (iii) The amount represents the outstanding balance of the credit facility of \$65mn granted by Promotion et Participation pour la Coopération économique (PROPARGO) in February 2016. The facility is priced at 5.78% (Fixed) per annum and will mature in May 2024. Interest on this facility is payable semi-annually and there is 2 year moratorium on principal repayment. This facility is unsecured.

During the year, additional credit facility of ₦23.06bn (\$50mn) and ₦11.53bn (\$25mn) was availed to the bank on 9 December 2022. These facilities are priced at 9.43% (Fixed) per annum and will mature in September 2027.

- (iv) Facility represents senior unsecured loan from the British International Investment Company. The principal balance of ₦40.99bn (\$88.9mn) is payable in equal semi annual instalments after a grace period of one year. Interest is at the rate of 6-month Libor +4.85% per annum.
- (v) The amount of ₦57.64bn (\$125mn) represents the outstanding balance of the credit facility of \$125mn granted by International Finance Corporation (IFC) in December 2020. Interest is payable bi-annually at the rate of LIBOR +4.5% per annum and will mature March 2023. This facility is unsecured.
- (vi) The amount of ₦69.17bn (\$150mn) represents the balance of the credit facility of \$150mn granted by AfreximBank in March 2022. Interest is payable quarterly at the rate of LIBOR +4.5% per annum and the facility will mature in March 2025. There is a one year moratorium on principal repayment with quarterly principal repayment after the moratorium period.
- (vii) Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by the Bank for specific customers. These facilities include the BOI funds and CACS intervention funds. See further notes below.

a. CBN/BOI facilities

The Central Bank of Nigeria (CBN), in a bid to unlock the credit market, approved the investment of ₦200bn debenture stock to be issued by the Bank of Industry (BOI), which would be applied to the re-financing/restructuring of bank's loans to the manufacturing sector. During the year, there was no additional disbursement (2021: Nil) to First Bank of Nigeria Limited. The related pledged assets are disclosed in note 24.

b. CBN/CACS Intervention funds

The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agricultural Credit Scheme (CACS). During the year, FirstBank of Nigeria Limited received additional disbursement of ₦2.3bn (2021: ₦2bn) for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for a seven year period at an interest rate of 9% p.a.

During the year, the CBN revised the reduction in interest rate earlier granted on all its intervention funds back to 9% p.a. The related pledged assets are disclosed in note 24.

- (viii) Borrowings from correspondent banks include loans from foreign banks utilised in funding letters of credits for international trade.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(xi) Included in subordinated unsecured debts are unsecured bonds and commercial papers issued. See further notes below.

a. Unsecured Bonds

Corporate bonds Issued: This represents series 1 and 2 fixed rate unsecured bonds of ₦5bn (series 1) and ₦8bn (series 2) with tenors of 3 years and 10 years and with interest rates of 10.5% and 6.25% and maturing in 5 February 2023 and 16 December 2030 respectively payable semi-annually in arrears. Subject to any purchase and cancellation early redemption, the bonds shall be redeemed on redemption date at 100% of their nominal amount. The bonds were raised through FBNQ MB Funding SPV Plc which was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 99% owned by the Bank and has been consolidated in these financial statements.

Series number	Amount ₦ millions	Tenor (years)	Interest rate	Maturity date
Series 1	5,000	3	10.5	5 February 2023
Series 2	8,000	10	6.25	16 December 2030

b. Commercial Paper

This represents the amortised cost of the Bank's unsecured Commercial Papers (CP) which were still in issue as at 31 December 2022, under its 100bn Commercial Paper Issuance Programme. Subject to any purchase and cancellation early redemption, the commercial papers shall be redeemed on redemption date at 100% of their nominal amount.

(x) Compliance with covenants

The Group had a loan with a carrying amount of ₦29.69bn at 31 December 2022 (31 Dec 2021: ₦10.65bn) which was obtained in 2016 and repayable in May 2024. The credit facility agreement ('Agreement') contains seven financial covenants that, among other things, require the Group to maintain ratios within defined thresholds. These covenants relate to capital adequacy, open assets exposure ratio, aggregate large exposures ratio, related party lending ratio, liquidity coverage ratio, individual and aggregate unhedged open foreign currency. During the year, there were no defaults on principal, interest or redemption terms of loan payable.

As at 31 December 2022, the Group was not in breach of any of the seven financial covenants.

37 Retirement benefit obligations

	GROUP	
	31 December 2022 ₦ millions	31 December 2021 ₦ millions
Defined Contribution Plan	1	-
Defined Benefits - Pension (i)	5,272	4,576
Gratuity Scheme (ii)	426	816
	5,699	5,392

Plan liabilities are based upon independent actuarial valuation performed by Ernst & Young using the projected unit credit basis. This valuation was carried out as at 31 December 2022 and 31 December 2021.

Defined benefit - Pension (i)

First Bank of Nigeria Limited has an old Defined Benefit scheme, discontinued in March 2001. The funds are placed with fund managers and the Bank is under obligation to fund the deficit.

In addition, First Pensions Custodian Nigeria Limited (FPCNL), a direct subsidiary of First Bank of Nigeria Limited, has a non-contributory defined gratuity scheme for directors. Directors are paid a sum based on an approved scale and the number of years of service subject to a maximum of 9 years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The movement in the defined benefit pension (i) over the year is as follows:

	GROUP		
	Present value of the obligation ₦'millions	Fair value of plan assets ₦'millions	Net ₦'millions
Defined benefit pension obligations at 1 January 2021	13,430	(7,266)	6,164
Interest expense/(income)	934	(718)	216
Return on plan asset excluding interest income	-	860	860
Actuarial (gains)/losses due to change in:			
- Financial assumptions	(2,663)	-	(2,663)
Benefit payment	(1,176)	1,176	-
Defined benefit pension obligations at 31 December 2021	10,525	(5,948)	4,577
Interest expense/(income)	1,347	(970)	377
Return on plan asset excluding interest income	-	669	669
Actuarial (gains)/losses due to change in:			
- Financial assumptions	(285)	-	(285)
- Experience adjustment	(66)	-	(66)
Benefit payment	(1,055)	1,055	-
Defined benefit pension obligations at 31 December 2022	10,466	(5,194)	5,272

The actual return on plan assets was ₦669mn (2021: ₦860mn).

Composition of Plan assets

	GROUP 2022			GROUP 2021		
	Quoted ₦'millions	Unquoted ₦'millions	Total ₦'millions	Quoted ₦'millions	Unquoted ₦'millions	Total ₦'millions
Equity Instruments			-			
Banking	564	-	564	742	-	742
Debt Instruments						
Government	1,063	-	1,063	828	-	828
Corporate Bond	21	-	21	-	-	-
Money market investments	3,365	-	3,365	4,254	-	4,254
Money on call	181	-	181	124	-	124
Others	-	-	-	-	-	-
Total	5,194	-	5,194	5,948	-	5,948

The fair value of plan assets is calculated with reference to quoted prices and are within level 1 and 2 of the fair value hierarchy.

Gratuity scheme (ii)

This relates to the schemes operated by the subsidiaries of First Bank of Nigeria Limited as follows:

FirstBank DRC has a scheme whereby on separation, staff who have spent a minimum of 3 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank. FBNBank Guinea and FirstBank Sierra Leone each have a graduated gratuity scheme for staff on separation where staff receives a lump sum based on their qualifying basic salaries on the number of years spent.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

37 Retirement benefit obligations (continued)

The movement in the defined benefit Gratuity Scheme (ii) over the year is as follows:

	Present value of the obligation ₦ millions	GROUP Fair value of plan assets ₦ millions	Net ₦ millions
Defined benefit pension obligations at 1 January 2021	1,391	(29)	1,362
Foreign exchange difference	(444)	14	(430)
Interest expense/(income)	124	-	124
Service cost	172		172
Remeasurement:			
- Return on plan asset not included in net interest cost on pension scheme	-	(4)	(4)
Net actuarial gain or loss	(321)	(12)	(333)
Contributions:			
- Employer	-	64	64
Payments:			
- Benefit payment	(69)	(69)	(138)
Defined benefit pension obligations at 31 December 2021	853	(36)	818
Foreign exchange difference	(590)	21	(569)
Interest expense/(income)	76	-	76
Service cost	119	-	119
Remeasurement:			
- Return on plan asset not included in net interest cost on pension scheme	-	(5)	(5)
Net actuarial gain or loss	254	(2)	252
Contributions:			
- Employer	-	256	256
Payments:			
- Benefit payment	(260)	(260)	(520)
Defined benefit pension obligations at 31 December 2022	452	(26)	427

Arising from the defined benefit pension plan, the Group is exposed to a number of risk, the most significant of which are detailed below:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to Federal Government Bond yields. If the plan assets underperform this yield, this will create a deficit. As the plans mature, the Group intends to reduce the level of investment risk by investing more in asset such that changes in the value of the assets closely match the movement in the fund's liabilities. There remains the residual risk that the selected portfolio does not match the liabilities closely enough or that as it matures there is a risk of not being able to reinvest the assets at the assumed rates. The scheme's trustees review the structure of the portfolio on a regular basis to minimise these risks.

Changes In Bond Yields: A decrease in Federal bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Inflation Risk: The plan benefit obligations are linked to inflation, and higher inflation lead to higher liabilities. However, majority of the plan assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Life Expectancy: The majority of the plans' obligations are to provide benefits for the members, so increases in the life expectancy will result in an increase in the plan's liabilities. This risk is significantly curtailed by the weighted average liability duration of the plan which is currently 6.09 years and retirement age of 60 years.

Under the funded plan, the Legacy scheme, the Group ensures that the investment positions are managed within the Asset-liability matching (ALM) framework that has been developed to achieve long-term investment that are in line with the obligations under the pension schemes. Within this ALM framework, the objective is to match assets to the pension obligation by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investment are matching the expected cash outflows arising from the pension obligation. There is no regulatory framework guiding the operation of the plan assets.

The principal actuarial assumptions were as follows:

	31 December 2022	31 December 2021
Discount rate on pension plan	13.6%	13.0%
Inflation rate	13.0%	12.0%
Life expectancy	25yrs	20yrs

The sensitivity of the pension liability to changes in the weighted principal assumptions is shown in table below:

	Assumption	Defined Benefit Obligation ₦ millions	Impact on Liability
Discount rate	13.6%	10,359	0.0%
	14.6%	9,889	-4.5%
	12.6%	10,881	5.0%
Mortality experience	Base	10,359	0.0%
	Improved by 1 year	10,504	1.4%
	Decreased by 1 year	10,210	-1.4%

The above sensitivity analysis is for First Bank of Nigeria Limited and deemed to be representative of the Group. It is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The below table shows the maturity profile of the defined obligation.

