FBN Holdings

FBN Holdings Plc.
Separate and Consolidated Financial Statements
for the year ended 31 December 2021

FBN Holdings Plc.

Index to the separate and consolidated financial statements

for the year ended 31 December 2021

DIRECTORS AND ADVISORS

DIRECTORS

Ahmad Abdullahi	Non-Executive Director (Group Chairman) - with effect from December 17, 2021
Remi Babalola	Non-Executive Director (Group Chairman) - 30 April - December 16, 2021
U. K. Eke, MFR	Group Managing Director - retired December 31, 2021
Nnamdi Okonkwo	Group Managing Director - with effect from January 1, 2022
Adesola Adeduntan	Non-Executive Director
Abiodun Oluwole Fatade	Non-Executive Director - with effect from April 30, 2021
Alimi Abdul-Razaq	Non-Executive Director - "
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 - with effect from December 22, 2021
Oba A. Otudeko , CFR	Non-Executive Director (Group Chairman) - until April 29, 2021
Oye Hassan-Odukale, MFR	Non-Executive Director - until April 29, 2021
Chidi Anya	Non-Executive Director - "
Hamza Sule Wuro Bokki, Ph.D	Non-Executive Director - "
Debola Osibogun	Non-Executive Director - "
Omatseyin Ayida	Non-Executive Director - "
Cecilia Akintomide, OON	Independent Non-Executive Director - "
Seni Adetu	Independent Non-Executive Director - "
Juliet Anammah	Independent Non-Executive Director - "
Otu Hughes	Non-Executive Director - "

AG. COMPANY SECRETARY: Adewale Arogundade

REGISTERED OFFICE:
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35 Marina
Lagos

AUDITOR:
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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

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Effective corporate governance is the primary driver of accountability, transparency and sustainable value creation at FBNHoldings. To achieve our strategic long term goals, the Board focuses on its effectiveness, integrity, recruitment of competent managers for the business and robust engagement of our stakeholders.

Amidst the economic and regulatory challenges of 2021, the Group continued to implement its corporate governance framework and policies faithfully. Our 2021 Corporate Governance Report details our governance activities, the operations of the Board and its Committees, and how they discharged their obligations and monitored progress towards our long term objectives.

The Board is responsible for implementing our corporate governance programmes. It has a statutory duty to promote the success of the Group and ensure full compliance with all applicable laws, regulations and standards. The Boards of each operating entity are responsible for translating the Group's vision into reality at their respective levels. They also ensure compliance with industry-specific statutory and regulatory requirements.

The Nigerian Code of Corporate Governance seeks to promote public awareness of essential corporate values and ethical practices to encourage integrity in the business environment and rebuild public trust and confidence in the economy. Our corporate governance framework aligns with global best practices. It complies with the requirements of the Corporate Affairs Commission, Central Bank of Nigeria (CBN), National Insurance Commission, Securities and Exchange Commission, the Nigerian Exchange Limited, and the Financial Reporting Council of Nigeria.

At the Group and across its 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 its robust policies and procedures, FBNHoldings creates an environment that fosters equal opportunity, diversity, fairness, respect and inclusion. Diversity ensures that the Group assembles a healthy variety of people from different backgrounds, cultures and experiences to balance the voices, perspectives, insights and empathy that the business needs to thrive.

We believe that recruiting our employees from different backgrounds, skills, experiences, and knowledge increases our innovativeness, the quality of our products and services, and the productivity of our employees. These, in turn, positively affect the values we create.

Diversity within FBNHoldings is reflected not only in the gender mix, which complies with CBN recommendations, but also through the Group's variety of thought, experience, cultures, nationalities, social and academic backgrounds, and inclusive policies that prevent all forms of discrimination.

Shareholder and Regulatory Engagement

Our stakeholders – customers, shareholders, employees, regulators, partners and the community - are a critical part of our business. They supply the patronage, capital, skills, guidance, support and regulatory framework that shape our operations. While their interests and concerns are often diverse and may be conflicting, our ability to build a sustainable relationship and open communication is vital to success.

The Board and Management are committed to stakeholder engagement and connect through shareholder groups and other platforms. Engagement sessions continue to provide valuable opportunities for the Board and Management to listen to external perspectives and gain insight into shareholders' concerns.

Similarly, we are committed to engaging regulators to foster an atmosphere of trust, goodwill and to ensure the highest level of compliance with relevant extant regulations across the Group.

Appointment Philosophy

Relevant regulatory guidelines, laws and global best practices guide the appointment philosophy of FBNHoldings. While the Company selects directors based on their skills, competencies and experience, the Board Governance and Nomination Committee (BGNC) screens for eligible candidates from a pool and recommends suitable candidates to the Board. The Board then decides on the appointment of the candidates subject to the approvals of the relevant regulatory authorities and the shareholders at the Annual General Meeting (AGM).

Changes to Board Composition

We continually refresh the composition and membership of our Board to ensure the embedding of new ideas and experiences in the decision-making processes. In 2021, the following changes were made to the Board:

- Dr Oba Otudeko CFR, Oye Hassan Odukale MFR, Chidi Anya, Dr Hamza Wuro Bokki, 'Debola Osibogun, Omatseyin Ayida, Cecilia Akintomide OON, Juliet Anammah, Seni Adetu, Otu Hughes and Dr Adesola Adeduntan were retired from the Board by the Central Bank of Nigeria effective April 29, 2021.
- Remi Babalola, Dr Alimi Abdul-Razaq, Ahmed Modibbo, Dr Abiodun Fatade, Kofo Dosekun, Khalifah Imam, and Sir Peter Aliogo were appointed as Independent Non-Executive Directors while Dr. Adesola Adeduntan was appointed as a Non Executive Director by the Central Bank of Nigeria, on April 30, 2021.
- Remi Babalola, Chairman of the Board of Directors, resigned from the Board effective December 17, 2021.
- Alhaji Ahmad Abdullahi was appointed as the new Chairman Board of Directors, by the Central Bank of Nigeria effective December 17, 2021
- Julius Omodayo-Owotuga was appointed as a Non-Executive Director effective December 22, 2021.
- U.K. Eke MFR, the Group Managing Director, voluntarily retired effective December 31, 2021.
- Nnamdi Okonkwo was appointed the Group Managing Director effective January 01, 2022.

Board Composition

The Board has ten Directors, comprising seven Independent Non-Executive Directors, two Non-Executive Directors and one Executive Director, the Group Managing Director. All members are distinguished by their professional ability, integrity and independence of opinion.

This is in line with global best practice that encourages a higher ratio of Independent Non-Executive Directors to Executive Directors.

LEADERSHIP

Alhaji Ahmad Abdullahi
Group Chairman

Alhaji Ahmad Abdullahi was appointed Chairman of the Board of Directors of FBN Holdings Plc on December 17, 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 the academia

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

Prior to his appointment to the FBNHoldings board, Alhaji Abdullahi served on the boards of several institutions including Africa Finance Corporation, Financial Market Dealers Quote (FMDQ Clear), 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 Degree in Agricultural Economics and went further to bag an MSc degree in Agricultural Extension from Nigeria's premier institution, University of Ibadan. He also obtained another Master's degree in Banking & Finance from the Bayero University, Kano, Nigeria. Alhaji Abdullahi is a member of several professional bodies such as the Nigerian Institute of Management (NIM), Chartered Institute of Bankers of Nigeria, (CIBN), Society of Corporate Compliance and Ethics, Certified Compliance & Ethics Professionals International and Institute of Directors (IoD).

He attended several local and international training programmes as a professional in all the roles he occupied and as an academia, he has to his credit a journal publication titled "Training and Visit Model as a tool of extending improved farming techniques among rural communities around Sokoto."

He is happily married with children and loves being with his family in his leisure times.

Nnamdi Okonkwo
Group Managing Director

Nnamdi Okonkwo assumed office as the Group Managing Director (GMD) of FBN Holdings Plc on January 01, 2022, bringing more than 30 years of uninterrupted banking experience with Nigerian and international banks to the role. With a first degree in Agricultural Economics and a graduate degree in Business Administration (MBA), Nnamdi has worked with nine banks within and outside Nigeria, including Fidelity Bank, UBA in Nigeria, Ghana, and Liberia, GTB, Citizens Bank, Broad Bank, FSB and Merchant Bank of Africa. He built a reputation for transformational leadership, business strategy development and visioning, innovative corporate governance, and risk management on those jobs.

Nnamdi is the immediate past Managing Director/CEO of Fidelity Bank Plc, where he served for six years with great results. As CEO, Nnamdi led Fidelity through a series of significant transformations which resulted in its meteoric rise from mid-table to the leading Tier 2 Bank in Nigeria and a top-ranking bank in Africa. He was previously Executive Director for Southern Nigeria in Fidelity Bank.

Nnamdi was the Regional CEO for UBA covering the West African Monetary Zone and Managing Director of UBA Ghana; Director, UBA Liberia and Director, Ghana National Banking College. He has also served in various leadership positions across other financial institutions in Nigeria, including Broad Bank of Nigeria Limited; Citizens International Bank, Nigeria; FSB International Bank Plc, Nigeria; GTBank, Nigeria; and Merchant Bank of Africa.

He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and Chartered Institute of Credit Administration; chair of the Shareholders Audit Committee, FMDQ and Mentoring Advisory Committee CIBN, and Vice President of the Nigerian British Chamber of Commerce.

Nnamdi has been honoured with many awards and recognitions globally. He is a globally recognised thought leader on banking and finance and highly reputed as one of the few African bank CEOs to be invited as a guest speaker at the Investor Conference of major global banks. He is an alumnus of the University of Benin, Enugu State University of Science and Technology, Nigeria, the Advanced Management Programme (AMP) of INSEAD Business School. He has attended Executive Management and Board training programmes at Harvard Business School, Stanford University, Wharton Business School, IMD, Singapore and Lagos Business School.

Dr Adesola Adeduntan
Non-Executive Director

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

He is the Chief Executive Officer of First Bank of Nigeria Limited and leads the commercial banking group (CBG) of FBN Holdings Plc, which comprises First Bank of Nigeria and subsidiaries including FBNBank UK, FBNBank DRC, FBNBank Ghana, FBNBank Senegal, FBNBank Guinea, FBNBank Gambia, FBNBank Sierra Leone and First Pension Custodian as well as Representative Offices in France and China. He is overseeing one of the most extensive transformation programmes in sub-Saharan African financial services industry, with the goal to reposition FirstBank Group to market pre-eminence. He is leading FirstBank Group on the journey to win the most significant emerging business opportunities in the financial services industry through the development and execution of a digital-led strategy that has established FirstBank as the dominant player in digital banking. FirstBank Group's transformation programme, under the leadership of Adesola, has enabled the Bank to: grow customer accounts from about 10 million in 2015 to over 36 million (including digital wallets), become the second largest issuer of cards in Africa with over 11.8 million issued cards, onboard over 18.6 million active customers on FirstBank's digital banking platforms, and initiate and grow the most expansive bank-led Agent Banking Network in Africa with over 167,000 agents.

Adesola is currently on the Boards of the Africa Finance Corporation (AFC), FBN Holdings Plc, FBNBank UK Ltd, Shared Agent Network Expansion Facilities Ltd (SANEF), and Nigeria Interbank Settlement System (NIBSS). He was previously an Executive Director and Chief Financial Officer of FirstBank Group. Prior to FirstBank, he was a Director and 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", which culminated in the Corporation being assigned an A3 international credit rating by Moody's, making it the second highest rated lending entity in Africa. Adesola 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 including Forbes Best of Africa – Outstanding Leader in Africa, Distinguished Alumnus Award by both the Cranfield University's School of Management and the University of Ibadan, African Banking Personality of the Year, African Banker of the Year Award and induction into the African Leadership Magazine (ALM) Hall of Fame, 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 and several other awards.

He holds an MBA from Cranfield University Business School, United Kingdom which he attended as a Chevening Scholar and a Doctor of Veterinary Medicine (DVM) awarded by 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), University of Oxford (UK), University of Cambridge (UK), CEIBS (China) and INSEAD (France). He is a fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN).

A philanthropist per excellence, Adesola is a member of the Bretton Woods Committee - the nonpartisan 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 Sigma Educational Foundation - focused on enhancing the quality of 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 CIBN, the Chairman of CIBN's Committee on Establishment of The Banking Museum, the Vice Chairman of CIBN's Body of Banks' Chief Executive Officers, a member of the Board of Lagos State Security Trust Fund and holds the traditional title of Apesinola of Ibadanland.

Adesola is happily married with children and loves music, especially African folk music.

Dr Alimi Abdul-Razaq
Independent Non-Executive Director

Dr. Alimi Abdul-Razaq, lawyer, arbitrator and businessman, was appointed to the Board of FBNHoldings Plc on April 30, 2021. He is the Managing Partner, House of Laws (Advocates and Solicitors) with offices in Lagos and Abuja, Founder and Chairman of the Bridge House College, Ikoyi Lagos and Chairman, Board of Directors, Forte Upstream Services Limited.

Dr. Abdul-Razaq is a graduate of Law from Ahmadu Bello University of Zaria, Nigeria and was called to the Nigerian bar in 1978. He obtained his masters and doctorate degrees in Law from the University of Hull, UK from where he obtained L.L.M and Ph.D. degrees, Fellow of the Chartered Institute of Arbitrators, Nigeria and an elected member of the Royal Institute of International Affairs, London.

He has attended Executive Leadership programs at Harvard Business School, University of Florida, Georgetown University and the Lagos Business School.

He has held various public appointments including, Commissioner, Legal Licensing and Enforcement with the Nigerian Electricity Regulatory Commission; Chairman, National Iron Ore Mining Company, Itakpe, Kogi State and member, National Council on Privatisation.

He is the pioneer recipient of the Alumni Laurette Award of the University of Hull for legal scholarship and educational endowments.

He is happily married with children. An avid art collector, he enjoys reading and swimming.

Sir Peter Aliogo
Independent Non-Executive Director

Sir Peter Aliogo was appointed to the Board of Directors of FBN Holdings Plc on April 30, 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 FBNHoldings Plc he served in several executive positions as Regional Executive South East Bank, Deputy General Manager, Union Bank of Nigeria Plc, Executive Director and Acting Managing Director, Manny Bank Plc.

Sir Peter Aliogo is an Associate member of both 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). Sir Peter Aliogo holds an HND, Business Administration (Marketing) and Masters in Business Administration (Banking & Finance) from the Auchi Polytechnic and Rivers State University of Science and technology respectively. He has attended many professional programmes at such schools as Lagos Business School, Nigeria, Harvard Business School, Boston, USA and Fudan University, Shangai, China.

Sir Peter Aliogo is currently the Vice Chairman/CEO, 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 FBNHoldings Plc on April 30, 2021. She is a barrister and solicitor of the Supreme Court of Nigeria and a member of the International Bar Association. Kofo Dosekun is currently the Chairman of Aluko and Oyebode Management Board. She brings to the Board expertise in commercial transactions 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 recognized by prestigious legal directories. The Legal 500 (2017), recognized her as a Leading Lawyer in the banking, finance and capital markets practice.

Her experience which spans over three decades started as a Legal Officer at the Nigerian Institute of International Affairs; Associate at Debo Akande & Co. (Barristers & Solicitors), Company Secretary/Legal Advisor, Nigerian International Bank (Affiliate of Citibank, N.A.); Assistant General Manager Corporate Finance and Financial Institutions, Credit and Marketing.

Kofo has an LLB (honours) from the University of Ife and an LLM from King'S College London.

Dr. Abiodun Fatade
Independent Non-Executive Director

Fatade was appointed to the Board of Directors of FBNHoldings Plc on April 30, 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 foremost radio-diagnostic group in Nigeria. In addition to his work in private practice, Dr. Fatade has accumulated significant experience in collaborating with both federal and state governments across several public-private partnerships. Prior to his appointment to the board of FBNHoldings, he served as a board member of Gulf Bank of Nigeria and also on various board committees.

A distinguished graduate of the College of Medicine, University of Lagos (Class of 1985), he proceeded to the University College Hospital, Ibadan 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, American College of Radiologists, American College of Physician Executives as well as the Radiology Society of North America (RSNA). Notably, he serves on various international committees of these organizations including the RSNA Committee for Africa and Asia and the Committee for the Advancement of MRI Education and Research in Africa (CAMERA). He currently chairs the Association of Radiologists in Nigeria (ARIN) Lagos State and was the former Secretary of both Association of Radiologists of West Africa and West African Medical Ultrasound Society.

He is an astute healthcare entrepreneur, 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.

Khalifa Imam
Independent Non-Executive Director

Khalifa Imam was appointed to the Board of FBN Holdings Plc on April 30, 2021. He has almost two decades experience in Information Technology, Telecommunications and the fintech sectors working on projects in multiple segments. He is currently CEO of ICX Solutions Limited and is a consultant with the World Bank and National Identity Management Commission (NIMC). He seats on the board of Axelerate Consulting Services Limited and advisory board member Massachusetts institute of technology programme (MIT/REAP) in partnership with NITDA.

A thoroughbred project management and ICT Consultant with engagement in 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, Intels Corporation to deliver Internet Technologies, e-government solutions and Enterprise Management Systems.

Khalifa attended the Ahmadu Bello University, Zaria and SMU University of Switzerland virtual programme. He has also attended several foreign and local training programmes. He is also a member of various professional bodies including the Royal United Services Institute (Defense and Security) London, UK, the Information Systems Audit and Control Association, IT 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 FBNHoldings on April 30, 2021. A lawyer with over 30 years of post-call to bar experience, he brings to the Board of FBNHoldings, experience and expertise in administration, corporate transformation, strategy and corporate governance articulation plus implementation, and especially legal expertise in commercial and corporate law.

He is currently the Managing Director of Highland Disco Acquisition Company Limited, an Investment Holding Company with investments in the Power Sector of Nigeria and core Investor in an Electricity Distribution Company. Modibbo had spent most of his working career at the Nigerian Export-Import Bank, with the last ten (10) years as the Secretary to the Board of Directors and Legal Adviser, a position from which he managed the corporate secretariat and anchored the provision of legal advice and support on all operational and administrate 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 of the Sealink Promotional Company Limited, a special purpose vehicle established to promote commercial and maritime interconnectivity within the West and Central African Regions. Following his voluntary retirement from NEXIM Bank in 2019, Modibbo had a stint in private legal practice as Managing Partner of Sterling Legal LP, a corporate and commercial law firm located in the Federal Capital Territory, Abuja, Nigeria.

Ahmed Modibbo graduated in 1990 with a law degree (LLB), from Ahmadu Bello University (ABU) and was called to the Nigerian Bar in 1991. He also holds international practice diplomas with focus on International Mergers & Acquisitions, International Business Organizations, International Joint Ventures, International Competition Law, and International Intellectual Property Law, respectively from the International Bar Association/College of Law of England and Wales. 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 he obtained include the UNITAR (United Nations Institute for Training & Research) Certificate in Negotiation of Financial Transactions and Corporate Governance Best Practice Certificate by Informa/George Washington University in 2013.

He is an active member of the Nigerian Bar Association and the International Bar Association and an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria.

Modibbo had served on several Professional and Governmental Committees which include being a one-time member of the Chartered Institute of Bankers of Nigeria [CIBN] Committee on Realization of Secured Credits in Nigeria, a one-time 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 has attended several courses and programmes in Law, Management, Leadership, Risk Management and Corporate Governance at top business, legal and management schools in Nigeria and abroad.

Julius B. Omodayo-Owotuga
Independent Non-Executive Director

Julius B. (JB) Omodayo-Owotuga was appointed to the Board of FBN Holdings Plc on December 22, 2021. He is an accomplished professional with extensive experience spanning oil & gas, banking, audit and consulting. He is presently the Group Executive Director & Deputy Chief Executive of Geregu Power Plc (a subsidiary of Amperion Power Limited). He has occupied this role since 2019, overseeing the finance, risk management, treasury, information technology and general administration of the group.

JB's banking career started in the foreign operations department of MBC International Bank (now First Bank of Nigeria). After about one year in this role, he moved to KPMG Professional Services in 2003, where he rose to Audit Senior/Senior Financial Advisor level. As a Senior in KPMG, he led several assurance engagements within the financial services industry.

In 2007, he joined Standard Chartered Bank Nigeria Limited and played a significant role in financial control. The group's project management function was saddled with driving the financial evaluation aspect of the local bank's expansion.

JB joined the AFC as the pioneer Finance Manager and was responsible for setting up the financial operation and control functions at the corporation. He was later responsible for Asset and Liability Management at the same corporation and acted as the deputy to the Treasurer. His key accomplishments at the Pan-African multilateral development finance institution include generating annual income in tens of millions of United States dollars, facilitating successful closure of several trade lines deals and short-term funding to the tune of several millions of US

In 2011, he joined Nigeria’s leading oil and gas company, Forte Oil Plc (now Ardova Plc), as Group Executive Director, Finance and Risk management. His portfolio involved overseeing the finance, risk management, treasury, inventory management, general administration, information technology and Strategy for the Group (Forte Oil and its four subsidiaries). In this role, he contributed immensely towards the transformation of Forte Oil Plc into a vibrant multi-million-dollar profit-making industry leader. He equally led the company’s debt capital raise, acquisition, and divestment initiatives.

JB has a B.Sc. degree in Accounting from the University of Lagos and an MBA with distinction from IE Business School, Madrid, Spain. He is an alumnus of the prestigious University of Oxford’s Said Business School, where he went through studies in Advanced Management and Leadership Programme. He also underwent related studies in several other globally acclaimed business schools, including the Harvard Business School.

JB is a CFA Charter Holder, a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Taxation of Nigeria (CITN) and Institute of Credit Administration (ICA). He is also a member of The Institute of Directors Nigeria (IoD Nigeria).

He is married with children and enjoys playing tennis, mentoring, and watching soccer at his leisure.

EFFECTIVENESS

Board Effectiveness

An effective Board must be capable and dynamic in managing a wide range of challenges and risks in today's volatile, uncertain, complex and ambiguous (VUCA) business world.

Therefore, a Board's overall responsibility for an organisation's performance requires it to set strategic direction (often across multiple structures, markets, and geographies), monitor the Company's risk profile and evaluate the performance of the Group Managing Director and other Executives while remaining accountable to all stakeholders.

The Board achieves efficiency through a three-pronged approach: composition, training and a rigorous appraisal procedure.

Guiding Principles on Composition

To fulfil its mandate, the Board must appoint the right people: individuals who have demonstrated excellent business knowledge and sufficient Board experience. The effective application of Corporate Governance Codes (Codes) must be by an ethical Board. Members of the Board must have integrity and be willing to comply with the letters and spirit of the codes and monitor the utilisation of available resources. Based on this, we have ensured that the current Board composition is the best combination of competence and experience required to enhance shareholder value.

On the ratio of Independent Non-Executives and Non-Executives to Executives on the Board, we aligned with the Nigerian Code of Corporate Governance and global best practices. The Independent Non-Executive Directors and Non-Executive Directors outnumber the Executive Directors by 9:1, demonstrating the Board's complete independence from the Company's Management.

Training of Directors

Directors participated in executive education programmes in 2021 to hone their decision-making skills. The Board approved an annual training plan, with the Company Secretariat responsible for its implementation. This demonstrates the Company's determination to maintain an incredibly efficient Board of Directors.

Due to COVID-19 protocols, the Directors attended most training virtually.

Board Appraisal

The Board engaged PricewaterhouseCoopers (PwC) to evaluate the Board of Directors and review the Company's corporate governance processes for the year ended December 31, 2021.

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, which included oversight of the Company's performance, surveillance of the ethical climate within the Company, oversight of risk management, corporate compliance and internal controls, financial reporting and stakeholder engagement.

PwC concluded that the corporate governance practices of FBNHoldings were largely in accordance 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 future improvement of governance practices and forwarded them to the Board in a detailed report.

Access to Independent Professional Advice

At the Company's expense, the Board can seek advice and assistance from independent or external professional advisers or experts deemed necessary or desirable to aid its effectiveness. The Board exercised this option at various times during the fiscal year 2021.

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 long-term and short-term goals while balancing both. In establishing and monitoring the execution of the strategy, it gives consideration to the impact of those decisions on the Group's obligations to various stakeholders -- shareholders, regulators, employees, suppliers, and the community.

Besides ensuring the Group has good internal controls and risk management mechanisms, the Board is also in charge of 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 disposals, Board membership, financial performance, governance issues, and the approval of the corporate governance structure.

More specifically, the Board’s responsibilities as enumerated in the Board Charter include:

- Building long-term shareholder value by ensuring that 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 Staff on a regular and continuous basis 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’ investment and the assets of the Group; and
- Overseeing the Group’s corporate sustainability practices with regards to its economic, social and environmental obligations.