Maturity Profile on Defined Benefit Obligation	
Years	Amount ₦ millions
2023	1,525,866
2024	1,491,951
2025	1,456,249
2026	1,418,846
2027	1,379,999
2028 - 2032	6,271,324

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Defined benefit cost, charged to income statement (refer note 16)

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Defined Benefits - Pension (i)	3	82
Defined benefit cost, charged to other comprehensive income		
Defined Benefits - Pension (i)	(318)	1,804
Gratuity scheme (ii)	(252)	332
Long service award	498	1,140
	(72)	3,276

The information of the professional engaged by the entities within the Group for valuation of their respective Retirement Benefit Obligations are as follows:

Entity:	FBN Limited
Name of the professional:	O. O. Okpaise
Name of the professional firm/ entity:	Ernst & Young
FRC registration number of the professional:	FRC/2012/NAS/00000000738

38 Share capital

	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Issued and fully paid		
35.9 billion ordinary shares of 50k each (2021: 35.9 billion)	17,948	17,948
	Number of shares ₦'millions	Ordinary shares 'millions
Movements during the period:		
At 31 December 2021	35,895	17,948
At 31 December 2022	35,895	17,948

In line with section 124 of CAMA 2020, Regulation 13 of the Companies Regulation 2021, companies were mandated to issue their unissued shares by 31 December 2022 following which all unissued shares become automatically cancelled by that date. Consequent upon this regulation, 14,104,707,208 unissued shares of FBN Holdings Plc were cancelled by operation of law. The Company has filed the returns on the minimum issued capital with the Corporate Affairs Commission subsequent to the year end.

39 Share premium and reserves

The nature and purpose of the reserves in equity are as follows:

Share premium: Premiums (i.e. excess over nominal value) from the issue of shares are reported in share premium.

Retained earnings: Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

Statutory reserve: Nigerian banking regulations require banks to make an annual appropriation to a statutory reserve. As stipulated by S16(1) of the Bank and Other Financial Institutions Act of 2020 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Capital reserve: Reserve arising from business restructuring

Fair value reserve: The fair value reserve shows the effects from the fair value measurement of financial instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.

Small Scale Investment reserve: This 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 investments in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first five years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium-scale industries equity investment scheme reserves are non-distributable.

Regulatory risk reserve: The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Nigerian Prudential guideline (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non distributable.

Foreign currency translation reserve (FCTR): Records exchange movements on the Group's net investment in foreign subsidiaries.

40 Non-controlling interests

The movement in non-controlling interest for the year is shown below.

	31 December 2022 ₦millions	31 December 2021 ₦millions
Opening balance	10,405	9,085
Share of profit	1,770	1,370
Share of other comprehensive loss	(63)	(50)
	12,112	10,405

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

41 Cashflow workings

a Reconciliation of profit before tax to cash generated from operations

	Notes	GROUP		COMPANY	
		31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Profit before tax from continuing operations		157,727	166,920	19,483	13,053
(Loss)/profit before tax from discontinued operations	29.2	(138)	(68)	-	-
Profit before tax including discontinued operations		157,589	166,852	19,483	13,053
Adjustments for:					
- Depreciation	30	20,982	20,022	225	210
- Amortisation	31	7,068	8,258	-	-
- (Profit)/Loss from disposal of property and equipment	15	(1,249)	79	(6)	84
- Foreign exchange losses/(gains)	11	933	3,567	(38)	(24)
- Profit from investment securities	12	(22,425)	(31,295)	-	(71)
- Net (gains)/losses from financial assets at fair value through profit or loss	13	(10,790)	(50,834)	(264)	779
- Impairment on loans and advances	9	61,434	85,275	-	-
- Impairment on other financial assets	9	6,181	61	-	-
- Impairment on other assets	9	909	5,212	-	-
- Share of (loss)/profit from associates	27ii	(175)	258	-	-
- Dividend income	14	(3,166)	(6,520)	(19,871)	(16,401)
- Interest income	7	(551,937)	(369,047)	(2,088)	(1,502)
- Interest expense	8	188,688	140,805	3	1
(Increase)/decrease in operating assets:					
- Cash and balances with the Central Bank (restricted cash)	(i)	(210,177)	(25,643)	-	-
- Loans and advances to banks	(ii)	(132,825)	89,373	-	-
- Loans and advances to customers	(iii)	(692,169)	(616,325)	10	12
- Financial assets at fair value through profit or loss	(iv)	83,218	(175,542)	-	-
- Other assets	(vii)	(154,484)	94,664	(350)	13
- Asset pledged as collateral	(vi)	123,491	(82,749)	-	-
- Assets held for sale		4,626	(181)	-	-
Increase/(decrease) in operating liabilities:					
- Deposits from banks	(viii)	(12,166)	54,091	-	-
- Derivative liabilities	(xvi)	18,736	12,184	-	-
- Deposits from customers	(ix)	1,324,998	883,343	-	-
- Other liabilities	(x)	21,245	76,170	1,073	2,647
- Change in retirement benefit obligations	(xviii)	(266)	(330)	-	-
Cash flow (used in)/generated from operations		228,268	281,748	(1,821)	(1,199)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

b Cashflow workings

	Notes	GROUP		COMPANY	
		31 December 2022 ₹millions	31 December 2021 ₹millions	31 December 2022 ₹millions	31 December 2021 ₹millions
(i) Cash and balances with the Central Bank (restricted cash)					
Opening balance	19	1,348,086	1,322,443	-	-
Movement during the year		210,177	25,643	-	-
Closing balance	19	1,558,263	1,348,086	-	-
(ii) Loans and advances to banks (Long term placement)					
Opening balance	21	111,604	175,491	-	-
Interest income	7	56,438	21,854	-	-
Interest received		(56,438)	(21,854)	-	-
Foreign exchange difference		35,626	25,486	-	-
Movement during the year		132,825	(89,373)	-	-
Closing balance	21	280,054	111,604	-	-
(iii) Loans and advances to customers					
Opening balance		(2,881,916)	(2,217,268)	(49)	(61)
Closing balance		3,789,061	2,881,916	39	49
Changes during the year		907,145	664,648	(10)	(12)
Changes explained by:					
ECL allowance on loan and advances to customers	9	(59,645)	(84,761)	-	-
Interest income	7	403,616	271,024	7	12
Interest received		(237,229)	(208,302)	(7)	(12)
Foreign exchange difference		108,234	70,362	-	-
Movement during the year		692,169	616,325	(10)	(12)
Changes during the year		907,145	664,648	(10)	(12)
(iv) Financial assets at fair value through profit or loss					
Opening balance		351,146	126,354	1,337	2,116
Movement in Treasury bills included in cash and cash equivalents	20	(4,530)	7,029	-	-
Interest income	7	15,590	1,012	-	-
Interest received		(15,590)	(1,012)	-	-
Fair value changes at FVTPL	13	10,790	50,834	264	(779)
Foreign exchange difference		4,278	(8,613)	-	-
Movement during the year		(83,218)	175,542	-	-
Closing balance	23	278,466	351,146	1,601	1,337
(v) Investment securities					
Opening balance		1,957,478	1,549,290	4,210	9,863
Purchase of investment securities		1,528,187	1,112,007	-	1,206
Disposal of investment securities		(1,244,825)	(185,239)	-	(4,975)
Movement in Treasury bills included in cash and cash equivalent	20	77,808	(477,683)	-	-
Interest income on FVOCI investments	7	47,883	23,132	274	514
Interest income on amortised cost investments	7	28,409	52,025	-	-
Interest received		(105,011)	(85,354)	(396)	(924)
Fair value changes in FVOCI		11,101	(31,327)	(126)	(1,474)
Foreign exchange difference		27,959	1,491	-	-
Impairment on amortised cost investments		(7,105)	(864)	-	-
Closing balance		2,321,885	1,957,478	3,963	4,210

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

41 Cashflow workings (continue)

	Notes	GROUP		COMPANY	
		31 December 2022 ₦'millions	31 December 2021 ₦'millions	31 December 2022 ₦'millions	31 December 2021 ₦'millions
(vi) Asset pledged as collateral					
Opening balance	25	718,662	635,913	-	-
Movement during the year		(123,491)	82,749	-	-
Closing balance	25	595,171	718,662	-	-
(vii) Other assets					
Opening balance	26	218,638	315,501	13,344	14,360
WHT credit note used	18b	(937)	(1,296)	(1)	(49)
Dividend receivable - current year	(xiv)	-	-	18,576	13,236
Dividend receivable - prior year	(xiv)	-	-	(13,236)	(14,190)
Impairment charge for the year	9	(909)	(5,212)	-	-
Foreign exchange difference		1,854	4,309	-	-
Movement during the year		154,484	(94,664)	350	(13)
Closing balance	26	373,130	218,638	19,032	13,344
(viii) Deposit from banks					
Opening balance	33	1,098,107	1,039,220	-	-
Interest expense	8	22,448	29,179	-	-
Interest paid		(21,034)	(29,179)	-	-
Foreign exchange difference		(32,101)	4,796	-	-
Movement during the year		(12,166)	54,091	-	-
Closing balance	33	1,055,254	1,098,107	-	-
(ix) Deposit from customers					
Opening balance		5,849,487	4,894,715	-	-
Interest expense	8	117,199	79,658	-	-
Interest paid		(117,199)	(71,705)	-	-
Foreign exchange difference		(50,399)	63,476	-	-
Movement during the year		1,324,998	883,343	-	-
Closing balance	34	7,124,086	5,849,487	-	-
(x) Other liabilities					
Opening balance	35	654,350	581,720	16,192	13,544
Impairment writeback on off balance sheet	9	(924)	(803)	-	-
Lease payments	30	(3,241)	(3,063)	-	-
Interest expense on lease	8	536	598	3	1
Actuarial loss on long service award	35	(498)	(1,140)	-	-
Reclassification from PPE		(291)	-	-	-
Foreign exchange difference		(18,624)	868	-	-
Movement during the year		21,245	76,170	1,074	2,647
Closing balance	35	652,554	654,350	17,269	16,192
(xi) Disposal of property and equipment					
Cost	30	3,578	29,663	176	500
Accumulated depreciation	30	(2,768)	(28,859)	(79)	(363)
Net book value of disposed properties		810	804	97	137
Gain or (loss) on disposed properties	15	1,249	(79)	6	(84)
Sales proceed		2,059	725	103	53