The Role of the Group Chairman

The roles of the Group Chairman and Group Managing Director (GMD) are distinct and are 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 Board and General meetings.

More specifically, the duties and responsibilities of the Group Chairman are to:

- ❒ Act as a liaison between the Management and the Board;
- ❒ Provide independent advice and counsel to the GMD;
- ❒ Keep abreast of the activities of the Company and the Management;
- ❒ Ensure the Directors are properly informed, and that sufficient information is provided to enable the Directors to form appropriate judgements;
- ❒ Develop and set the agenda for Board meetings;
- ❒ Assess and make recommendations to the Board annually regarding the effectiveness of the Board, its Committees, and individual Directors; and
- ❒ Ensure that upon completion of 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 shareholder 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 that the Company executes them effectively.

The GMD's leadership role also entails responsibility for all day-to-day management decisions and implementing the Group's long and short-term plans.

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 and short-term plans per its strategy;
- ❒ Ensure appropriate organisation and staffing of the Company as well as to hire and terminate staff deemed necessary to enable the Company to achieve the approved strategy;
- ❒ 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 the 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 form appropriate judgements;
- ❒ Abide by specific internally established control systems and authorities, to lead by personal 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 to the Board the annual operating and capital budget, and upon approval, with fully delegated authority, to implement the plan in its entirety.

The Role of the Company Secretary

The Companies and Allied Matters Act (Sections 330–340), the Company's Articles of Association; and other regulations 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 Chairman and the GMD;
- ❒ Maintaining statutory registers and other records of the Company;
- ❒ Rendering proper and timely returns as required under CAMA;
- ❒ 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 where duly authorised by the Board of Directors, exercising any powers vested in the Directors.

Leadership Appointments Across the Operating Entities

- ❒ The Board appointed **Tope Orhionsefe Omage** as a Non-Executive Director of First Bank of Nigeria Limited.
- ❒ The Board appointed **Akinwunmi Akinfenwa** as a Non-Executive Director of First Bank of Nigeria Limited, subject to regulatory approvals.
- ❒ The Board appointed **Christopher Adeyemi** as a Non-Executive Director of FBN Ghana Limited, subject to regulatory approvals.
- ❒ The Board appointed **Kemi Adewole** and **Emmanuel Ajibola Olayinka** as Independent Non-Executive Directors of FBNQuest Trustees Limited, subject to regulatory approvals.
- ❒ The Board appointed **Olusegun Alebiosu** as Non-Executive Director and Chairman of FBN Insurance Brokers Limited subject to regulatory approvals

MAKING BOARD MEETINGS EFFECTIVE

How FBNHoldings Board meetings work:

- ❒ The Board meets quarterly and as required;
- ❒ The annual calendar of Board meetings is approved in advance at the last Board meeting of the preceding year;
- ❒ The annual calendar of Board activities includes a Board retreat to consider strategic matters and Group policy directions and review opportunities and challenges encountered by the Group;
- ❒ The Board may take urgent and material decisions between meetings through written resolutions;
- ❒ The Company transmits notices for meetings to Board members at least two weeks before the scheduled meeting;
- ❒ The Company Secretariat circulates memoranda electronically to members of the Board;
- ❒ The Company provides Directors with an agenda and meeting papers in advance of each meeting. It transmits Board memoranda in advance to enable Directors to have adequate time to review and prepare for meetings;
- ❒ Meetings last for an average of four hours. The number of issues identified for deliberation and, more importantly, their complexity are significant factors in determining the duration of the meetings;
- ❒ 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’ agenda item;
- ❒ The Company requires all Directors to declare their interest in any item slated for Board consideration before the commencement of the meeting.

Board Discussions

In 2021, significant Board discussions were:

- ❒ Reviewed and approved funding and capital plan across the Group;
- ❒ Board appraisal exercises and outcomes;
- ❒ Deliberation on the implementation of the Group's strategy;
- ❒ Consideration of the unaudited quarterly accounts and the audited financial statements for the year ended December 31, 2020;

- ❒ Board retreat to discuss the 2020–2024 Strategic Planning Programme;
- ❒ Deliberation on the budget for the 2022 Financial Year;
- ❒ Deliberation on the performance of the Group's businesses;
- ❒ Review of Governance policies across the Group;
- ❒ Consideration of the Board Succession Plan;
- ❒ Consideration of Governance issues across the Group;
- ❒ Credit Processes and decisions;
- ❒ Review of Brand positioning;
- ❒ Consideration of Board Appointments and renewals across the Group;
- ❒ Consideration of regulatory updates; and
- ❒ Consideration of updates on workforce engagement.

Attendance at Board Meetings

The Board of FBNHoldings met eleven times in 2021.

Names	Jan. 28	Mar. 9	Apr. 23	Apr. 26	May 11	Jun. 24	Jul. 29	Oct. 27	Nov. 4	Dec. 3	Dec. 22
Alhaji Ahmad Abdullahi[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√
Remi Babalola[2]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	N/A
Nnamdi Okonkwo[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
U.K. Eke, *MFR*[4]	√	√	√	√	√	√	X	√	√	√	√
Dr. Alimi Abdul-Razaq[5]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√
Ahmed Modibbo[5]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√
Dr. Abiodun Fatade[5]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√
Kofo Dosekun[5]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√
Khalifa Imam[5]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√
Sir Peter Aliogo[5]	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√
Dr. Adesola Adeduntan	√	√	√	√	√	√	√	√	√	√	√
Julius Omodayo-Owotuga[6]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Oba Otudeko, *CFR*[7]	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Oye Hassan-Odukale, *MFR*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chidi Anya[7]	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Hamza Wuro Bokki[7]	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debola Osibogun[7]	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Omatseyin Ayida[7]	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cecilia Akintomide, *OON*[7]	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Seni Adetu[7]	N/A	N/A	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Juliet Anammah[7]	N/A	N/A	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Otu Hughes[7]	N/A	N/A	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1] - *Appointed on December 17 , 2021*

[2] - *Resigned with effect from December 17, 2021*

[3] - Appointed w*ith effect from January 01, 2021*

[4] - *Retired with effect from December 31, 2021*

[5] - *Appointed with effect from April 30, 2021*

[6] - *Appointed with effect from December 22, 2021*

[7] - *Retired with effect from April 29, 2021*

BOARD COMMITTEE REPORTS

Board and Committee Governance Structure

The Board performs oversight functions through its standing committees, each with a charter that clearly defines its purpose, composition and structure, meeting frequency, duties, and tenure. The Board monitors these responsibilities to ensure that the Group's operations are effectively covered and controlled.

In line with best practice, the Chairman of the Board does not sit on any of the committees.

FBNHoldings has the following constituted Board Committees:

A. Board Governance and Nomination Committee

Membership:

Kofo Doekun[1] - Chairman
Dr. Alimi Abdul-Razaq[1]
Ahmed Modibbo[1]
Dr. Abiodun Fatade[1]
Debola Osibogun[2]
Dr. Hamza Wuro Bokki[2]
Omatseyin Ayida[2]

[1] - *Appointed with effect from April 30, 2021*
[2] - *Retired with effect from April 29, 2021*

Attendance at Committee Meetings:

The Board Governance and Nomination Committee met eleven times in 2021.

Names	Jan 27	Apr 21	Jun 17	Jul 26	Aug 30	Sep 02	Sep 16	Sep 22	Oct 18	Nov 22	Dec 09
Kofo Dosekun	N/A	N/A	√	√	√	√	√	√	√	√	√
Dr. Alimi Abdul-Razaq	N/A	N/A	√	√	√	√	√	√	√	√	√
Ahmed Modibbo	N/A	N/A	√	√	√	√	√	√	√	√	√
Dr. Abiodun Fatade	N/A	N/A	√	√	√	√	√	√	√	√	√
Debola Osibogun	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Hamza Wuro Bokki	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Omatseyin Ayida	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Key Responsibilities:

The responsibilities of the Committee are to:

- 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 key Management staff across the Group;
- Nominate and endorse Board appointments for subsidiary companies;
- 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 the Companies and Allied Matters Act;

- Make recommendations on the amount and structure of the remuneration of the 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 proper 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 in this regard. This review or appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, operations, role in strategy setting, oversight of corporate culture, monitoring role and evaluation of Management's performance, and stewardship towards shareholders;
- Evaluate the performance of the Board Committees and Boards of subsidiary companies annually. The Committee may utilise the service of the independent consultant duly approved by the Board for the annual
- Perform such other matters relating to the operations of the Group as may be specifically delegated to the Committee by the Board;
- Evaluate the role of the Board Committees and Boards of subsidiary companies and ratify the performance appraisals of the Executive Directors as presented by the GMD; and
- Ensure compliance with the Codes of Corporate Governance of the Security Exchange Commission (SEC), the Central Bank of Nigeria (CBN), the Financial Reporting Council of Nigeria (FRCN) and global best practices on corporate governance.

B. Board Audit and Risk Assessment Committee

Membership:

Dr. Alimi Abdul-Razaq[1] - Chairman
Kofo Dosekun[1]
Sir Peter Aliogo[1]
Khalifa Imam[1]
Omatseyin Ayida[2]
Debola Osibogun[2]
Chidi Anya[2]

[1] - *Appointed with effect from April 30, 2021*
[2] - *Retired with effect from April 29, 2021*

Attendance at Committee Meetings:
The Board Audit and Risk Assessment Committee met nine times in 2021.

Names	Jan 22	Jan 26	Mar 08	Apr 15	Jun 17	Jul 08	Jul 27	Oct 22	Oct 25
Dr. Alimi Abdul-Razaq	N/A	N/A	N/A	N/A	√	√	√	√	√
Kofo Dosekun	N/A	N/A	N/A	N/A	√	√	√	√	√
Sir Peter Aliogo	N/A	N/A	N/A	N/A	√	√	√	√	√
Khalifa Imam	N/A	N/A	N/A	N/A	√	√	√	√	√
Omatseyin Ayida	√	√	√	√	N/A	N/A	N/A	N/A	N/A
Debola Osibogun	√	√	√	√	N/A	N/A	N/A	N/A	N/A
Chidi Anya	√	√	√	√	N/A	N/A	N/A	N/A	N/A

Key Responsibilities:
The responsibilities of the Committee are to:

- 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 exposures, and Management's views on the acceptable and appropriate levels of those risk exposures;
- Review the independence and authority of the Risk Management function;
- Receive the decisions of the Statutory Audit Committee on the statutory audit report from the Company Secretary and ensure its full implementation; and
- Assess and confirm the independence of the External Auditor annually. The report of this assessment should be submitted to the Board and the Statutory Audit Committee.

C. Board Finance and Investment Committee

Membership:
Sir Peter Aliogo[1] - Chairman
Dr. Abiodun Fatade[1]
Khalifa Imam[1]
Dr. Adesola Adeduntan[1]
Oye Hassan-Odukale, *MFR*[2]
Cecilia Akintomide, *OON*[2]
Dr. Hamza Wuro Bokki[2]
U.K. Eke, *MFR*[3]

[1] - *Appointed with effect from April 30, 2021*
[2] - *Retired with effect from April 29, 2021*
[3] - *Retired with effect from December 31, 2021*

Attendance at Committee Meetings:
The Board Finance and Investment Committee met thirteen times in 2021.

Names	Jan 25	Apr 14	Jun 16	Jul 26	Aug 13	Sep 02	Sep 06	Sep 16	Oct 20	Dec.14	Dec 15	Dec 20	Dec 21
Sir Peter Aliogo	N/A	N/A	√	√	√	√	√	√	√	√	√	√	√
Dr. Abiodun Fatade	N/A	N/A	√	√	√	√	√	√	√	√	√	√	√
Khalifa Imam	N/A	N/A	√	√	√	√	√	√	√	√	√	√	√
Dr. Adesola Adeduntan	N/A	N/A	√	√	√	√	√	√	√	√	√	√	√
Oye Hassan-Odukale, *MFR*	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cecilia Akintomide, *OON*	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Hamza Wuro Bokki	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
U.K. Eke, *MFR*	√	√	√	√	√	√	√	√	√	√	√	√	√

Key Responsibilities:
The responsibilities of the Committee are to:

- Understand, identify and discuss the key issues, assumptions, risks and opportunities relating to the development and implementation of the Group's strategy with Management;
- Participate in an annual strategy retreat for the Board and Management, ensuring the Board retains sufficient knowledge of the Group's business and the industries in which it operates, to provide strategic input and identify any critical strategic relevance of Management's assumptions for planning purposes;
- Critically evaluate and make recommendations to the Board for approval of the Group's business strategy periodically;
- Periodically engage the Management and act as a sounding board on strategic issues;
- Regularly review the effectiveness of the Group's strategic planning and implementation monitoring
- 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 the 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 limits and any changes to the existing capital structure; and
- Recommend for Board approval the Group's dividend policy, including nature and timing; and ensure an effective tax policy is implemented.