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

41 Cashflow workings (continue)

	Notes	GROUP		COMPANY	
		31 December 2022 ₹ millions	31 December 2021 ₹ millions	31 December 2022 ₹ millions	31 December 2021 ₹ millions
(xii) Interest received					
Interest received on loans	(iii)	237,229	208,302	7	12
Interest received on placement		56,438	21,854	1,806	976
Interest received on investment	(v)	120,601	86,366	396	924
		414,267	316,522	2,209	1,912
(xiii) Interest paid					
Interest paid on deposit from customers	(ix)	117,199	71,705	-	-
Interest paid on deposit from banks	(viii)	21,034	29,179	-	-
		138,233	100,884		
Interest paid on borrowings	36	23,475	36,045	-	-
		161,707	136,929	-	-
(xiv) Dividend received					
Opening dividend receivable		-	-	13,236	14,190
Dividend income	14	3,166	6,520	19,871	16,401
Dividend received		(3,166)	(6,520)	(14,531)	(17,355)
Closing dividend receivable		-	-	18,576	13,236
(xv) Investment in subsidiary					
Opening balance	28	-	-	262,671	262,671
Additional investment		-	-	-	-
Closing balance	28	-	-	262,671	262,671
(xvi) Derivative liabilities					
Opening balance		19,648	7,464	-	-
Movement during the year		18,736	12,184	-	-
Closing balance		38,384	19,648	-	-
(xvii) Proceeds from the sale of investment securities					
Value of investment disposed		1,244,825	185,239	-	4,975
profit on disposal of investment securities		22,425	31,295	-	71
		1,267,250	216,534	-	5,046
(xviii) Retirement benefit obligations					
Opening balance		5,394	7,527	-	-
Interest expense		3	82	-	-
Return on plan asset excluding interest income		670	860	-	-
Movement in Gratuity scheme		(269)	(412)	-	-
Actuarial gains		(99)	(2,663)	-	-
Closing balance		5,699	5,394	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42 Commitments and Contingencies

42.1 Capital commitments

The Group's capital commitment in respect of authorised and contracted capital projects are disclosed below.

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Authorised and contracted		
Property and Equipment	608	973
Intangible Assets	12,034	2,764
	12,642	3,737

42.2 Legal proceedings

The Group is a party to a number of legal actions arising out of its normal business operations. The Directors having sought the advice of the professional legal counsel are of the opinion that no significant liability will crystallise from these cases beyond the provision made in the financial statements.

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
At start of the year	1,376	25,974
Provisions	-	1,000
Writeback	-	(25,598)
At end of year	1,376	1,376

42.3 Other contingent commitments

In the normal course of business the Group is a party to financial instruments which carry off-balance sheet 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:

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Performance bonds and guarantees	486,522	428,255
Letters of credit	715,224	844,130
	1,201,746	1,272,385

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

42.4 Loan Commitments

	GROUP	
	31 December 2022 ₦'millions	31 December 2021 ₦'millions
Undrawn irrevocable loan commitments	105,521	87,263
	105,521	87,263

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments is disclosed in note 3.6. The Group cannot separately identify the expected credit loss on the undrawn commitment. Thus, the expected credit loss on the undrawn commitments have been recognised together with the loss allowance for the loan. See Note 22 on expected credit loss on Loans and advances to customers.

43 Offsetting Financial Assets and Financial Liabilities

The information shown for 31 December 2022 relates to First Bank of Nigeria Limited, as no other entity within the Group has an offsetting arrangement.

Financial instruments subject to offsetting, enforceable master netting and similar arrangement are as follows:

	GROUP					
	Gross amount before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amounts after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amounts of exposure
				Financial instruments	Cash collaterals received	
	(a) ₦'millions	(b) ₦'millions	(c) = (a) - (b) ₦'millions	(d) ₦'millions	(e) ₦'millions	(f) = (c) - (d) - (e) ₦'millions
31 December 2022						
ASSETS						
Financial assets at fair value through profit or loss	52,843	-	52,843	-	2,300	50,543
Total Assets subject to offsetting, master netting and similar arrangements	52,843	-	52,843	-	2,300	50,543
LIABILITIES						
Financial derivatives	4,975	-	4,975	-	-	4,975
Total Liabilities subject to offsetting, master netting and similar arrangements	4,975	-	4,975	-	-	4,975

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	GROUP					
	Gross amount before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amounts after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Financial instruments	Net amounts of exposure
					Cash collaterals received	
31 December 2021	(a) ₦millions	(b) ₦millions	(c) = (a) - (b) ₦millions	(d) ₦millions	(e) ₦millions	(f) = (c)-(d)-(e) ₦millions
ASSETS						
Financial assets at fair value through profit or loss	70,292	-	70,292	-	8,574	61,718
Total Assets subject to offsetting, master netting and similar arrangements	70,292	-	70,292	-	8,574	61,718
LIABILITIES						
Financial derivatives	11,059	-	11,059	-	-	11,059
Total Liabilities subject to offsetting, master netting and similar arrangements	11,059	-	11,059	-	-	11,059

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. These fall in the scope of the disclosure. The Group received and provided margin deposits as collateral for outstanding derivative positions. The Group or the counterparty may set off the Group's asset or liabilities with the margin deposit in case of default.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the statement of financial position.

44 Related party transactions

The Group is controlled by FBN Holdings Plc which is the parent Company, whose shares are widely held. FBN Holdings Plc, is a non-operating financial holding Company licensed by the Central Bank of Nigeria. (See note 28 for the list of all subsidiaries of the Group).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and related expense and income for the year are as follows:

44.1 Transactions with related parties

Name of entity	Nature of relationship	Nature of transactions	31 December 2022 ₦millions	31 December 2021 ₦millions
First Bank of Nigeria Limited	Subsidiary	Placement	-	6,150
First Bank of Nigeria Limited	Subsidiary	Current account balance	557	337
First Bank of Nigeria Limited	Subsidiary	Bank charges	7	6
First Bank of Nigeria Limited	Subsidiary	Interest Income	-	411
FBNQuest Merchant Bank Limited	Subsidiary	Current account balance	9	3
FBNQuest Merchant Bank Limited	Subsidiary	Placement	7,016	-
FBNQuest Merchant Bank Limited	Subsidiary	Interest Income	24	38

Placements with related parties have maturities ranging from 30 days to 90 days and interest rates between 12.5% to 15%. Current account balances are balances in transactional operating accounts with related parties as at 31 December 2022.

44.2 Key management compensation

Key management includes Executive Directors and members of the Management Committee. The compensation paid or payable to key management for employee services excluding certain benefits is shown below:

	GROUP		COMPANY	
	31 December 2022 ₦millions	31 December 2021 ₦millions	31 December 2022 ₦millions	31 December 2021 ₦millions
Salaries and other short-term employee benefits	2,789	1,934	450	404
Post-employment benefits	74	461	19	16
	2,863	2,395	469	420

44.3 Insider related credits

In compliance with the Central Bank of Nigeria Circular BSD/1/2004 on insider related credits, the Company had no insider related credits during the year. Insider related credits relating to the banking subsidiaries have been appropriately disclosed in the component financial statements.

45 Directors' emoluments

Remuneration paid to the directors was:

	31 December 2022 ₦millions	31 December 2021 ₦millions
Fees	415	498
Sitting allowances	51	31
Executive compensation	126	131
Other directors' costs and expenses	373	25
	965	686
Included in the fees above are amounts paid to:		
Chairman	64	3
Highest paid director	98	131

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The number of directors who received fees and other emoluments in the following ranges was:

	Number	
	31 December 2022	31 December 2021
₦10,000,000 - ₦40,000,000	-	17
₦40,000,001 and above	8	1
	8	18

46 Compliance with regulations

During the year, the entities within the Group were penalised by their respective regulators as follows:

(a) First Bank of Nigeria Limited

Description	Amount ₦ millions
CBN penalty for aiding the fraudulent dealings/withdrawal through the opening of fraudulent accounts - Adcos Limited	2.0
CBN Penalty for infractions in the month of April in respect of the CBN-NESI Stabilisation Strategy by FirstBank Kaduna	11.5
	13.5

(b) FBN Holdings Plc

(i) 'During the period ended 31 December 2022, the Company paid penalty of ₦8.1mn and ₦3.98mn to NGX Regulation Limited and the Securities Exchange Commission respectively; for the late submission of audited financial statements for the period ended 31 December 2021 and unaudited financial statements for the period ended 31 March 2022.

(c) FBNQuest Merchant Bank Limited

The Bank paid penalty of ₦0.4mn for late filing of Commercial Paper documentation contravened with FMDQ.

47 Events after statement of financial position date

The Company has no events after the financial position date that will materially affect the financial position shown in these financial statements.

48 Dividend per share

(i) Dividend paid

A cash dividend of ₦12.56bn at 35k per share (2020: ₦16.15bn at 45k per share) that relates to the year 31 December 2021 was paid in June 2022.

(ii) Dividend proposed

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend of 50 Kobo per ordinary share, amounting to ₦17,947,646,398 (2021: ₦12,563,352,477 (35k per share). Withholding tax will be deducted at the time of payment.

49 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the members of the Group and held as treasury shares.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Company does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent.

	GROUP		COMPANY	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Profit from continuing operations attributable to owners of the parent (₦millions)	134,541	149,777	19,460	13,048
Loss from discontinued operations attributable to owners of the parent (₦millions)	(138)	(68)	-	-
Weighted average number of ordinary shares in issue (in million)	35,895	35,895	35,895	35,895
Basic/diluted earnings per share (expressed in kobo per share)				
- from continuing operations	374.81	417.26	54.21	36.35
- from discontinued operations	(0.38)	(0.19)	0.00	-
	374.43	417.07	54.21	36.35

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the number of basic weighted average number of shares.

50 Non audit services

The external auditors of FBNHoldings ("Company"), KPMG Professional Services did not render any non audit services to the Company within the year.

- 51 Inline with the amendment to Rule 2b & Rule 3 (paragraph 4) and the issuance of new Rule 10 by the Financial Reporting Council of Nigeria (FRC), reporting entities are required to disclose the details of any professional providing any form of assurance services to the entity. In compliance, the Company did not engage any professionals to provide assurance services during the year.