D. Group Executive Committee (GEC)

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

Membership:
GMD, FBN Holdings Plc - Chairman
MD/CEO, First Bank of Nigeria Ltd
MD/CEO, FBNQuest Merchant Bank Ltd
MD/CEO, FBNQuest Capital Ltd
MD/CEO, FBNQuest Trustees Ltd
MD/CEO, FBN Insurance Brokers Ltd
Chief Financial Officer, FBN Holdings Plc
Company Secretary, FBN Holdings Plc
Head, Strategy and Corporate Development, FBN Holdings Plc
Chief Financial Officer, First Bank of Nigeria Ltd
Chief Risk Officer, First Bank of Nigeria Ltd

Key Responsibilities:
The responsibilities of the Committee are to:

- Ensure overall alignment of the Group 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 Group synergy realisation initiatives and make recommendations;

- ❐ Discuss and monitor compliance of the Group policies such as risk management, internal audit and others; and
- ❐ Review and recommend modifications to the Group policies.

E. Management Committee (MANCO)

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

Membership:

Group Managing Director - Chairman
Chief Financial Officer
Company Secretary
Head, Risk Management and Compliance
Head, Investor Relations
Head, Internal Audit
Head, Strategy and Corporate Development
Head, Marketing and Corporate Communications
Head, Human Resources

Key Responsibilities:

The responsibilities of the Committee are to:

- ❐ Develop and review, on an ongoing basis, the Holding Company's business focus and strategy, subject to the approval of the Board;
- ❐ Confirm alignment of the Holding 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 of the Holding Company; and
- ❐ Make proposals to the Board and Board Committees on major policies and decisions relating to staff compensation, major capital spending, organisational structure, and other issues related to the business.

F. Statutory Audit Committee (SAC)

Section 404 (2) and (3) of the Companies and Allied Matters Act (CAMA) 2020 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.

Shareholders' Representative Profile

Nnamdi Okwuadigbo, FCA - Chairman

Nnamdi Okwuadigbo, FCA, was re-elected as Shareholders' Representative on the SAC on April 27, 2021 and brings to the Committee over 30 years of experience in auditing, accounting/financial reporting, taxation, debt recovery, business advisory, financial management, portfolio management and management consulting, within the public and private sectors. He is the Founder and Managing Partner of Nnamdi Okwuadigbo & Co. He is a professional with industry responsibility, having worked with Gearhart Nigeria Limited as Financial Controller and Barclays Bank Nigeria Limited.

He is the immediate past President of the Institute of Chartered Accountants of Nigeria (ICAN). He holds a Certificate in International Financial Reporting (Cert IFR).

Nnamdi is married with children.

Fuad Umar

Fuad Umar was re-elected as Shareholders' Representative on the SAC on April 27, 2021. His wealth of experience spans his previous roles like the Investment Coordinator, LINKS-Tetra Tech (FCDO-funded program), Access to Finance Adviser, MAFITA-Adam Smith International (DFID-funded program), and Business Development Service Provider, MAFITA. After that, 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 in 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 pay-outs. An exemplary scholar, Fuad holds a first-class Bachelor of Science degree in Management Information Systems from the American University of Nigeria (AUN) and a Master of Business Administration from the Dangote Business School, Bayero University, Kano. His dedication to work and knowledge acquisition has earned him several awards

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 program. 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 elected as Shareholders' Representative on the SAC on April 27, 2021.
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, Taiwo has held several high-profile positions in his career in the private sector and accounting practice. He retired in the year 2000 from West African Portland Cement Plc (now Lafarge) as a Finance Controller. He has since been in practice, and he is the Managing Partner of Accounting Firm – KASH TAIWO & CO.

He was the Chairman of Flour Mills of Nigeria Plc. Audit Committee between 2015 and 2017. He is presently the Chairman of Glaxo Smith Kline Consumer Nigeria Plc. (GSK) Audit Committee and a member of Total Energies Marketing Nigeria Plc Audit Committee.
Taiwo is married and blessed with children.

Membership

Nnamdi Okwuadigbo, *FCA*	-	Chairman
Fuad Umar		
Kashimawo Taiwo, *FCA*		
Sir Peter Aliogo		
Khalifa Imam		

Independence of the Statutory Audit Committee:
The autonomy of the SAC is fundamental to upholding public confidence in the reliability of its reports and the Company's financials. The Committee has access to the external auditor to seek explanations and additional information.

The Committee is composed of five members as required in CAMA 2020; three members, including the Chairman, are shareholder representatives, who are independent and answerable to the shareholders. The other two members include Independent Non-Executive Directors. This composition underpins the independence of the SAC from executive influence.

Attendance at Statutory Audit Committee Meetings:
The Statutory Audit Committee met five times in 2021.

Names	Mar 09	Jun 29	Sep 21	Nov 22	Dec 06
Nnamdi Okwuadigbo, *FCA*	√	√	√	√	X
Fuad Umar	√	√	√	√	√
Kashimawo Taiwo (elected April 27, 2021)	N/A	√	√	√	√
Sir Peter Aliogo (Appointed on April 30, 2021)	N/A	√	√	√	X
Khalifa Imam (Appointed on April 30, 2021)	N/A	√	√	√	√

The Responsibilities of the Committee:
Section 404 (7) of CAMA encapsulates the statutory duties and role of the SAC. In addition, the various Codes of Corporate Governance, including the CBN and FRCN Codes, set out the role 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 that 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 the oversight of the integrity of the Company’s financial statements and to establish and develop the internal audit function.

Going Concern
On the recommendation of the SAC, the Board annually considers and assesses the going concern for the preparation of the financial statements at year-end. The Board continues to view the Company as a going concern for the foreseeable future.

External Auditors
The external auditor for the 2021 financial year was Messrs. KPMG Professional Services (KPMG).
FBNHoldings fully complies with the CBN and FRCN Codes as it appointed the external auditor in the 2021 financial year and retained them for a year.

2021 Audit Fees
The audit fee paid by FBNHoldings to the external auditor for the 2021 statutory audit was N25million while fee for non-audit service rendered to the Company during the year amounted to N8.5million. The non-audit service is in relation to the provision of staff remuneration survey service which, in the Company's opinion, did not impair the independence and objectivity of the external auditor.

Prohibition of Insider Tradings
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 Executive Management level that are deemed essential to the achievement of the Company's business objectives and strategies and have a significant impact on the operations of the Group.
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 attitudes necessary for each position and ethics, values, and codes of conduct. The Committee considers the Group's future needs and strategic objectives when determining the competencies needed. In addition, they serve as a foundation for evaluating potential successors to the identified vital positions and identifying skill gaps and development requirements.
In conclusion, the Committee determines the scale and 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 taking into account 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 expected competencies.

Performance Monitoring
As part of its oversight role, the Board continually engages the 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 strategy implementation.

During this process, the Board on significant issues, risks, or challenges encountered during strategy implementation across the Group and the steps taken to mitigate those risks.

The Group's financial and performance indicators are reviewed quarterly with the Board, and the Board continuously assesses progress and confirms or denies alignment with the Group's strategic goals and objectives.

The overall performance of the Group concerning the budget is presented to the Board to provide insight into achievements or otherwise, as well as to address challenges where they exist.

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 represent 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. In reviewing the compensation packages, factors to be considered 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 it 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 also differentiated and is used to retain high-potential talent and drive our desired culture and values.

Compensation Policy

The Group's Compensation Policy provides the guidelines for the administration of staff compensation and aims to attract, reward, and retain a motivated talent pool. 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 includes the salary component for the defined job grade and is mainly cash-based. It is guaranteed and payable monthly in arrears, as per the employment contract. It is the basis for the computation of some allowances and most benefits.

- ❒ Allowances are other pay items outside base pay and are structured to support a standard of living for respective grades. These allowances include housing, furniture, lunch and clothing. They are payable in cash and are paid monthly, quarterly, or yearly for tax planning, liquidity planning and staff convenience. Allowances are separated into two: those that form part of staff salary and those categorised purely as

- ❒ Bonuses and incentives are related to the achievement of 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 the retention of staff, particularly those at the senior level or with high potential. These may include status cars, power generators, gym equipment and other choice items.

- ❒ Benefits are entitlements usually attainable subject to organisational conditions. They include leaves, 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 so that while ensuring adequate cash flow for staff, the Group does not run contrary to tax laws and other statutory

Executive Remuneration

As a Board, we are mindful of the views of the various stakeholders on executive remuneration. We aim 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 that it adequately attracts and retains the best and most experienced individuals for the role. The consideration also applies to Non-Executive Directors, who are 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 Committee. 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

Executive Directors

Remuneration for Executive Directors is performance-driven and restricted to base salaries, allowances, performance bonuses. Executive Directors are not entitled to sitting allowances.
Please refer to Note 45 of FBNHoldings' 2021 Financial Statements for more details on remuneration.

The Group continually ensures that its remuneration policies and practices remain competitive and align with its core values to incentivise and drive performance.

WHISTLEBLOWING PROCEDURES

The Board and Management of FBN Holdings Plc actively encourage employees to embrace the Group's values of integrity, dependability and transparency. The Group has a robust whistleblowing procedure that encourages reporting of financial and ethical improprieties, through dedicated and confidential channels. Employees and other stakeholders are obliged to report any unlawful, irregular or unethical conduct observed.

Furthermore, the policy and practice provide effective protection for whistleblowers, as part of an open organisational culture where employees are not only aware of how to report, but also have the confidence to make such reports. The identity of any whistleblower is protected, and details of whistleblowing incidents are kept confidential in line with the Whistleblowing Policy. The Group does not condone or tolerate any acts of retaliation against those who raise concerns.

All escalated concerns are thoroughly investigated and reported to the appropriate authorities, including the Chairman, Board Audit and Risk Assessment Committee. Reports made through this policy should not be based on mere speculation, rumours or gossip, rather should be based on factual knowledge, as evidence may be required to ensure proper prosecution and consequent management. The full version of the Group's Whistleblowing Policy can be accessed on the website:
www.fbnholdings.com/whistle-blowing.

The whistleblower can report through any of the following channels, either by declaration or in confidence/anonymously:

- ❒ A formal letter to the Group Managing Director, FBN Holdings Plc and/or Head, Internal Audit FBN Holdings
- ❒ Dedicated phone number: 0817 597 8505
- ❒ Dedicated email address:FBNHoldingsWhistleBlowing@fbnholdings.com

Any issue raised should include all relevant background information (including dates), as well as the reason(s) why the whistleblower is particularly concerned about the situation.

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) or the Nigerian Stock Exchange (x-whistle@nse.com.ng).

Directors' Report for the year ended December 31, 2021

The Directors present their report on the affairs of FBN Holdings Plc ("the Company") together with the financial statements and auditors' report for the year ended December 31, 2021.

(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 (foremerly known as Nigerian Stock Exchange) on November 26, 2012 after the shares of the erstwhile First Bank of Nigeria Plc were delisted on November 23, 2012.

(b) Principal Activity and Business Review

The principal activity of the Company is the raising and allocation of capital and resources. The Company is also responsible for coordinating group-wide financial reporting to shareholders and managing shareholder, investor and external relations to the Group and the task of developing and coordinating implementation of Group strategies.

(c) Operating results

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

	Group		Company	
	Dec. 2021 N 'million	Restated Dec. 2020 N 'million	Dec. 2021 N 'million	Dec. 2020 N 'million
Gross earnings	757,296	590,663	17,135	38,601
Profit before income tax	166,662	83,703	13,053	34,073
Income tax expense	(15,515)	(8,111)	(5)	(213)
Profit for the year from continuing operations	151,147	75,592	13,048	33,860
(Loss)/profit for the year from discontinuing operation	(68)	14,138	-	-
Profit for the year	151,079	89,730	13,048	33,860
Profit attributable to:				
Non-controlling interests	1,370	1,744	-	-
Equity holders of the parent entity	149,709	87,986	13,048	33,860
	151,079	89,730	13,048	33,860
Earnings per share (kobo):				
Basic	417	245	36	94
Diluted	417	245	36	94

(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 35 kobo per ordinary share of 50 kobo each, amounting to N12,563,352,477.00 (2020: N16,152,881,755.95). Witholding tax will be deducted at the time of payment.

(e) Directors' Shareholding

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding and/or as notified by the Directors for, the purposes of Sections 301 and 302 of the Companies and Allied Matters Act (CAMA) 2020 and the listing requirements of the Nigerian Exchange Limited, are noted as follows:

	Dec. 2021		Dec. 2020	
	Direct	Indirect	Direct	Indirect
Ahmad Abdullahi	-	-	-	-
Kofoworola Dosekun	-	-	-	-
Sir Peter Aliogo	-	-	-	-
Ahmed Modibbo	-	-	-	-
Khalifa Imam	-	-	-	-
Dr. Abiodun Fatade	-	-	-	-
Dr. Alimi Abdul-Razaq	-	-	-	-
Dr. Adesola Adeduntan	18,871,689	-	18,871,689	-
Julius B. Omodayo Owotuga[1]	-	-	-	-
U.K. Eke, *MFR*[2]	102,374,309	-	85,268,414	-
Nnamdi Okonkwo[3]	-	-	-	-

[1] - *Appointed with effect from December 22, 2021*

[2] - *Resigned with effect from December 31, 2021*

[3] - *Appointed with effect from January 01, 2022*

(f) Analysis of Shareholding

The analysis of the distribution of the shares of the Company as at December 31, 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
			1,196,379	**100**	**35,895,292,791**	**100**

The analysis of the distribution of the shares of the Company as at December 31, 2020 is as follows:

Range			No. of Holders	% Holders	Units	% Units
1	-	1,000	292,365	24.33	212,776,599	0.59
1,001	-	5,000	491,819	40.94	1,182,644,697	3.29
5,001	-	10,000	170,414	14.18	1,171,659,435	3.26
10,001	-	50,000	204,022	16.98	4,144,495,378	11.55
50,001	-	100,000	20,922	1.74	1,458,108,857	4.06
100,001	-	500,000	17,401	1.45	3,469,556,250	9.67
500,001	-	1,000,000	2,184	0.18	1,539,101,963	4.29
1,000,001	-	5,000,000	1,821	0.15	3,507,609,127	9.77
5,000,001	-	10,000,000	215	0.02	1,518,067,538	4.23
10,000,001	-	50,000,000	213	0.02	4,423,273,877	12.32
50,000,001	-	100,000,000	31	-	2,129,282,620	5.93
100,000,001	-	35,895,292,791	40	-	11,138,716,450	31.03
			1,201,447	**100**	**35,895,292,791**	**100**

(g) Substantial Interest in Shares: Shareholding of 5% and above

According to the Register of Members as at December 31, 2021, the detail of the substantial shareholder is noted as follows:

Name	Status	Units	% Units
Femi Otedola	Direct Holding	210,000,000	0.59
Calvados Global Services Limited	Indirect Holding	1,989,342,376	5.54
Primrose Global Concept	Indirect Holding	170,000,000	0.47
Shetland Global	Indirect Holding	174,939,764	0.49
Wells Properties	Indirect Holding	120,000,000	0.33
Impetus Synergy	Indirect Holding	53,000,000	0.15
		2,717,282,140	**7.57**

(h) Directors' Interests in Contracts

For the purpose of section 303 of the Companies and Allied Matters Act (CAMA) 2020, none of the Directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

(i) Donation and charitable gifts

The Company, a non-operating financial holding company did not make any donation during the year ended December 31, 2021. However, the subsidiaries of the Company that are 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 financial statements. 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

(k) Events after the reporting date

There are no events after the reporting date which could have had material effect on the financial position of the Group as at December 31, 2021 and profit attributable to equity holders for the year ended as at that date.

(l) Human Resources

Recruitment

The Company conforms with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to board or top management positions. All prescribed pre-employment screening for prospective employees and other requirements for regulatory confirmation of top management appointments are duly implemented.

Employment of Physically Challenged Persons

The Company's policy is that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees, whether or not physically challenged, are given equal opportunities to develop.

In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Company continues and appropriate training arranged to ensure that they fit into the Company's working environment.

Employee Involvement and Training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their wellbeing, through various forums including Town Hall meetings. Towards this end, the Company provides opportunities for employees to deliberate upon issues affecting the Company and employees' interests, with a view to making 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 with a view to guaranteeing safety and healthy working conditions of its employees. Employees are adequately insured against occupational and other hazards.
In the wake of COVID-19 pandemic, emergency preparedness and response activities were strengthened under the steering of the Incident Management Team, a work from home program leveraging on technology was adopted along with a segmented work on-site program.

The Company has a comprehensive health insurance scheme for staff, through which the medical needs of staff and their immediate family members are met.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

The Company operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance cover and Employee Compensation Act contributions for the benefits 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 and percentage of men and women employed as at 31 December 2021 vis-à-vis total workforce are as follows:

	Number		**Percentage (%)**	
	Male	**Female**	**Male**	**Female**
Employees	22	12	65	35

Gender analysis in terms of Board and Top Management as at December 31, 2020 is as follows:

	Number		**Percentage (%)**	
	Male	**Female**	**Male**	**Female**
Board	9	1	90	10
Management	7	2	78	22

(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
Ag. Company Secretary
FRC/2014/NBA/00000006810
April 27, 2022

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

The Companies and Allied Matters Act 2020 and the Banks and Other Financial Institutions Act 2020 require the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act 2020 and the Banks and Other Financial Institutions Act 2020;

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

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

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

- International Financial Reporting Standards (IFRS);
- Financial Reporting Council of Nigeria (FRC) Act;
- Guidelines for licensing and regulation of Financial Holding Companies in Nigeria;
- relevant circulars issued by the Central Bank of Nigeria;
- the requirements of the Banks and Other Financial Institutions Act; and
- the requirements of the Companies and Allied Matters Act.

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

Nothing has come to the attention of the Directors to indicate that FBN Holdings Plc. will not remain a going concern for at least twelve (12) months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS:

Ahmad Abdullahi
Group Chairman
FRC/2022/PRO/DIR/003/00000023773
April 27, 2022

Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/00000006963
April 27, 2022

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

In line with the provision of S.405 of the Companies and Allied Matters Act (CAMA) 2020, we have reviewed the audited financial statements of the Group for the year ended December 31, 2021 and based on our knowledge confirm as follows:

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

ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for the year ended December 31, 2021.

iii. The Group's internal controls has been designed to ensure that all material information relating to the Group and its subsidiaries is received and provided to the Auditors in the course of the

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

v. That we have disclosed to the Auditors and the Audit Committee the following information:

(a) there are no significant deficiencies in the design or operation of the Group's internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data.

(b) there is no fraud involving Management or other employees who have any significant role in the Group's internal control.

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

Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICA/00000006963
April 27, 2022

Oyewale Ariyibi
Chief Financial Officer
FRC/2013/ICAN/00000001251
April 27, 2022

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.

The 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.

Ahmad Abdullahi	**Adewale Arogundade**
Group Chairman	Ag. Company Secretary
FRC/2022/PRO/DIR/003/00000023773	FRC/2014/NBA/00000006810
April 27, 2022	April 27, 2022

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 December 31, 2021 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 insider-related party transactions and is satisfied with their status as required by Central Bank of Nigeria (CBN).

Dated April 27, 2022

Mr. Nnamdi Okwuadigbo, FCA
Chairman, Audit Committee
FRC/2012/ICAN/00000000225.

Members of the Committee

Mr. Nnamdi Okwuadigbo, FCA
Mr. Fuad Farouk Umar
Mr. Kashimawo Taiwo, FCA
Sir. Peter Aliogo
Mr. Khalifa Imam

KPMG Professional Services
KPMG Tower
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INDEPENDENT AUDITOR'S REPORT

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 ("the Company") and its subsidiaries (together, "the group"), which comprise:

- the separate and consolidated statements of financial position as at 31 December, 2021;
- the separate and consolidated statements of profit or loss for the year ended;
- the separate and consolidated statements of other comprehensive income for the year then ended;
- 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 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, 2021, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and 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.*

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..

We have determined the matter described below to be the key audit matters to be communicated in our 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 includes certain judgements and assumptions in determining the impairment allowances of loan and advances comprising the:

1. determination of the default;
2. assessment of significant increase in credit risk (SICR);
3. incorporation of forward-looking information based on the economic scenarios within the model;
4. determination of the 12 month and lifetime probability of default (PD) used in the ECL model;
5. 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;
6. Credit conversion factor (CCF) applied in modelling the EAD for undrawn commitments;
7. 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 board credit committee review of ECL allowance on loans and advances and management review of relevant data used in the calculation of expected credit losses including evaluation of ECL impairment computation

- we assessed Group's default definition and other qualitative default indicators by checking it to the requirements of IFRS 9.
- 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 for the data input into the ECL model used by the Group. Our procedures in this regard included the following:
  - (i) we challenged the appropriateness and reasonableness of the 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 Crude oil price, Gross Domestic Product (GDP), and Nigeria Stock Exchange (NSE) index, we corroborated the Group's assumptions using publicly available information from external sources and checked that they are appropriate in the Group's circumstances;
  - (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 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;
  - (viii) 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 are shown in notes 2.9.1, 3.2, 22 and 5 respectively.

Other Information

The Directors are responsible for the other information. The other information comprises; the Directors and Advisors listing, Corporate Governance Report, Board Committee reports, Directors' report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Statement of Compliance with Nigerian Stock Exchange (NSE) Listing Rules on Securities Trading Policy, Report of the Audit Committee, Other National Disclosures and Other Information included in the annual report, but does not include the separate and consolidated financial statements and our auditor's report thereon. Other information also includes FBN Holdings at a Glance, Strategic Report, Corporate Responsibility and Sustainability Report, Governance Report, Risk Review Report and Shareholder Information, 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the 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 IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and 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,* 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 separate and consolidated 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 Separate and consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated 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 a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 Statutory 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.

KPMG

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

Report on Other Legal and Regulatory Requirements

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 Banks 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 Banks and Other Financial Institutions Act, 2020 during the year ended 31 December 2021. Details of penalties paid are disclosed in note 46 to the financial statements.
ii. Related party transactions and balances are disclosed in note 44 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
25 May 2022
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0501256

FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	GROUP 31 December 2021 N 'million	GROUP Restated 31 December 2020 N 'million	COMPANY 31 December 2021 N 'million	COMPANY 31 December 2020 N 'million
Continuing operations					
Interest income	7	369,047	384,798	1,502	1,332
Interest expense	8	(140,805)	(133,183)	(1)	(13)
Net interest income		**228,242**	**251,615**	**1,501**	**1,319**
Impairment charge for losses	9	(91,711)	(61,830)	-	-
Net interest income after impairment charge for losses		**136,531**	**189,785**	**1,501**	**1,319**
Fee and commission income	10a	140,574	113,222	-	-
Fee and commission expense	10b	(23,936)	(19,446)	-	-
Net Fee and commission income		**116,638**	**93,776**	**-**	**-**
Foreign exchange income	11	7,044	1,460	24	34
Net gains/(losses) on sale of investment securities	12	31,295	48,078	71	(10)
Net gains/(losses) from financial instruments at FVTPL	13	53,658	23,775	(779)	(941)
Dividend income	14	6,520	3,983	16,401	18,296
Profit from disposal of investment in subsidiary	29	-	-	-	19,890
Other operating income	15	149,416	14,865	(84)	-
Personnel expenses	16	(128,772)	(100,584)	(1,620)	(1,465)
Depreciation of property and equipment	30	(20,022)	(18,634)	(210)	(223)
Amortisation of intangible assets	31	(8,258)	(7,238)	-	-
Operating expenses	17	(177,130)	(166,045)	(2,251)	(2,827)
Operating profit		**166,920**	**83,221**	**13,053**	**34,073**
Share of (loss)/profit of associates	27	(258)	482	-	-
Profit before tax		**166,662**	**83,703**	**13,053**	**34,073**
Income tax expense	18a	(15,515)	(8,111)	(5)	(213)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**151,147**	**75,592**	**13,048**	**33,860**
Discontinued operations					
(Loss)/profit for the year from discontinued operations	29	(68)	14,138	-	-
PROFIT FOR THE YEAR		**151,079**	**89,730**	**13,048**	**33,860**
Profit attributable to:					
Owners of the parent		149,709	87,986	13,048	33,860
Non-controlling interests		1,370	1,744	-	-
		151,079	**89,730**	**13,048**	**33,860**
Earnings per share for profit attributable to owners of the parent					
Basic/diluted earnings per share (in Naira):	49				
From continuing operations		4.17	2.06	0.36	0.94
From discontinued operations		(0.00)	0.39	-	-
From profit for the year		4.17	2.45	0.36	0.94