OTHER NATIONAL DISCLOSURES AND OTHER INFORMATION

OTHER NATIONAL DISCLOSURES AND OTHER INFORMATION

STATEMENT OF VALUE ADDED – GROUP

	31 December 2022 ¥/millions	%	31 December 2021 ¥/millions	%
Gross income	805,128		757,296	
Interest and fee expense	(214,700)		(164,741)	
	590,428		592,555	
Administrative overheads	(218,482)		(177,130)	
Value added	371,946	100	415,426	100
Distribution				
Employees				
- Salaries and benefits	117,376	32	128,772	31
Government				
- Taxation	21,591	6	15,515	4
The future				
- Asset replacement (depreciation)	20,982	6	20,022	5
- Asset replacement (amortisation)	7,068	2	8,258	2
- Asset replacement (provision for losses)	68,619	18	91,711	22
- Expansion (transfers to reserves)	136,311	36	151,147	36
	371,946	100	415,426	100

OTHER NATIONAL DISCLOSURES AND OTHER INFORMATION

STATEMENT OF VALUE ADDED – COMPANY

	31 December 2022 ₦ millions	%	31 December 2021 ₦ millions	%
Gross income	24,285		17,135	
Interest and fee expense	(3)		(1)	
	24,282		17,134	
Administrative overheads	(2,690)		(2,251)	
Value added	21,592	100	14,883	100
Distribution				
Employees				
- Salaries and benefits	1,884	9	1,620	11
Government				
- Company income tax	23	-	5	-
The future				
- Asset replacement (depreciation)	225	1	210	1
- Asset replacement (amortisation)	-	-	-	-
- Asset replacement (provision for losses)	-	-	-	-
- Expansion (transfers to reserves)	19,460	90	13,048	88
	21,592	100	14,883	100

OTHER NATIONAL DISCLOSURES AND OTHER INFORMATION

FIVE YEAR FINANCIAL SUMMARY – GROUP

	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2020 ₦ millions	31 December 2019 ₦ millions	31 December 2018 ₦ millions
Assets:					
Cash and balances with central bank	1,790,863	1,586,769	1,631,730	653,335	641,881
Loans and advances to banks	1,223,061	1,015,122	1,016,823	863,435	742,929
Loans and advances to customers	3,789,061	2,881,916	2,217,268	1,670,476	2,001,223
Financial assets at fair value through profit or loss	278,466	351,146	126,354	109,162	83,713
Investment securities	2,321,885	1,957,478	1,549,290	1,663,821	1,248,608
Assets pledged as collateral	595,171	718,662	635,913	309,051	208,925
Other assets	373,130	218,638	315,501	126,292	132,731
Investment in associates	1,185	1,009	1,163	625	1,357
Investment properties	-	-	-	515	1,993
Property, plant and equipment	125,167	115,987	114,034	91,515	88,263
Intangible assets	15,859	19,018	15,340	16,134	16,211
Deferred tax	30,909	28,710	27,619	25,558	18,554
Assets held for sale	32,953	37,918	37,993	38,990	50,149
Total assets	10,577,710	8,932,373	7,689,028	5,568,909	5,236,537
Financed by:					
Share capital	17,948	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392	233,392
Reserves	732,289	618,111	504,746	265,314	427,874
Non controlling interest	12,112	10,405	9,085	12,289	(5,494)
Deposits from banks	1,055,254	1,098,107	1,039,220	749,315	665,366
Deposits from customers	7,124,086	5,849,487	4,894,715	3,486,691	3,143,338
Derivative liabilities	38,384	19,648	7,464	15,791	9,404
Liabilities on investment contracts	-	-	-	19,766	13,399
Liabilities on insurance contracts	-	-	-	34,192	21,734
Borrowings	675,440	405,304	379,484	338,214	420,919
Retirement benefit obligations	5,699	5,392	7,527	1,940	2,203
Current income tax	27,901	17,741	11,247	15,656	10,194
Other liabilities	652,554	654,350	581,720	375,642	266,198
Deferred income tax liabilities	868	366	101	266	606
Liabilities held for sale	1,783	2,122	2,379	2,493	9,457
	10,577,710	8,932,373	7,689,028	5,568,909	5,236,537

OTHER NATIONAL DISCLOSURES AND OTHER INFORMATION

FIVE YEAR FINANCIAL SUMMARY – GROUP

INCOME STATEMENT

	12 months ended 2022 ₦millions	12 months ended 2021 ₦millions	12 months ended 2020 ₦millions	12 months ended 2019 ₦millions	12 months ended 2018 ₦millions
Gross earnings	805,128	757,296	590,663	587,406	598,184
Net operating income	590,252	592,813	531,328	417,317	444,835
Insurance claims	-	-	-	(4,717)	(4,041)
Operating expenses	(363,906)	(334,182)	(292,501)	(261,305)	(4,514)
Group's share of associate's results	175	(258)	482	23	430
Impairment charge for credit losses	(68,619)	(91,711)	(61,830)	(87,465)	(150,424)
Profit before taxation	157,902	166,662	83,703	63,853	54,522
Taxation	(21,591)	(15,515)	(8,111)	(5,544)	(9,040)
Profit from continuing operations	136,311	151,147	75,592	58,309	45,482
Profit/(loss) from discontinuing operations	(138)	(68)	14,138	(77)	(7,774)
Profit for the year	136,173	151,079	89,730	58,232	37,708
Profit attributable to:					
Owners of the parent	134,403	149,709	87,986	57,692	41,328
Non controlling interest	1,770	1,370	1,744	540	(3,620)
	136,173	151,079	89,730	58,232	37,708
Earnings per share in kobo (basic/diluted)	374	417	245	161	115

OTHER NATIONAL DISCLOSURES AND OTHER INFORMATION

FIVE YEAR FINANCIAL SUMMARY – COMPANY

	31 December 2022 ₦ millions	31 December 2021 ₦ millions	31 December 2020 ₦ millions	31 December 2019 ₦ millions	31 December 2018 ₦ millions
Assets:					
Loans and advances to banks	18,331	16,477	11,240	16,639	7,585
Loans and advances to customers	39	49	61	110	108
Financial assets at fair value through profit or loss	1,601	1,337	2,116	3,427	-
Investment securities	3,963	4,210	9,863	7,079	9,842
Investment in associates	-	-	-	-	-
Investment in subsidiaries	262,671	262,671	262,671	242,395	242,395
Other assets	19,032	13,344	14,360	292	9,011
Property, plant and equipment	718	397	312	382	680
	306,355	298,485	300,623	270,324	269,621
Financed by:					
Share capital	17,948	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392	233,392
Reserves	37,717	30,946	35,525	10,848	10,624
Current income tax	29	7	214	102	104
Other liabilities	17,269	16,192	13,544	8,034	7,553
	306,355	298,485	300,623	270,324	269,619

INCOME STATEMENT

	12 months ended 2022 ₦ millions	12 months ended 2021 ₦ millions	12 months ended 2020 ₦ millions	12 months ended 2019 ₦ millions	12 months ended 2018 ₦ millions
Gross earnings	24,285	17,135	38,602	18,396	13,649
Net operating income	24,281	17,134	18,699	18,396	13,649
Gain from disposal of subsidiary/associate	-	-	19,890	-	-
Operating expenses	(4,799)	(4,081)	(4,515)	(4,508)	(4,209)
Profit before taxation	19,483	13,053	34,073	13,874	9,440
Taxation	(23)	(5)	(213)	(12)	(98)
Profit after taxation	19,460	13,048	33,860	13,862	9,342
Earnings per share in kobo (basic)	54	36	94	39	26



Shareholder Information

Resources for shareholders include the Notice of Annual General Meeting, proxy form, shareholder data update and related forms, and contact information.

SHAREHOLDER RESOURCES

DIVIDEND HISTORY AS AT 31 DECEMBER 2022

FBN HOLDINGS PLC

Payment No.	Year End	Dividend Type	Date Payable	Total Net Dividend Amount (₦)	Dividend Per Share	Net Dividend Amount Unclaimed As At 31 December 2022 (₦)	% Net Dividend Amount Unclaimed
1	31-Dec-2012	Interim	3-Jun-2013	29,434,858,173.90	1.00	1,193,226,528.16	4.05
2	31-Dec-2013	Final	27-May-2014	32,408,788,807.89	1.10	1,638,035,733.07	5.05
3	31-Dec-2014	Final	25-May-2015	2,963,937,941.77	0.10	292,880,659.42	9.88
4	31-Dec-2015	Final	30-May-2016	4,889,733,076.23	0.15	564,029,129.34	11.53
5	31-Dec-2016	Final	22-May-2017	6,512,770,910.98	0.20	755,258,531.76	11.60
6	31-Dec-2017	Final	16-May-2018	8,141,810,416.31	0.25	1,107,081,373.52	13.60
7	31-Dec-2018	Final	6-May-2019	8,463,553,721.79	0.26	1,590,434,599.47	18.79
8	31-Dec-2019	Final	28-Apr-2020	12,371,715,777.28	0.38	2,417,752,589.31	19.54
9	31-Dec-2020	Final	28-Apr-2021	14,698,822,774.81	0.45	2,914,470,076.72	19.83
10	31-Dec-2021	Final	21-Jun-2022	11,399,909,146.64	0.35	2,611,387,504.79	22.91
TOTAL						15,084,556,725.56	

For more details, the FBN Holdings Plc list of Unclaimed Dividend can be accessed through the Company's website at <https://www.fbnholdings.com/investor-relations/shareholder-information/unclaimed-dividends/>

CREDIT RATINGS SUMMARY AS AT 31 DECEMBER 2022

	Rated Entity	Report Date	Foreign Currency Ratings	Local Currency Ratings	Outlook
Fitch	FBNHoldings	November 2022	B-	A(nga)	Stable
	FirstBank	November 2022	B-	A(nga)	Stable
Standard & Poor's	FBNHoldings	October 2022	B-	ngBBB-	Stable
	FirstBank	October 2022	B-	ngBBB	Stable
Global Credit Rating	FirstBank	October 2022	-	A+(NG)	Stable

FBNHOLDINGS AND EQUITY MARKET STATISTICS AS AT 31 DECEMBER 2022

		2022	2021
FBNH Share Price	High for the year (₦)	12.40	12.70
	Low for the year (₦)	8.20	7.05
	Closing (₦)	10.90	11.40
FBNH Share Statistics			
	Total volume of shares traded (million)	4,154.22	10,632.19
	Total value of shares traded (₦'mn)	46,381.54	104,855.77
	Market capitalisation (₦ mn)	391,258.69	409,206.34
Market Indicators	NSE All Share Index	51,251.06	42,716.44
	Equities market capitalisation (₦'tn)	27.91	22.29

SHAREHOLDER RESOURCES

SHARE CAPITALISATION HISTORY

Year*	Authorised Increase (₦)	Cumulative (₦)	Paid Up Increase (₦)	Cumulative (₦)	Cumulative No of Shares	Consideration
31-Dec-1973	-	10,000,000,000	-	9,700,000	9,700,000	Cash
10-Jun-1975	5,000,000	15,000,000	1,940,000	11,640,000	11,640,000	Bonus
27-Jul-1976	-	5,000,000	2,328,000	13,968,000	13,968,000	Bonus
28-Jul-1977	10,000,000	25,000,000	6,984,000	20,952,000	20,952,000	Bonus
27-Jul-1978	5,000,000	30,000,000	8,381,000	29,333,000	29,333,000	Bonus
28-Dec-1978	10,000,000	40,000,000	-	29,333,000	29,333,000	-
26-Jul-1979	10,000,000	50,000,000	14,666,200	43,999,200	43,999,200	Bonus
24-Jul-1980	-	70,000,000	9,262,990	55,577,937	55,577,937	Bonus
26-Jul-1980	20,000,000	70,000,000	2,315,747	46,314,947	46,314,947	-
29-Apr-1981	-	70,000,000	5,557,792	61,135,729	61,135,729	Bonus
29-Apr-1982	50,000,000	150,000,000	-	61,135,729	61,135,729	-
16-Apr-1986	-	150,000,000	6,113,574	67,249,303	67,249,303	Bonus
9-Apr-1987	-	150,000,000	13,449,862	80,699,165	80,699,165	Bonus
8-Apr-1988	-	150,000,000	-	80,699,165	80,699,165	-
27-Apr-1989	-	150,000,000	-	80,699,165	161,398,330	Stock split from ₦1.00 to 50 Kobo
26-Apr-1990	-	150,000,000	-	80,699,165	161,398,330	-
26-Apr-1991	-	150,000,000	-	80,699,165	161,398,330	-
27-Apr-1992	-	150,000,000	-	80,699,165	161,398,330	-
29-Apr-1993	-	150,000,000	26,899,721	107,598,886	215,197,772	Bonus
28-Apr-1994	150,000,000	300,000,000	107,598,882	215,197,768	430,395,536	Bonus
25-Apr-1995	-	300,000,000	53,799,441	268,997,209	537,994,418	Bonus
25-Apr-1996	-	300,000,000	67,249,301	336,246,510	672,493,020	Bonus
22-May-1997	700,000,000	1,000,000,000	1,000,000,000	436,246,510	872,493,020	Cash
22-May-1997	-	1,000,000,000	84,061,627	520,308,137	1,040,616,274	Bonus
23-Jul-1998	-	1,000,000,000	130,077,034	650,385,171	1,300,770,342	Bonus
27-Jul-2000	-	1,000,000,000	162,596,292	812,981,463	1,625,962,926	Bonus
26-Jul-2001	2,000,000,000	3,000,000,000	203,245,365	1,016,226,828	2,032,453,656	Bonus
31-Jul-2002	-	3,000,000,000	254,056,705	1,270,283,533	2,540,567,066	Bonus
31-Jul-2003	-	3,000,000,000	254,056,705	1,524,340,238	3,048,680,476	Bonus
19-Nov-2003	-	3,000,000,000	254,056,705	1,778,396,943	3,556,793,886	Cash
19-Aug-2004	-	3,000,000,000	222,299,589	2,000,696,532	4,001,393,063	Bonus
20-Jun-2005	-	3,000,000,000	500,174,160	2,500,870,692	5,001,741,383	Bonus
3-Jan-2006	-	-	20,009,495	2,520,880,187	5,041,760,373	FBN Plc shares issued in exchange for minority shares in FBN Merchant Bankers
3-Jan-2006	-	-	64,196,005	2,585,076,192	5,170,152,383	FBN Plc shares issued in exchange for MBC shares
3-Jan-2006	-	-	34,258,503	2,619,334,694	5,238,669,388	FBN Plc shares issued to majority shareholders in FBN Merchant Bank arising from consolidation
24-Aug-2006	7,000,000,000	10,000,000,000	2,619,334,694	5,238,669,388	10,477,338,776	Increase/Bonus
22-Aug-2007	-	-	873,111,565	6,111,780,953	12,223,561,906	Bonus
1-Jul-2007	-	-	3,833,235,233	9,945,016,186	19,890,032,371	2007 Hybrid Offer
22-Aug-2008	5,000,000,000	15,000,000,000	2,486,254,046	12,431,270,232	24,862,540,463	Bonus
20-Aug-2009	-	15,000,000,000	2,487,000,000	4,143,756,743	29,006,297,206	Bonus (1 for 6)
27-Aug-2010	-	-	-	3,625,787,150	32,632,084,356	Bonus (1 for 8)
21-May-2015	-	-	-	3,263,208,435	35,895,292,792	Bonus (1 for 10)

* Approval date by Security and Exchange Commission.

NOTICE OF 11TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting (AGM) of members of FBN HOLDINGS PLC will be held virtually via <https://www.fbnholdings.com/agm-2023-live/> on Tuesday, 15 August 2023, at 10a.m. or so soon thereafter to transact the following:

Ordinary Business:

1. To receive the audited accounts for the financial year ended 31 December 2022, together with the reports of the Directors, Auditor, Board Appraisers and Audit Committee thereon.
2. To declare a dividend.
3. To elect the following Directors:
 - a. Samson Oyewale Ariyibi as an Executive Director
 - b. Olufemi Otedola, CON as a Non-Executive Director
4. To authorise the Directors to fix the remuneration of the Auditor.
5. To disclose the remuneration of Managers of the Company.
6. To elect members of the Audit Committee.

Special Business:

7. To consider and if thought fit, pass the following as an ordinary resolution: That the Directors' fees for the financial year ending 31 December 2023 and for succeeding years until reviewed by the Annual General Meeting be and is hereby fixed at ₦50,000,000 (Fifty Million Naira Only) for each Director and ₦63,700,000 (Sixty Three Million, Seven Hundred Thousand Naira Only) for the Board Chairman.
8. To consider and if thought fit, pass the following as ordinary resolutions:
 - a. That the Company's Issued Share Capital be and is hereby increased from ₦17,947,646,396 (Seventeen Billion, Nine Hundred and Forty-Seven Million, Six Hundred and Forty Six Thousand, Three Hundred and Ninety Six Naira) made up of 35,895,292,792 (Thirty-Five Billion, Eight Hundred and Ninety-Five Million, Two Hundred and Ninety-Two Thousand, Seven Hundred and Ninety-Two) Ordinary shares of 50 (Fifty) Kobo each to ₦22,434,557,995 (Twenty-Two Billion, Four Hundred and Thirty-Four Million, Five Hundred and Fifty-Seven Thousand, Nine Hundred and Ninety-Five Naira) by the creation and addition of up to 8,973,823,198 (Eight Billion, Nine Hundred and Seventy-Three Million, Eight Hundred and Twenty-Three Thousand, One Hundred and Ninety-Eight) Ordinary shares of 50 (Fifty) Kobo each.

- b. That there shall be a capital raise of up to ₦150,000,000,000.00 (One Hundred and Fifty Billion Naira). The capital raise transaction shall be by way of a Rights Issue, on such terms and conditions and on such dates as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities.
- c. That the Rights Issue referred to in Resolution (b) above may be underwritten on such terms as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities.
- d. That any shares not taken up by existing shareholders within the period stipulated under the Rights Issue may be offered for sale to interested shareholders of the Company on such terms and conditions as may be determined by the Directors, subject to obtaining the approvals of relevant regulatory authorities.
- e. That the Directors be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.
9. To consider and if thought fit, pass the following as a special resolution:

That Clause 6 of the Memorandum of Association of the Company be and is hereby amended to reflect the new issued share capital of ₦22,434,557,995 (Twenty-Two Billion, Four Hundred and Thirty-Four Million, Five Hundred and Fifty-Seven Thousand, Nine Hundred and Ninety-Five Naira) by the creation and addition of up to 8,973,823,198 (Eight Billion, Nine Hundred and Seventy-Three Million, Eight Hundred and Twenty-Three Thousand, One Hundred and Ninety-Eight) Ordinary shares of 50 (Fifty) Kobo each.

Notes:

1. PROXY

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not also be a member. A proxy form is attached to the Annual Report. All instruments of proxy must be duly stamped

NOTICE OF 11TH ANNUAL GENERAL MEETING

at the Stamp Duties Office and deposited at the Registered Office of the Company or the office of the Registrars, Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos, Nigeria, not later than 48 hours before the time for holding the meeting.

NOTE: All instruments of proxy shall be stamped at the Company's expense.

2. VIRTUAL MEETING LINK

Further to the signing into law of the Business Facilitation (Miscellaneous Provisions) Act, which allows public companies to hold meetings electronically, this AGM would be held virtually. The virtual meeting link for the AGM is <https://www.fbnholdings.com/agm-2023-live/>. The virtual meeting link will also be available on the Company's website at www.fbnholdings.com and on the Registrars website at www.meristemng.com.

3. DIVIDEND

If the proposed dividend recommended by the Directors is approved by members at the AGM, the dividend will be payable on 16 August 2023 to members whose names appear in the Register of Members at the close of business on 8 August 2023. Shareholders who have completed the e-dividend Mandate forms will receive a direct credit of the dividend into their bank accounts.

4. CLOSURE OF REGISTER OF MEMBERS

In accordance with Section 114 of the Companies and Allied Matters Act (CAMA) 2020, please note that the Register of Members and Transfer Books of the Company will be closed from August 9 to August 10, 2023 (both dates inclusive) to enable the Registrars update its records in preparation for the payment of dividend.

5. E-DIVIDEND MANDATE

Shareholders are kindly requested to update their records and advise Meristem Registrars & Probate Services Limited of their updated records and relevant bank accounts for payment of their dividends. Detachable forms in respect of the mandate for e-dividend payment and shareholder data update are attached to the Annual Report for convenience. The forms can also be downloaded from the Company's website at www.fbnholdings.com or from Meristem Registrars & Probate Services Limited's website at www.meristemng.com.

The duly completed form should be delivered to Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos, Nigeria.

6. UNCLAIMED DIVIDEND WARRANTS

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed, while some have neither been presented for payment nor to the Registrars for revalidation.

Affected members are by this Notice advised to contact the Registrars, Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos, Nigeria.

7. STATUTORY AUDIT COMMITTEE

In accordance with Section 404 (6) of CAMA, a shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the AGM. The CAMA, Code of Corporate Governance of the Financial Reporting Council, Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN), respectively, indicate that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

In view of the above, we therefore request that nominations be accompanied by a copy of the nominee's Curriculum Vitae. The Curriculum Vitae of eligible candidates will be posted on the Company's website before the date of the meeting.