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

FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million	COMPANY 31 December 2021 N 'million	COMPANY 31 December 2020 N 'million
PROFIT FOR THE YEAR		**151,079**	**89,730**	**13,048**	**33,860**
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		(21,278)	(16,121)	(1,474)	(198)
-Net reclassification adjustments for realised net gains		4,914	12,115	-	-
Share of other comprehensive income/(loss) of associates	27	104	(30)	-	-
Exchange difference on translation of foreign operations		7,707	16,957	-	-
Items that will not be reclassified to profit or loss					
Net fair value (loss)/gains on equity instruments		(14,963)	28,820	-	-
Remeasurement of defined benefit pension scheme	37	3,276	(5,360)	-	-
Total Other comprehensive (loss)/income for the year		**(20,240)**	**36,381**	**(1,474)**	**(198)**
COMPREHENSIVE INCOME FOR THE YEAR		**130,839**	**126,111**	**11,574**	**33,662**
Comprehensive income attributable to:					
Owners of the parent		129,469	124,120	11,574	33,662
Non-controlling interests		1,370	1,991	-	-
		130,839	**126,111**	**11,574**	**33,662**
Total comprehensive income attributable to owners of the parent arises from :					
Continuing operations		129,506	111,144	11,574	13,989
Discontinued operations		(37)	12,976	-	-
		129,469	**124,120**	**11,574**	**13,989**

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

FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
ASSETS					
Cash and balances with central banks	19	1,586,769	1,631,730	-	-
Loans and advances to banks	21	1,015,122	1,016,823	16,477	11,240
Loans and advances to customers	22	2,881,916	2,217,268	49	61
Financial assets at fair value through profit or loss	23	351,146	126,354	1,337	2,116
Investment securities	24	1,957,478	1,549,290	4,210	9,863
Asset pledged as collateral	25	718,662	635,913	-	-
Other assets	26	218,638	315,501	13,344	14,360
Investments in associates accounted for using the equity method	27	1,009	1,163	-	-
Investment in subsidiaries	28	-	-	262,671	262,671
Property and equipment	30	115,987	114,034	397	312
Intangible assets	31	19,018	15,340	-	-
Deferred tax assets	32	28,710	27,619	-	-
		8,894,455	7,651,035	298,485	300,623
Assets held for sale	29	37,918	37,993	-	-
Total assets		**8,932,373**	**7,689,028**	**298,485**	**300,623**
LIABILITIES					
Deposits from banks	33	1,098,107	1,039,220	-	-
Deposits from customers	34	5,849,487	4,894,715	-	-
Derivative liabilities	23a	19,648	7,464	-	-
Current income tax liability	18b	17,741	11,247	7	214
Other liabilities	35	654,350	581,720	16,192	13,544
Borrowings	36	405,304	379,484	-	-
Retirement benefit obligations	37	5,392	7,527	-	-
Deferred tax liabilities	32	366	101	-	-
		8,050,395	6,921,478	16,199	13,758
Liabilities held for sale	29	2,122	2,379	-	-
Total liabilities		**8,052,517**	**6,923,857**	**16,199**	**13,758**
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	311,877	132,421	32,494	35,599
Statutory reserve	39	135,372	110,667	-	-
Capital reserve	39	1,223	1,223	10	10
Small scale investment reserve	39	6,076	6,076	-	-
Fair value reserve	39	87,964	171,696	(1,558)	(84)
Regulatory risk reserve	39	3,240	18,060	-	-
Foreign currency translation reserve	39	72,359	64,603	-	-
		869,451	756,086	282,286	286,865
Non-controlling interests	40	10,405	9,085	-	-
Total equity		**879,856**	**765,171**	**282,286**	**286,865**
Total equity and liabilities		**8,932,373**	**7,689,028**	**298,485**	**300,623**

The accompanying notes are an integral part of these consolidated and separate financial position. The financial statements were approved and authorised for issue by the Board of Directors on 27 April 2022 and signed on its behalf by:

Ahmad Abdullahi	**Nnamdi Okonkwo**	**Oyewale Ariyibi**
Group Chairman	Group Managing Director	Chief Financial Officer
FRC/2022/PRO/DIR/003/00000023773	FRC/2014/ICA/00000006963	FRC/2013/ICAN/00000001251

FBN Holdings Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent												
	Share capital	Share premium	Retained earnings	Capital reserve	Statutory reserve	Small scale investments reserve	Fair value reserve	Contingency reserve	Regulatory risk reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2020	17,948	233,392	73,197	1,223	101,378	6,076	147,070	3,013	14,576	47,736	645,609	15,516	661,126
Profit for the year	-	-	87,986	-	-	-	-	-	-	-	87,986	1,744	89,730
Other comprehensive income													-
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	-	16,867	16,867	90	16,957
Fair value movements on financial assets	-	-	-	-	-	-	24,657	-	-	-	24,657	157	24,814
Remeasurement of defined benefit pension scheme	-	-	(5,360)	-	-	-	-	-	-	-	(5,360)	-	(5,360)
Total comprehensive income	-	-	82,626	-	-	-	24,627	-	-	16,867	124,120	1,991	126,111
Transactions with owners													
Dividends	-	-	(13,640)	-	-	-	-	-	-	-	(13,640)	(598)	(14,238)
Disposal of investment (note 29.3)	-	-	-	-	-	-	-	-	-	-	-	(7,824)	(7,824)
Transfer between reserves	-	-	(9,760)	-	9,289	-	-	(3,013)	3,484	-	-	-	-
Total transactions with Owners	-	-	(23,403)	-	9,289	-	-	(3,013)	3,484	-	(13,640)	(8,422)	(22,062)
At 31 December 2020	17,948	233,392	132,421	1,223	110,667	6,076	171,696	-	18,060	64,603	756,086	9,085	765,171
Balance at 1 January 2021	17,948	233,392	132,421	1,223	110,667	6,076	171,696	-	18,060	64,603	756,086	9,085	765,171
Profit for the year	-	-	149,709	-	-	-	-	-	-	-	149,709	1,370	151,079
Other comprehensive income													
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	-	7,757	7,757	(50)	7,707
Fair value movements on financial assets	-	-	-	-	-	-	(31,327)	-	-	-	(31,327)	-	(31,327)
Remeasurement of defined benefit pension scheme	-	-	3,268	-	-	-	8	-	-	-	3,276	-	3,276
Share of other comprehensive income of associates	-	-	-	-	-	-	104	-	-	-	104	-	104
Total comprehensive income	-	-	152,977		-	-	(31,215)	-	-	7,757	129,519	1,320	130,839
Transactions with owners													
Dividends	-	-	(16,153)		-	-	-	-	-	-	(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)	-	(16,153)
At 31 December 2021	17,948	233,392	311,877	1,223	135,372	6,076	87,964	-	3,240	72,359	869,451	10,405	879,856

FBN Holdings Plc.

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Capital reserve	Available for sale fair value reserve	Total
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2020	17,948	233,392	15,379	10	114	266,843
Profit for the year	-	-	33,860	-	-	33,860
Other comprehensive income						
Fair value movements on financial assets	-	-	-	-	(198)	(198)
Total comprehensive income	-	-	33,860	-	(198)	33,662
Transactions with owners						
Dividends	-	-	(13,640)	-	-	(13,640)
Total transactions with Owners	-	-	(13,640)	-	-	(13,640)
At 31 December 2020	17,948	233,392	35,599	10	(84)	286,865
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	0	0	(16,153)	-	-	(16,153)
At 31 December 2021	17,948	233,392	32,494	10	(1,558)	282,286

FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million	COMPANY 31 December 2021 N 'million	COMPANY 31 December 2020 N 'million
Operating activities					
Cash flow (used in)/generated from operations	41	156,952	857,277	(1,201)	60
Income taxes paid	18b	(8,111)	(8,297)	(163)	-
Interest received	41b(xii)	296,401	649,665	934	1,530
Interest paid	41b(xiii)	(100,884)	(106,962)	-	-
Net cash flow generated from operating activities		344,358	1,391,682	(429)	1,590
Investing activities					
Purchase of investment securities	41b(v)	(934,400)	(996,988)	(1,206)	(9,832)
Proceeds from the sale of investment securities	41b(v)	185,239	160,391	5,794	10,645
Additional investment in subsidiaries	41b(xv)	-	-	-	(25,000)
Net proceeds from disposal of subsidiary	29.3	-	-	-	24,614
Dividends received	41b(vii)	6,520	3,983	17,601	17,227
Purchase of property and equipment	30	(21,661)	(20,471)	(432)	(44)
Purchase of intangible assets	31	(11,798)	(3,597)	-	-
Proceeds on disposal of property and equipment	41b(xi)	725	200	38	-
Net cash flow (used in)/generated from investing activities		(775,374)	(856,483)	21,795	17,610
Financing activities					
Dividend paid		(16,153)	(14,238)	(16,153)	(13,640)
Proceeds from new borrowings	36	58,978	262,782	-	-
Repayment of borrowings	36	(51,769)	(145,620)	-	-
Interest paid on borrowings	36	(36,045)	(13,324)	-	-
Principal element of lease payments	30	(3,063)	(1,777)	-	(60)
Net cash flow generated from/(used in) financing activities		(48,051)	87,823	(16,153)	(13,700)
(Decrease)/increase in cash and cash equivalents		(479,068)	623,024	5,213	5,500
Cash and cash equivalents at start of year		1,932,893	1,304,998	11,240	5,706
Effect of exchange rate fluctuations on cash held	20	3,142	4,871	24	34
Cash and cash equivalents at end of year	20	1,456,967	1,932,893	16,477	11,240

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 servises and corporate banking.

The separate and consolidated financial statements for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 27 April 2022.

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 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS). 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 as set out in the relevant accounting policies.

The preparation of the separate and consolidated financial statements in conformity with IFRS 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 recognized 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.
- 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 Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

(i) **Interest rate benchmark reform - Phase 2**
Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform): This amendment seek to address uncertainties related to the market-wide reform of interbank offered rates (IBOR reform). The amendments provide targeted relief for financial instruments qualifying for hedge accounting under IAS 39 or IFRS 9.

.
The Group initially adopted the Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IFRS 7 and IFRS 16 from 1 January 2021.
For the year ended 31 December 2021, the Group has applied the practical expedients provided under 'phase 2' of the amendments to USD2.358 million (N1bn) of modified loans measured at amortised cost.

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) Onerous contracts - Cost of Fulfiling a Contract (Amendments to IAS 37)
(ii) Covid-19 Related Rent Concessions (Amendment to IFRS 16)
(iii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
(iv) Reference to Conceptual Framework (Amendments to IFRS 3)
(v) Classification of Liabilities as Current or Non-curent (Amendments to IAS 1)
(vi) Disclosure of accounting policies - (ammendments to IAS 1 and IFRS practice statement 2)
(vii) IFRS 17 - Insurance Contracts
(viii) Annual Improvements to IFRS Standards 2018–2020.
(ix) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
(x) Definition of Accounting Estimates (Amendments to IAS 8)
(xi) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
(xii) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

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 subtantive process and whether the acquired set has the abilitiy to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquireid 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 contigent consideration is measured at fair value at the date of acquisiton. If an obligation to pay contigent 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 contigent consideration is remeasured at fair value ar 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 relatonship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statments 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 elminated. 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.

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 Group Executive Committee.
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 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:

• 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.

Unrecognized 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 measurment 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 reliasble value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recgnised as an expense in the period in which the relevant revenue is recognised.

Repossessed collaterals

In certain cirumstances, 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'.

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:
(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realized 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)
● 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).
• 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 categorized 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;

• 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 realize 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.

'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 remeasurements 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 recognizes expected credit losses ("ECL") on forward-looking basis for its financial assets measured at amortized 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.

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 derecognizes the original financial assets and recognizes a new asset at fair value and recalculates the effective interest rate.

Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized 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 recognizes 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

h. *Reclassifications*
Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which 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. 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 Stock Exchange (NSE)) 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.

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

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 & 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 recognized 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.

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 & recognized 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

Brokerage and intermediation fees: This represents fees charged by the group in order to execute transactions or provide specialized 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 recognized 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 are earned at a point in time.

Trust fee income: This represents income earned from the Group's trustee services. Income earned on trustee services are 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 . These income are 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 aquired exlusively 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.

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.
This policy is applied to contracts entered into, or changed, on or after 1 January 2019

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.