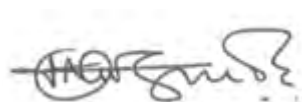
8. ELECTION OF DIRECTORS

- a. **Samson Oyewale Ariyibi** was appointed as the Executive Director, Finance, Investment Management and Oversight of the Company on 16 August 2022. His appointment was approved by the CBN on 21 October 2022. He will be presented for Shareholders' approval at the 11th Annual General Meeting.
- b. **Olufemi Otedola, CON** was appointed as a Non-Executive Director on 9 July 2023, subject to the approval of the CBN. He will be presented for Shareholders' approval at the 11th Annual General Meeting.

9. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Exchange Limited's Rulebook 2015, please note that it is the right of every shareholder to ask questions not only at the meeting but also in writing prior to the meeting. We urge that such questions be submitted to the Company Secretariat not later than two weeks before the date of the meeting.

BY ORDER OF THE BOARD



Adewale L.O Arogundade
Acting Company Secretary
FRC/2014/NBA/00000006810
35 Marina, Lagos

Dated the 19 day of July 2023



PROXY FORM

FBN HOLDING PLC (RC 916455)

11TH ANNUAL GENERAL MEETING TO BE HELD virtually on Tuesday, 15 August 2023 at 10am.

I/We

(Name of Shareholder in block letters)

The undersigned, being a member of the above-named Company hereby appoint or failing him, the Chairman of the meeting as our Proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held on Tuesday, 15 August 2023 and at any adjournment thereof.

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this day of 2023

Signature

NOTES:

- This form of proxy together with the Power of Attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the office of FBNH's Registrars; Meristem Registrars and Probate Services Limited, 213 Herbert Macaulay Way Yaba, Lagos not later than 48 hours before the time for holding the meeting.
- Where the appointer is a corporation, this form may be under seal or under the hand of any officer or attorney duly authorised.
- In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
- All instruments of proxy shall be stamped at the Company's expense.

I/We desire this proxy to be used in favour of/or against the resolution as indicated below:

Resolutions	For	Against
1 To receive the consolidated Annual Reports and Accounts		
2 To declare a Dividend		
3a To elect Oyewale Samson Ariyibi as an Executive Director		
3b To elect Olufemi Otedola, CON as a Non-Executive Director		
4 To authorise the Directors to fix the remuneration of the Auditor		
5 To disclose the remuneration of Managers of the Company		
6 To elect Members of the Audit Committee		
7 That the Directors' fees for the financial year ending 31 December 2023 and for succeeding years until reviewed by the Annual General Meeting be and is hereby fixed at ₦50,000,000 (Fifty Million Naira Only) for each Director and ₦63,700,000 (Sixty Three Million, Seven Hundred Thousand Naira Only) for the Board Chairman.		
8a That the Company's Issued Share Capital be and is hereby increased from ₦17,947,646,396 (Seventeen Billion, Nine Hundred and Forty-Seven Million, Six Hundred and Forty Six Thousand, Three Hundred and Ninety Six Naira) made up of 35,895,292,792 (Thirty-Five Billion, Eight Hundred and Ninety-Five Million, Two Hundred and Ninety-Two Thousand, Seven Hundred and Ninety-Two) Ordinary shares of 50 (Fifty) Kobo each to ₦22,434,557,995 (Twenty-Two Billion, Four Hundred and Thirty-Four Million, Five Hundred and Fifty-Seven Thousand, Nine Hundred and Ninety-Five Naira) by the creation and addition of up to 8,973,823,198 (Eight Billion, Nine Hundred and Seventy-Three Million, Eight Hundred and Twenty-Three Thousand, One Hundred and Ninety-Eight) Ordinary shares of 50 (Fifty) Kobo each.		
8b That there shall be a capital raise of up to ₦150,000,000,000.00 (One Hundred and Fifty Billion Naira). The capital raise transaction shall be by way of a Rights Issue, on such terms and conditions and on such dates as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities.		
8c That the Rights Issue referred to in resolution (b) above may be underwritten on such terms as may be determined by the Directors, subject to obtaining the approvals of the relevant regulatory authorities.		
8d That any shares not taken up by existing shareholders within the period stipulated under the Rights Issue may be offered for sale to interested shareholders of the Company on such terms and conditions as may be determined by the Directors, subject to obtaining the approvals of relevant regulatory authorities.		
8e That the Directors be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.		
9 That clause 6 of the Memorandum of Association of the Company be and is hereby amended to reflect the new issued share capital of ₦22,434,557,995 (Twenty-Two Billion, Four Hundred and Thirty-Four Million, Five Hundred and Fifty-Seven Thousand, Nine Hundred and Ninety-Five Naira) by the creation and addition of up to 8,973,823,198 (Eight Billion, Nine Hundred and Seventy-Three Million, Eight Hundred and Twenty-Three Thousand, One Hundred and Ninety-Eight) Ordinary shares of 50 (Fifty) Kobo each.		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

Before posting the above form, please tear off this part and retain it for admission to the meeting.

ADMISSION FORM

FBN HOLDINGS PLC. (RC 916455)

Annual General Meeting to be held virtually on Tuesday, 15 August 2023 at 10am.

*Name of Shareholder

*Name of Proxy

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you exercise your right to vote.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the company or not, with the exception of the Chairman of the Company, who will attend the meeting and vote on your behalf.



E-DIVIDEND MANDATE MANAGEMENT SYSTEM (E-DMMS) FORM

Instruction

Please fill out all compulsory(*) fields and complete all sections of this form to make it eligible for processing and return to the address below.

The Registrar

Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Way, Adekunle-Yaba,
P.O. Box 51585, Falomo-Ikoyi, Lagos State.

I/We hereby request that henceforth, all my/our dividend payment(s) due to me/us from my/our holdings in **FBN Holdings Plc** be credited directly to my/our bank detailed below:

Bank verification number (BVN)			
Bank name			
Bank branch			
Bank address			
		Bank account number	
Account opening date		Account type (tick)	Current ☐ Savings ☐

Affix Current
Passport Here

(To be stamped by Bankers)

Write your name at the back
of your passport photograph



SHAREHOLDER ACCOUNT INFORMATION

Surname*		First name*	
Other names*		Address*	
City*		State*	
Country*		CHN (if any)	
Previous address (if any)			
Email address			
Mobile number 1*		Mobile number 2*	
Signature(s)*		Joint/Company's signatories*	
		Company's seal*	
Authorised signature of banker			Authorised stamp of banker

Meristem Registrars & Probate
Services Limited

Website: www.meristemng.com
Email: info@meristemregistrars.com



SHAREHOLDER DATA UPDATE FORM

Instruction

Please submit or post the completed form to The Registrar, Meristem Registrars & Probate Services Limited, 213 Herbert Macaulay Way, Adekunle-Yaba, P.O.Box 51585, Falomo-Ikoyi, Lagos State or through any of the branches of First Bank of Nigeria Limited or to the Company Secretary/Investor Relations Offices of FBN Holdings Plc for onward delivery to the Registrar.

We are committed to updating the records of our shareholders and to achieve this, please fill out all the compulsory (*) fields in the form below:

Surname*	
First name*	
Other names	
Email address*	
Mobile number*	
Old address*	
New addresses (To be used for address update)*	
Next of kin	
Next of kin's phone number	

I/we hereby authorise FBN Holdings Plc to update my/our shareholding accounts with the above information

Individual shareholder signature*

Corporate shareholder*

Joint shareholder signature*

Company seal*

Kindly download the form
from our website
www.fbnholdings.com

GLOSSARY OF RATIOS

RATIOS	BASIS OF COMPUTATION
Average cost of deposits	$= \frac{\text{Interest expense (on deposits)}}{\text{Average deposit (i.e. opening + closing balance)/2}}$
Basic earnings per share	$= \frac{\text{Profit attributable to ordinary shareholders (after deduction of debenture interest and tax)}}{\text{Weighted average number of shares in issue}}$
Book value per share (BVPS)	$= \frac{\text{Shareholders' funds}}{\text{Number of outstanding shares in issue (35,895,292,792 units)}}$
Cost of borrowed funds	$= \frac{\text{Interest expense on borrowed funds}}{\text{Average borrowed funds (opening + closing)/2}}$
Cost of funds	$= \frac{\text{Interest expense}}{\text{Average interest-bearing liabilities (opening + closing)/2}}$
Cost of interbank takings	$= \frac{\text{Interest expense on interbank takings}}{\text{Average interbank takings (opening + closing)/2}}$
Cost of managed funds	$= \frac{\text{Expense on managed funds}}{\text{Liabilities on investment contracts}}$
Cost of risk	$= \frac{\text{Loan loss expense}}{\text{Gross loans to customers}}$
Cost to income ratio	$= \frac{\text{Operating expenses}}{\text{Operating income}}$
Debt to capital	$= \frac{\text{Debt}}{\text{Debt + equity}}$
Dividend per share	$= \frac{\text{Dividend}}{\text{Number of outstanding shares in issue (35,895,292,792 units)}}$
Gearing ratio	$= \frac{\text{Debt}}{\text{Total shareholders' funds}}$
Interest earning assets	$= \text{Due from other banks + treasury bills + Securities (bonds) + loans and advances}$
Leverage	$= \frac{\text{Total assets}}{\text{Total shareholders' funds}}$
Liquidity ratio	$= \frac{\text{Liquid assets}}{\text{Deposit liabilities (as prescribed by the CBN)}}$
Loan to deposit ratio	$= \frac{\text{Total loans}}{\text{Total deposit}}$
Net interest margin	$= \frac{\text{Net interest income}}{\text{Average interest-earning assets (opening + closing)/2}}$
Net loans	$= \text{Gross loans - loan loss provision}$
Net revenue	$= \text{Net interest income + net fee and commission income + other income}$
NPL coverage	$= \frac{\text{Loan loss provision (including interest in suspense) + Regulatory risk reserve}}{\text{NPL}}$
NPL ratio	$= \frac{\text{Non-performing loans}}{\text{Gross loans}}$

GLOSSARY OF RATIOS

RATIOS		BASIS OF COMPUTATION	
Operating profit margin	=	$\frac{\text{Operating profit}}{\text{Gross earnings}}$	
Pre-provision operating profit	=	Operating profit + impairment charge on credit losses	
Price to book	=	$\frac{\text{Market value per share}}{\text{Book value per share}}$	
Price earnings	=	$\frac{\text{Market value per share}}{\text{Earnings per share}}$	
Return on average assets	=	$\frac{\text{Profit after tax}}{\text{Average total asset}} \times 100$	
Return on average equity	=	$\frac{\text{Profit after tax}}{\text{Average total equity}} \times 100$	
Risk asset ratio	=	$\frac{\text{Total loans}}{\text{Total assets}}$	
Risk weighted assets*	=	Assets x weight of risks	
Tier 1 ratio	=	$\frac{\text{Total tier 1 capital}}{\text{Risk weighted assets}}$	
Tier 2 ratio	=	$\frac{\text{Total tier 2 capital}}{\text{Risk weighted assets}}$	
Total capital adequacy ratio	=	$\frac{\text{Total qualifying capital}}{\text{Risk weighted assets}}$	
Yield on interest earning assets	=	$\frac{\text{Interest income}}{\text{Average interest earning assets}}$	

*Risk weighted assets: Risk asset is computed using risk weights as defined by CBN/Basel.