Until the 2018 financial year, leases of property (land, buildings) were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, 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.

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.

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 N1 million 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 N1 million 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 specificed class of item

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.

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 incured 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.

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.

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).

3. Financial risk management

3.1 Introduction and overview

Effective risk management is fundamental to the business activities of the Group. At FBN Holdings, 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 organization.

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 its 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:

- 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 defense' 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;
- 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 defense include:
- Performing periodic reviews based on a rationalized and systematized approach that allows for risk assessment and governance reporting;
- Providing oversight on the risk management process;
- 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.

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:
- Standardize 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 realizable 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.

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 recognized for the portion of the Group's financial assets which are fully collateralized by cash in the same currency in accordance with the Group’s expected credit loss model. The carrying amount of such financial assets is N118.9 billion as at 31 December 2021 (2020: N137.6 bn).

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:

Group
December 2021

Credit-Impaired assets	**Gross Exposure** N'million	**Impairment Allowance** N'million	**Carrying Amount** N'million	**Fair value of Collateral held** N'million
Retail portfolio				
- Overdrafts	5,610	4,025	1,585	1,481
- 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

Group
December 2020

Credit-Impaired assets	**Gross Exposure** N'million	**Impairment Allowance** N'million	**Carrying Amount** N'million	**Fair value of Collateral held** N'million
Retail portfolio				
- Overdrafts	5,180	4,698	482	2,779
- Credit cards	80	11	69	-
- Term loans	3,752	1,152	2,600	349
- Mortgages	1,139	400	739	1,214
Corporate portfolio				
- Overdrafts	33,646	11,021	22,625	12,718
- Term loans	82,671	21,686	60,985	164,952
- Project Finance	65,821	15,653	50,168	21,184
Total Credit Impaired Assets	192,289	54,621	137,668	203,196

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 2021 was N37.3 billion (2020: N60.2 bn). 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.

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 utilized 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:

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 intial recognition is classified in 'Stage 1' and has the credit risk continously 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 th 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 inital 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:

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 toNote 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:

i Significant increase in credit spread
ii Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
iii Actual or expected forberance or restructuring
iv Actual or expected significant adverse change in operating results of the borrower
v Significant change in collateral value (secured facilities only) which is expected to increase risk of dafault
vi 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:

i In short-term forbearance
ii Significant modification to contractual terms
iii Previous arrears within the last 3 months
iv 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 specialized 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. Specialized 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 2021.

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 specialized 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.

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.

• 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 12month 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.

• 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.

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 2021. FBN contributes 97% of the total Loans and avances to customers of the Group, therefore the table is a representative for the Group

Corporate Portfolio, Investment Securities and Placements with financial institutions

		2022	2023	2024	2025	2026
Gross Domestic Product (NGN' 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 (NGN 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

The most significant period-end assumptions used for the ECL estimate as at 31 December 2020 are set out below.

		2021	2022	2023	2024	2025
Gross Domestic Product (NGN' billions)	Base	70,795	72,841	75,477	78,697	82,021
	Upturn	71,147	74,163	77,368	81,175	85,179
	Downturn	69,740	68,713	70,638	75,662	79,299
Stock Index Price (NGN per share)	Base	33,977	35,604	37,143	38,662	40,978
	Upside	36,300	39,489	40,892	42,017	44,054
	Downside 3	27,619	26,404	30,114	33,637	36,981
Oil price (USD per barrel)	Base	52	58	63	64	66
	Upside	57	65	70	71	73
	Downturn	34	28	42	50	55

In current year, First Bank 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 2021	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	44%	28%	28%

DECEMBER 2020	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

(i) GDP, given the significant impact on companies' performance and collateral valuations
(ii) Oil price, given its significant impact on Nigerian economy and industry players
(iii) 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 asumptions used change by plus or minus 10%.

DECEMBER 2021		**Oil Price**		
Corporate Portfolios		N'm	N'm	N'm
		(-10%)	No change	+10%
GDP	+10%	115,978	115,978	114,754
	No Change	115,978	115,366	115,366
	(-10%)	115,978	115,366	115,366

DECEMBER 2020		**Oil Price**		
Corporate Portfolios		N'm	N'm	N'm
		(-10%)	No change	+10%
GDP	+10%	55,675	55,675	55,898
	No Change	55,970	55,970	55,970
	(-10%)	55,970	55,970	55,970

3.2.15 Measurement basis of financial assets and liabilities

GROUP

	Fair Value through P/L *N'million*	Fair Value through OCI *N'million*	Amortised cost *N'million*	Total *N'million*
31 December 2021				
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	79,104	718,661
Other assets	-	-	135,680	135,680
Total Financial Assets	612,370	1,167,261	6,867,140	8,646,772

	Fair Value through P/L *N'million*	Amortised cost *N'million*	Total *N'million*
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

GROUP

	Fair Value through P/L N'million	Fair Value through OCI N'million	Amortised cost N'million	Total N'million
31 December 2020				
Financial assets				
Cash and balances with central banks	-	-	1,631,730	1,631,730
Loans and advances to banks	-	-	1,016,823	1,016,823
Loans and advances to customers - Corporate Portfolio:				-
- Overdrafts	-	-	310,968	310,968
- Term loans	-	-	1,385,260	1,385,260
- Project finance	-	-	344,628	344,628
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	12,829	12,829
- Term loans	-	-	121,099	121,099
- Credit cards	-	-	1,922	1,922
- Mortgage	-	-	40,562	40,562
Financial assets at fair value through profit or loss	126,354	-	-	126,354
Investment securities:				-
- Investments at FVOCI	-	473,606	-	473,606
- Investments at amortised cost	-	-	1,075,684	1,075,684
Asset pledged as collateral	273,437	240,335	122,141	635,913
Other assets	-	-	221,257	221,257
Total Financial Assets	399,791	713,941	6,284,903	7,398,635

3.2.15 Measurement basis of financial assets and liabilities continued

	Fair Value through P/L N'million	Amortised cost N'million	Total N'million
Financial liabilities			
Deposits from banks	-	1,039,220	1,039,220
Deposits from customers	-	4,894,715	4,894,715
Derivative liabilities	7,464	-	7,464
Other liabilities	-	529,062	529,062
Borrowings	-	379,484	379,484
Total Financial Liabilities	7,464	6,842,481	6,849,945

	Fair Value through P/L *N'million*	Fair Value through OCI *N'million*	Amortised cost *N'million*	Total *N'million*
COMPANY				
31 December 2021				
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 *N'million*	Amortised cost *N'million*	Total *N'million*
Financial liabilities			
Other liabilities	-	16,192	16,192
Total Financial Liabilities	-	16,192	16,192

	Fair Value through P/L *N'million*	Fair Value through OCI *N'million*	Amortised cost *N'million*	Total *N'million*
COMPANY				
31 December 2020				
Financial assets				
Loans and advances to banks	-	-	11,240	11,240
Loans and advances to customers -				
Retail portfolio				
- Staff loans	-	-	61	61
Financial assets at FVTPL	2,116	-	-	2,116
Investment securities:				-
- Investment securities at FVOCI	-	9,863	-	9,863
Other assets	-	-	14,214	14,214
Total Financial Assets	2,116	9,863	25,515	37,494

	Fair Value through P/L *N'million*	Amortised cost *N'million*	Total *N'million*
Financial liabilities			
Other liabilities	-	13,544	13,544
Total Financial Liabilities	-	13,544	13,544

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 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'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 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'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 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'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	-	236,370
Loss allowance	(8,942)	(638)	(4,785)	-	(14,365)
Carrying Amount	215,516	1,790	4,699	-	222,005

	Loans and Advances to Customers - Corporate Portfolio 31 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
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 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
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 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	1,107,600	-	-	-	1,107,600
Non Investment Grade	62,563	-	-	-	62,563
Gross Carrying Amount	1,170,163	-	-	-	1,170,163
Loss allowance	(1,613)	-	-	-	(1,613)
Carrying Amount	1,168,550	-	-	-	1,168,550

	Assets Pledged as Collateral 31 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'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 Dec 2021 N'millions
Other assets	157,635
ECL	(21,955)
Carrying amount	135,680

The expected loss rate per age bracket in table below is for First Bank of Nigeria Limited (FBN) as at 31 December 2021. 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	0.05%	55.67%	0.48%	12.31%	100.00%

GROUP

	Balances with Central Banks 31 Dec 2020				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	1,509,128	-	-	-	1,509,128
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	1,509,128	-	-	-	1,509,128
Loss allowance	-	-	-	-	-
Carrying Amount	1,509,128	-	-	-	1,509,128

Loans and Advances to Banks
31 Dec 2020

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	301,203	-	-	-	301,203
Non Investment Grade	718,206	-	-	-	718,206
Gross Carrying Amount	1,019,409	-	-	-	1,019,409
Loss allowance	(2,586)	-	-	-	(2,586)
Carrying Amount	1,016,823	-	-	-	1,016,823

Loans and Advances to Customers - Retail Portfolio
31 Dec 2020

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	75	-	-	-	75
Non Investment Grade	170,393	7,602	143	-	178,138
Default	-	-	10,007	-	10,007
Gross Carrying Amount	170,468	7,602	10,150	-	188,219
Loss allowance	(5,412)	(136)	(6,260)	-	(11,808)
Carrying Amount	165,056	7,466	3,890	-	176,412

Loans and Advances to Customers - Corporate Portfolio
31 Dec 2020

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	541,570	15,095	-	-	556,665
Non Investment Grade	848,320	516,202	2,973	-	1,367,495
Default	-	-	179,165	-	179,165
Gross Carrying Amount	1,389,890	531,297	182,138	-	2,103,325
Loss allowance	(6,121)	(7,988)	(48,360)	-	(62,469)
Carrying Amount	1,383,769	523,309	133,778	-	2,040,856

Debt Investment Securities - at FVOCI
31 Dec 2020

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	264,576	-	-	-	264,576
Non Investment Grade	17,810	-	-	-	17,810
Carrying Amount	282,386	-	-	-	282,386

Investment Securities - at Amortised Cost
31 Dec 2020

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	996,996	-	-	-	996,996
Non Investment Grade	79,784	-	-	-	79,784
Default	-	-	-	-	-
Gross Carrying Amount	1,076,780	-	-	-	1,076,780
Loss allowance	(1,096)	-	-	-	(1,096)
Carrying Amount	1,075,684	-	-	-	1,075,684

	Assets Pledged as Collateral 31 Dec 2020				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	635,913	-	-	-	635,913
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	635,913	-	-	-	635,913
Loss allowance	-	-	-	-	-
Carrying Amount	635,913	-	-	-	635,913

	31 Dec 2020 Total N'millions
Other assets	240,341
ECL	(19,084)
Carrying amount	221,257

Company

	Loans and Advances to Banks 31 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'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 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	-	-	-	-	-
Non Investment Grade	49	-	-	-	49
Gross Carrying Amount	49	-	-	-	49
Loss allowance	-	-	-	-	-
Carrying Amount	49	-	-	-	49

	Debt Investment Securities - at FVOCI 31 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	4,210	-	-	-	4,210
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	4,210	-	-	-	4,210
Loss allowance	-	-	-	-	-
Carrying Amount	4,210	-	-	-	4,210

	31 Dec 2021 N'millions
Other assets	13,304
ECL	-
Carrying amount	13,304

	Loans and Advances to Banks 31 Dec 2020				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	11,240	-	-	-	11,240
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	11,240	-	-	-	11,240
Loss allowance	-	-	-	-	-
Carrying Amount	11,240	-	-	-	11,240

	Loans and Advances to Customers - Retail Portfolio 31 Dec 2020				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'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 Dec 2020				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	9,863	-	-	-	9,863
Non Investment Grade	-	-	-	-	-
Default	-	-	-	-	-
Gross Carrying Amount	9,863	-	-	-	9,863
Loss allowance	-	-	-	-	-
Carrying Amount	9,863	-	-	-	9,863

	31 Dec 2020 N'millions
Other assets	14,214
ECL	-
Carrying amount	14,214

(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 Dec 2021 N'millions	31 Dec 2020 N'millions	31 Dec 2021 N'millions	31 Dec 2020 N'millions
Financial Assets at FVPTL				
- Debt Securities	224,005	15,418	-	-
- Derivatives	78,780	72,234	-	-

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 2021 and 31 December 2020. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. Investment securities and financial assetsat fair value through profit or loss analysed below excludes investments in equity instruments.