ABBREVIATIONS

2FA	Second-factor authentication
3LoD	Three Lines of Defence
ABU	Ahmadu Bello University
ACII	Associate member of the Chartered Insurance Institutes of London
ACIIN	Associate member of the Chartered Insurance Institutes of Nigeria
ACOY	African Company of the Year
AFC	Africa Finance Corporation
AGM	Assistant General Manager
AI	Artificial Intelligence
ALCO	Assets and Liabilities Management Committee
ALM	African Leadership Magazine
ALM	Asset Liability Management
AMCON	Asset Management Corporation of Nigeria
AML	Anti-Money Laundering
ARIN	Association of Radiologists in Nigeria
ATM	Automated Teller Machine
AUM	Assets Under Management
BAP	Biller Aggregation Platform
BARAC	Board Audit and Risk Assessment Committee
BFIC	Board Finance and Investment Committee
BGNC	Board Governance and Nominations Committee
BOFIA	Banks and other Financial Institutions Act
BU	Business Unit
BVN	Bank Verification Number
CAAP	Control Administrative and Accounting Procedure
CAC	Corporate Affairs Commission
CACOVID	Coalition Against COVID-19
CAMA	Companies and Allied Matters Act
CAMERA	Committee for the Advancement of MRI Education and Research in Africa
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CCEPI	Certified Compliance & Ethics Professionals International
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CEP	Continuous Education Programme
CIBN	Chartered Institute of Bankers of Nigeria
CITN	Chartered Institute of Taxation of Nigeria
CoR	Cost of Risk
COSO	Committee of Sponsoring Organisations
COT	Commission on Turnover
CPC	Centralised Processing Centre
CPFA	Closed Pension Fund Administrator
CPI	Consumer Price Index
CRM	Credit Risk Management
CRO	Chief Risk Officer
CSCS	Central Securities Clearing System

CSR	Corporate Social Responsibility
CX	Customer Experience
DMB	Deposit Money Banks
DRC	Democratic Republic of Congo
EAR	Earnings at Risk
ECA	Export Credit Agencies
EGM	Extraordinary General Meeting
EPS	Earnings per Share
ERM	Enterprise Risk Management
ESGMS	Environmental, Social and Governance Management System
EY	Ernst & Young
FCA	Fellow, Institute of Chartered Accountants of Nigeria
FCIB	Fellow of the Chartered Institute of Bankers of Nigeria
FCT	Federal Capital Territory
FGN	Federal Government of Nigeria
FICT	Fixed Income, Currencies and Trading
FITC	Financial Institutions Training Centre
FMDQ	Financial Market Dealers Quote
FPCNL	First Pension Custodian Nigeria Limited
FRC	Financial Reporting Council
FX	Foreign Exchange
GDP	Gross Domestic Product
GEC	Group Executive Committee
GMD	Group Managing Director
GRC	Governance Risk Management and Compliance
GRSC	Group Risk Stakeholder Committee
HR	Human Resources
ICAN	Institute of Chartered Accountants of Nigeria
ICSAN	Institute of Chartered Secretaries and Administrators of Nigeria
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IGRC	Integrated Governance Risk & Compliance
IMF	International Monetary Fund
INED	Independent Non-Executive Directors
IoD	Institute of Directors
ISO	International Organisation for Standardisation
ISOD	Information Security Operations Department
IT	Information Technology
ITF	Industrial Training Fund
JAN	Junior Achievement Nigeria
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LGD	Loss Given Default
M&A	Mergers and Acquisitions
MAI LAB	Medical Artificial Intelligence Laboratory, Africa
MANCO	Management Committee

ABBREVIATIONS

MB/D	Million Barrels a Day
MBA	Master of Business Administration
MBAM	Merchant Banking and Asset Management
MIS	Management Information System
MSMEs	Micro, Small and Medium-size Enterprises
NAICOM	National Insurance Commission
NBA	Nigerian Bar Association
NBS	National Bureau of Statistics
NDIC	Nigeria Deposit Insurance Corporation
NERC	Nigerian Electricity Regulatory Commission
NFIU	Nigerian Financial Intelligence Unit
NGN	Nigerian naira
NGO	Non-Governmental Organisation
NGX	Nigerian Exchange
NIBSS	Nigeria Interbank Settlement System
NIM	Net Interest Margins
NIM	Nigerian Institute of Management
NPL	Non-Performing Loan
NPS	Net Promoter Score
NSBPs	Nigerian Sustainable Banking Principles
OCI	Other Comprehensive Income
OECD	Organisation for Economic Co-operation and Development
OFR	Officer of the Order of the Federal Republic
OPEX	Operating Expenditure
ORR	Obligor Risk Rating
OTC	Over the Counter
P or L	Profit or Loss Account
P&L	Profit and Loss
P/B	Price to Book
P/E	Price Earnings
PAT	Profit after Tax
PBT	Profit Before Tax
PD	Probability of Default
PE	Private Equity
POS	Point of Sale
RAIN	Robotics and Artificial Intelligence in Nigeria
RIMAN	Risk Managers Association of Nigeria
ROE	Return on Equity
ROM	Regional Operations Manager
RSNA	Radiology Society of North America
SAC	Statutory Audit Committee
SANEF	Shared Agent Network Expansion Facilities Limited
SBU	Strategic Business Unit
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SME	Small and Medium Enterprise
SOAR	Security Orchestration, Automation and Response
SPARK	Start Performing Acts of Random Kindness
UAT	User Acceptance Testing

UNITAR	United Nations Institute for Training & Research
USSD	Unstructured Supplementary Service Data
VaR	Value at Risk
WACC	Weighted Average Cost of Capitale

APPENDIX – COMPLAINTS MANAGEMENT POLICY

1.0 Introduction

FBN Holdings Plc (the Group) is committed to delivering a high standard of service to all its stakeholders. The Group seeks to maintain its reputation as a group of companies delivering high-quality professional services, committed to responding to the needs and concerns of its various stakeholders.

A complaint, for the purpose of this Policy is defined as 'an expression of dissatisfaction made to an organisation, related to its products and or services, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected'.

This Policy is designed to align with relevant regulatory requirements and best practice in complaints management, and, to meet the requirements of the following regulators:

- i. The Central Bank of Nigeria (CBN);
- ii. The Securities and Exchange Commission (SEC); and
- iii. The Nigerian Exchange Limited (NGX).

Where necessary, the principles contained in this Policy shall guide the Group's subsidiaries in developing their respective sector-specific Complaints Management Policies and Guidelines.

2.0 Objectives of the Policy

This Policy is aimed at ensuring prompt and efficient management of complaints brought to the attention of the Group. It is also intended to improve service delivery by enabling the Group to identify areas of concern, remedy problematic or unfair situations, enhance operating methods, ensure efficient, fair, and prompt handling of all complaints received.

Specific objectives of this Policy are to ensure that:

- i. The complainant is provided with access to an open and responsive Complaints Management Policy;
- ii. Complaints are resolved in a consistent, systematic and responsive manner to the satisfaction of the complainant and the Group;
- iii. Causes of complaints are identified and resolved/eliminated;
- iv. Trends are monitored towards improving the Group's operations; and
- v. The Group complies with all relevant sector-specific regulations on complaints management as issued by the Regulators.

3.0 Scope of the Policy

This Policy shall apply to:

- i. FBN Holdings Plc, subsidiary companies and staff within the Group;
- ii. All internal and external customers/clients;
- iii. Third parties working in association, partnership or in contractual arrangements with entities within the Group;
- iv. Third-party auditors and service providers;
- v. External organisations providing customer representation such as advocacy and complaints services; and
- vi. Other stakeholders not listed above.

4.0 Complaints to be Handled by this Policy

This Policy is designed to manage the following types of complaints:

- i. Customer/client complaints, including complaints that may require formal or informal feedback, concerns, statements of issues/omissions, and points of disagreement or dispute;
- ii. Complaints by competitors in any of the business groups;
- iii. Complaints by or through regulators, such as the CBN, SEC, NGX and or self- regulatory organisations such as the Financial Market Dealers Quotation;
- iv. Other complaints which could be in the form of trade manipulations, accounting frauds, Ponzi schemes, etc;
- v. All complaints to relevant entities in the Group shall be forwarded to the address contained in this policy; and
- vi. All complaints shall contain at the minimum the following:

The complainant's:

- Name
- Full address
- Mobile number
- Email address
- Signature
- Date
- Nature/description of complaint(s)
- Other supporting document

4.1 Complaints not Covered by this Policy

This Policy does not cover complaints that:

- i. Relate to matters that are sub-judice or in arbitration, including employee-related disputes;
- ii. Fall outside the purview of the business of the Group; and
- iii. Do not require a resolution or formal follow-up.

APPENDIX – COMPLAINTS MANAGEMENT POLICY

5.0 Complaints Management Principles

In line with leading practices, the under listed principles shall guide FBNHoldings complaints management process:

PRINCIPLE	APPLICATION
Visibility	The Complaints Management Policy is well publicised to customers, clients, staff, and other stakeholders on FBNHoldings website, with extracts of the policy in the Annual Report and Accounts.
Accessibility	The Complaints Management Policy is available to all customers/clients and other stakeholders, and user-friendly. Complaints are welcome from customers/clients who are dissatisfied with the Group member decisions, actions, or services.
Responsiveness	- Complaints will be acknowledged and resolved promptly. - Complaints will be handled in an efficient and effective manner and accorded the urgency it deserves. - Complainants will be treated courteously and kept informed of the progress of their complaint throughout the complaint-handling process.
Objectivity	Each complaint is addressed in an equitable, objective, and unbiased manner through the complaints management process.
Charges	Access to the Group's complaints management process is free of any charge to the complainant.
Confidentiality	Complaints are handled confidentially to avoid any form of embarrassment to innocent people. Identifiable information of the complainant is actively protected from disclosure and only made available for the purposes of addressing the complaint.
Client-Focused Approach	Group members are committed to efficient, prompt, and fair resolution of complaints. The Group is open to feedback and constantly reminds customers/clients of their right to make complaints.
Accountability	The Group accept responsibility for effective complaints handling, and units responsible for complaints management will ensure that, where appropriate, issues raised because of failure in the complaints handling process are adequately addressed.
Continual Improvement	The complaints management policy and process is reviewed once every two years to enhance its overall efficiency and delivery of effective outcomes.

APPENDIX – COMPLAINTS MANAGEMENT POLICY

6.0 Board and Management Commitment to the Policy

- i. The Board and Management are highly committed to promoting an effective and efficient complaints handling process across the Group, and adequate resources shall be deployed towards ensuring the achievement of this objective;
- ii. Regular complaints management training entrenches best-in-class complaints handling techniques and strict adherence to the complaints handling policy; and
- iii. All complaints received shall be acknowledged and analysed to help inform continuous quality improvement initiatives.

7.0 Policy Statement

- i. This Policy is designed to provide guidance on how the Group manages complaints. FBNHoldings is committed to achieving service excellence and will strive to deliver services in a professional, consistent, coordinated, and timely manner; and
- ii. The Group encourages all stakeholders (complainants) to lodge their complaints as this helps the Group to improve its services and products. In addition, the Group encourages staff to respect customers/clients and endeavour to anticipate customers'/clients' needs and expectations.

The Group is committed to the following:

- a. Creating awareness among our stakeholders of the Group's complaint management process;
- b. Helping customers/clients and staff understand our complaints handling process;
- c. Investigating complaints impartially with a balanced view of available information or evidence;
- d. Considering complaints on their merits, taking account of individual circumstances; and
- e. Recognising customers/clients' right to provide feedback and complain about the product or services rendered.

Finally, the Policy shall be made available to all stakeholders on the website of FBNHoldings and extract of the Policy shall also be made available to shareholders in the FBN Holdings Plc Annual Report and Accounts.

8.0 Assessment and Investigation of Complaints

The following six steps shall be taken to assess and investigate any complaint from customers, shareholders and other stakeholders.

- i. **Step 1:** Assessment of the complaints to understand the product and or services that caused the complaints to occur;

- ii. **Step 2:** Investigate the complaints by reviewing the policies, processes, codes of practice, product information, account information or service charters that are relevant;
- iii. **Step 3:** Weighing the evidence by considering common pitfalls such as incorrect information, gaps in policy or process, staff working on old versions of policy manuals or process documents. Measure the evidence against extant legislation, regulations and guidance circulars, Internal policies and procedures, service charters, terms and conditions, precedents and contract provisions;
- iv. **Step 4:** Correcting mistakes and take positive steps to avoid repetition of the problem;
- v. **Step 5:** Putting things right. A complaint should be used as an opportunity to look at what you can do to improve the way things are done – even if a mistake has not been made; and
- vi. **Step 6:** Respond. An effective written response has the ability to reassure a customer and demonstrate the professionalism and commitment to customer service of your organisation. A response should concentrate, where possible, on the positives and show the customer that you understand their feelings.

9.0 Time Limit for Investigation of Complaints, Regulatory Reporting Responsibility and Complaints Register

- i. In line with the Policy, all complaints are handled promptly. While it might not be possible to set a specified time limit for the resolution of complaints, given their diverse nature, subsidiaries shall strive to resolve all complaints within the time limits specified by the respective sector-specific regulators;
- ii. Where regulators require the Group office (FBN Holdings Plc) or entities within the Group to render regular reports on complaints, entities affected by such requirements shall be responsible for such regulatory returns, while the Compliance functions of the affected entities shall monitor compliance with such regulatory reporting requirements and ensure implementation of this Policy; and,
- iii. In line with SEC and NGX requirements, entities within the Group, operating in the Capital Market (Capital Market Operators-CMO), shall be required to maintain an electronic complaints register, which will be updated monthly with the following:
 - Name of the complainants
 - Date of the complaint
 - Nature of the complaint
 - Brief details of the complaint
 - Status of resolution
 - Remarks/comments

APPENDIX – COMPLAINTS MANAGEMENT POLICY

SUBSIDIARY	BUSINESS ADDRESS	TELEPHONE NUMBER	EMAIL ADDRESS
First Bank of Nigeria Limited	Samuel Asabia House, 35 Marina, Lagos State, Nigeria	0700 FIRSTCONTACT; +234 1 448 5500	complaints@firstbanknigeria.com; firstcontactcomplaints@firstbanknigeria.com
FBNQuest Merchant Bank Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+ 234 1 270 2290-2	ccu@fbnquestmb.com; complaints@fbnquest.com
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers State, Nigeria	+234 708 062 6000-4; +234 1 280 1340-4	
	18 Mediterranean Street, Imani Estate, Maitama, FCT Abuja, Nigeria	+234 812 993 4620	
FBNQuest Capital Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 279 8300	complaints@fbnquest.com
FBNQuest Trustees Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 270 2290-2; +234 805 400 0299	contacttrustees@fbnquest.com
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers State, Nigeria	+234 812 993 4624	
	18 Mediterranean Street, Imani Estate, Maitama, FCT Abuja, Nigeria	+234 701 045 5883	
FBN Insurance Brokers Limited	2nd Floor, Coomassie House, Plot 777, Muhammadu Buhari Way Central Area, FCT Abuja, Nigeria	+234 802 244 7086	fibinfo@fbninsurancebrokers.com
	9/11 Macarthy Street, Onikan, Lagos State, Nigeria	+234 1 270 3379	
	48 Molete Challenge Road, 3rd Floor, Opposite Oyo State Motor Park, Ibadan, Oyo State, Nigeria	+234 812 692 7623, +234 803 400 9635	
	22/24 Aba Road, 2nd Floor c/o First Bank of Nigeria Plc Main Branch, Port Harcourt, Rivers State, Nigeria	+234 803 811 3369	

All complaints from shareholders and other stakeholders relating to FBN Holdings Plc shall be directed to:

FBN Holdings Plc Company Secretariat or Investor Relations Department
Samuel Asabia House, 35 Marina,
P. O Box 5216
Lagos State, Nigeria

✉ companysecretariat@fbnholdings.com
☎ +234 1 905 2222; +234 1 905 2223

or

✉ investor.relations@fbnholdings.com
☎ +234 1 905 2720; +234 1 905 1086

CONTACT INFORMATION

GROUP	BUSINESS ADDRESS	TELEPHONE NUMBERS
FBN Holdings Plc	Samuel Asabia House, 35 Marina, Lagos State, Nigeria	+234 1 448 5500, +234 708 062 5000
COMMERCIAL BANKING		
First Bank of Nigeria Limited	Samuel Asabia House, 35 Marina, Lagos State, Nigeria	0700 FIRSTCONTACT, +234 1 448 5500
FirstBank UK Limited	28 Finsbury Circus, London, EC2M 7DT, United Kingdom	+44 207 920 4920
FirstBank DRC Limited	191 Avenue de L'Equateur, Kinshasa/Gombe, DRC	+243 81 555 8858, +243 82 191 8888
FirstBank Guinea Limited	Immeuble Kalinko Dye, Boulevard Telli Diallo, Koulewondy Commune, Kaloum, Conakry, Guinea	+224 6 11 71 10 10
FirstBank Gambia Limited	38, Kairaba Avenue, Serrekunda, KSMD, P.O. Box 1600, Banjul, The Gambia	+220 799 3502, +220 437 7889, +220 914 7426
FirstBank Sierra Leone Limited	3 Charlotte Street, Freetown, Sierra Leone	+232 80 680 799, +232 32 496 120, +232 72 009 083
FBNBank Senegal Limited	Immeuble NIANGADO, Rond-Point Ngor Almadies à côté de la Station Shell, Dakar, Senegal	+221 33 859 80 10
FBNBank Ghana Limited	Plot No: 6, 7 and 9 Liberation Road Accra, 111 Liberation Road, Accra, Ghana. GA-007-8141	+233 302 23 6133, +233 302 23 5819
First Pension Custodian Nigeria Limited	Plot 1297 Akin Adesola Street, Victoria Island, Lagos State, Nigeria	+234 1 277 7800-1
FIRSTBANK REPRESENTATIVE OFFICE		
Beijing Representative Office	Unit 1431, Tower B COFCO Plaza, 8 Jianguomennei Street, Dong Cheng District, Beijing, China	+861 3911 187318, +861 3343 267635; +861 5201 470057
FirstBank UK Limited Representative Office Paris	10 Rue de la Paix, Paris 75002, France	+33 1 53 53 20 40
FBNQUEST MERCHANT BANK GROUP		
FBNQuest Merchant Bank Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+ 234 1 270 2290-2
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers State, Nigeria	+234 812 993 4624
	18 Mediterranean Street, Imani Estate, Maitama, FCT Abuja, Nigeria	+234 812 993 4620
FBNQuest Asset Management Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 270 2290-2
FBNQuest Securities Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 270 2290-2
FBNQUEST CAPITAL GROUP		
FBNQuest Capital Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 279 8300
FBNQuest Funds Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 270 2290-2
FBNQUEST TRUSTEES		
FBNQuest Trustees Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos State, Nigeria	+234 1 270 2290-2
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers State, Nigeria	+234 812 993 4624
	18 Mediterranean Street, Imani Estate, Maitama, FCT Abuja, Nigeria	+234 701 045 5883

CONTACT INFORMATION

INSURANCE BROKERAGE		
FBN Insurance Brokers Limited	2nd Floor, Coomassie House, Plot 777, Muhammadu Buhari Way Central Area, FCT Abuja, Nigeria	+234 802 244 7086
	9/11 Macarthy Street, Onikan, Lagos State, Nigeria	+234 1 270 3379
	48 Molete Challenge Road, 3rd Floor, Opposite Oyo State Motor Park, Ibadan, Oyo State, Nigeria	+234 812 692 7623, +234 803 400 9635
	22/24 Aba Road, 2nd Floor c/o First Bank of Nigeria Plc Main Branch, Port Harcourt, Rivers State, Nigeria	+234 803 811 3369



Shareholder Enquiries

✉ info@meristemregistrars.com
☎ +234 280 779 6655
☎ +234 1 280 9250
☎ +234 1 280 9251
☎ +234 1 280 9252
☎ +234 1 280 9253

📍 P.M.B 51585, Falomo, Ikoyi

🌐 www.meristemng.com

Head, Investor Relations

Tolulope Oluwole

✉ investor.relations@fbnholdings.com
☎ +234 1 905 2720

Customer Enquiries

✉ complaints@firstbanknigeria.com
✉ firstcontactcomplaints@firstbanknigeria.com
☎ 0700 FIRSTCONTACT
☎ +234 1 448 5500
☎ +234 708 062 5000

Registered Address

Samuel Asabia House
35 Marina, Lagos
PO Box 5216, Nigeria
Registration No. RC916455

www.fbnholdings.com



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