GROUP

	Lagos N 'million	Southern Nigeria N 'million	Northern Nigeria N 'million	Africa N 'million	Europe N 'million	America N 'million	**Total** N 'million
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:							
- Overdrafts	7,187	10,342	1,747	2,516	1	-	21,793
- Term loans	49,708	55,061	33,397	15,474	1,198	-	154,838
- Credit cards	865	786	688	-	-	-	2,338
- Mortgage	1,652	786	247	6	40,329	17	43,036
Corporate portfolio:							
- Overdrafts	380,620	36,521	26,535	41,221	38	-	484,936
- Term loans	1,242,372	367,067	38,079	130,123	79,055	10,041	1,866,738
- Project finance	215,731	62,444	30,062	-	-	-	308,237
Financial assets at FVTPL	299,679	-	-	1,803	2,403	- 1,101	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	8,349,339

Credit risk exposure relating to off balance sheet items are as follows

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
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

	Lagos N 'million	Southern Nigeria N 'million	Northern Nigeria N 'million	Africa N 'million	Europe N 'million	America N 'million	**Total** N 'million
Balances with central bank	1,475,066	-	-	34,062	-	-	1,509,128
Loans and advances to banks	399,010	-	-	85,460	403,384	128,969	1,016,823
Loans and advances to customers:							
Retail portfolio:							
- Overdrafts	2,856	4,144	690	5,139	0	-	12,829
- Term loans	36,971	43,667	25,049	15,228	184	-	121,099
- Credit cards	770	535	617	-	-	-	1,922
- Mortgage	6,947	968	256	14	32,355	22	40,562
Corporate portfolio:							
- Overdrafts	215,668	23,950	11,697	36,061	23,592	-	310,968
- Term loans	1,079,134	106,732	28,824	102,436	61,191	6,944	1,385,260
- Project finance	255,273	62,547	26,808	-	-	-	344,628
Financial assets at FVTPL	85,800	-	-	1,124	728	-	87,652
Investment securities							
- FVOCI Investments	266,502	14,356	905	623	-	-	282,386
- Amortised cost investments	242,841	99	-	274,845	92,868	465,031	1,075,684
Asset pledged as collateral	622,536	-	-	13,376	-	-	635,913
Other assets	199,886	8,097	988	12,051	235	-	221,257
31 December 2020	4,889,258	265,095	95,836	580,420	614,537	600,966	7,046,112

Credit risk exposure relating to off balance sheet items are as follows

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Loan commitments	58,279	23,728	927	4,329	-	-	87,263
Letters of credit and other credit related obligations	722,116	57,278	35,247	18,630	1,243	-	834,513
31 December 2020	780,395	81,006	36,174	22,959	1,243	-	921,776

3.2.17 Concentration of risks of financial assets with credit risk exposure continued

COMPANY

	Lagos N 'million	Southern Nigeria N 'million	Northern Nigeria N 'million	Africa N 'million	Europe N 'million	America N 'million	Total N 'million
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

	Lagos N 'million	Southern Nigeria N 'million	Northern Nigeria N 'million	Africa N 'million	Europe N 'million	America N 'million	Total N 'million
Loans and advances to banks	11,240	-	-	-	-	-	11,240
Loans and advances to customers							
- Term loans	61	-	-	-	-	-	61
Investment securities							
- FVOCI Investments	9,863	-	-	-	-	-	9,863
Other assets	14,214	-	-	-	-	-	14,214
31 December 2020	35,378	-	-	-	-	-	35,378

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 excludes investments in equity instruments.

GROUP

	Balances with central bank N 'million	Loans and advances to banks N 'million	Financial assets at fair value through profit or loss N 'million	Investment Securities - FVOCI N 'million	Investment Securities - Amortised cost N 'million	Asset pledged as collateral N 'million	Other assets N 'million
Manufacturing	-	-	-	2,404	7,144	-	2,384
Finance and insurance	1,465,605	1,015,122	11,730	11,254	1,144,297	10,920	114,429
Transportation	-	-	-	117,498	-	-	-
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

3.2.17 Concentration of risks of financial assets with credit risk exposure continued

	Loans and advances to customers - Retail Portfolio				
	Overdraft	Term loans	Credit Cards	Mortgage	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
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	-	-	120
Transportation	81	112	-	-	193
Communication	13	16	-	-	29
General commerce	899	641	1	-	1,541
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	2,338	43,036	222,005

	Loans and advances to customers - Corporate Portfolio			
	Overdraft	Term loans	Project finance	Total
	N 'million	N 'million	N 'million	N 'million
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	176,772
Utilities	16,306	221,757	19,195	257,258
Retail services	47,788	43,180	7,254	98,222
Public sector	227	267,326	-	267,553
Total at 31 December 2021	484,936	1,866,738	308,237	2,659,911

GROUP

	Balances with central bank	Loans and advances to banks	Financial assets at fair value through profit or loss	Investment Securities - FVOCI	Investment Securities - Amortised cost	Asset pledged as collateral	Other assets
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Oil and gas	-	-	-	4,326	-	-	-
Manufacturing	-	-	-	3,856	2,143	-	-
Finance and insurance	1,509,128	1,016,823	2,045	105,413	10,910	-	143,368
Transportation	-	-	14,620	-	663,024	-	-
Communication	-	-	-	87,972	-	-	-
General commerce	-	-	-	-	-	-	12,796
Public sector	-	-	70,987	80,819	399,606	635,913	65,093
Total at 31 December 2020	1,509,128	1,016,823	87,652	282,386	1,075,684	635,913	221,257

3.2.17 Concentration of risks of financial assets with credit risk exposure continued

	Loans and advances to customers - Retail Portfolio				
	Overdraft	Term loans	Credit Cards	Mortgage	Total
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**
Agriculture	320	719	1	-	1,040
Oil and gas	164	376	-	-	540
Consumer credit	3,814	97,809	1,911	14	103,548
Manufacturing	104	151	-	36,134	36,389
Real estate	10	238	3	4,415	4,666
Construction	139	37	-	-	176
Finance and insurance	62	274	-	-	336
Transportation	132	27	-	-	159
Communication	629	69	-	-	698
General commerce	2,336	1,584	-	-	3,920
Utilities	24	7,246	-	-	7,270
Retail services	4,968	12,412	6	-	17,386
Public sector	127	158	0	-	284
Total at 31 December 2020	12,829	121,099	1,921	40,563	176,412

	Loans and advances to customers - Corporate Portfolio			
	Overdraft	Term loans	Project finance	Total
	N 'million	**N 'million**	**N 'million**	**N 'million**
Agriculture	18,762	39,693	1,053	59,508
Oil and gas	129,271	557,774	9,332	696,377
Consumer credit	2,921	2,931	-	5,852
Manufacturing	46,553	202,528	144,294	393,375
Real estate	401	25,141	23,127	48,669
Construction	27,254	37,930	77,140	142,324
Finance and insurance	4,907	4,434	-	9,341
Transportation	3,101	11,910	-	15,011
Communication	4,064	62,527	65,463	132,054
General commerce	47,304	72,908	-	120,212
Utilities	7,171	163,226	13,858	184,255
Retail services	17,304	42,826	10,361	70,491
Public sector	1,956	161,432	-	163,388
Total at 31 December 2020	310,968	1,385,257	344,628	2,040,857

b) Industry sectors

	Loans and advances to banks	Financial assets at fair value through profit or loss	Investment Securities - FVOCI	Investment Securities - Amortised cost	Other assets	Loans to customers Retail portfolio
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**	**N 'million**
COMPANY						
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

	Loans and advances to banks	Financial assets at fair value through profit or loss	Investment Securities - FVOCI	Investment Securities - Amortised cost	Other assets	Loans to customers Retail portfolio
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**	**N 'million**
COMPANY						
Finance and insurance	11,240	-	-	-	14,214	-
Retail services	-	-	-	-	-	61
Public sector	-	-	9,863	-	-	-
Total at 31 December 2020	11,240	-	9,863	-	14,214	61

Credit risk exposure relating to off balance sheet items are as follows

	Loan commitments 31 Dec 2021 N 'million	Letter of credit and other related obligations 31 Dec 2021 N 'million	Loan commitments 31 Dec 2020 N 'million	Letter of credit and other related obligations 31 Dec 2020 N 'million
	GROUP			
Agriculture	518	16,610	1,448	28,764
Oil and gas	63,359	189,438	35,647	117,471
Consumer credit	12	-	2	-
Manufacturing	16,358	464,281	24,655	266,753
Real estate	4	-	41	-
Construction	2,319	68,791	2,558	56,268
Finance and insurance	4,163	302,267	176	240,497
Transportation	24	2,931	35	411
Communication	4,092	37,144	76	2,516
General commerce	6,147	136,821	9,246	72,293
Utilities	51	23,227	120	13,744
Retail services	4,760	24,782	12,967	33,301
Public sector	486	6,093	292	2,495
TOTAL	102,295	1,272,385	87,263	834,513

3.2.18 Loans and advances to customers

Credit quality of Loans and advances to customers is summarised as follows:

December 2021	**Loans and advances to customers**				
	Overdraft	Term loans	Credit Cards	Mortgage	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**
GROUP					
Retail					
Stage 1 loans	23,965	156,059	2,912	41,523	224,458
Stage 2 loans	1,021	933	-	474	2,428
Stage 3 loans	5,610	2,196	81	1,598	9,484
Gross	30,596	159,187	2,993	43,594	236,370
Less: allowance for impairment (note 22)	(8,803)	(4,349)	(655)	(558)	(14,365)
Net	21,793	154,839	2,339	43,036	222,005
Lifetime ECL (see note 22)	4,575	435	58	355	5,423
12-months' ECL (see note 22)	4,228	3,914	597	203	8,942
Total	8,803	4,349	655	558	14,365

December 2021	**Loans and advances to customers**			
	Overdraft	Term loans	Project finance	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**
GROUP				
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	501,556	1,916,454	349,797	2,767,807
Less: allowance for impairment (note 22)	(16,621)	(49,716)	(41,559)	(107,896)
Net	484,935	1,866,738	308,238	2,659,911
Lifetime ECL (see note 22)	15,776	46,315	41,307	103,398
12-months' ECL (see note 22)	845	3,401	252	4,498
Total	16,621	49,716	41,559	107,896

December 2020	Loans and advances to customers				
	Overdraft	Term loans	Credit Cards	Mortgage	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
GROUP					
Retail					
Stage 1 loans	13,590	120,173	1,863	34,840	170,466
Stage 2 loans	1,145	1,386	5	5,067	7,602
Stage 3 loans	5,180	3,752	80	1,139	10,151
Gross	19,915	125,311	1,948	41,046	188,219
Less: allowance for impairment (note 23)	(7,086)	(4,212)	(26)	(484)	(11,808)
Net	12,829	121,099	1,921	40,561	176,411
Lifetime ECL (see note 23)	4,773	1,199	11	413	6,396
12-months' ECL (see note 23)	2,313	3,013	15	71	5,412
Total	7,086	4,212	26	484	11,808

December 2020	Loans and advances to customers				
	Overdraft	Term loans	Project finance	Advances under finance lease	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
GROUP					
Corporate					
Stage 1 loans	201,881	912,587	275,422	-	1,389,890
Stage 2 loans	87,723	424,288	19,287	-	531,298
Stage 3 loans	33,646	82,671	65,821	-	182,137
Gross	323,250	1,419,545	360,529	-	2,103,325
Less: allowance for impairment (note 23)	(12,282)	(34,285)	(15,902)		(62,469)
Net	310,968	1,385,260	344,627	-	2,040,856
Lifetime ECL (see note 23)	11,569	29,082	15,697	-	56,348
12-months' ECL (see note 23)	713	5,203	205	-	6,121
Total	12,282	34,285	15,902	-	62,469

	Term loans	Total
	N 'million	N 'million
COMPANY		
Retail		
December 2021		
Stage 1 loans	49	49
Gross	49	49
Less: allowance for impairment	-	-
Net	49	49
Retail		
December 2020		
Stage 1 loans	61	61
Gross	61	61
Less: allowance for impairment	-	-
Net	61	61

GROUP
December 2021
Retail
(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).

	Overdraft N 'million	Term loans N 'million	Credit cards N 'million	Mortgage N 'million	Total N 'million
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	1,984	23,371	74	39,105	64,534
Caa	11	34	333	48	426
	23,965	156,059	2,912	41,523	224,458

	Overdraft N 'million	Term loans N 'million	Credit cards N 'million	Mortgage N 'million	Total N 'million
(b) Loans and advances - Stage 2					
Past due up to 30 days	37	653	-	0	690
Past due by 30 - 60 days	93	22	-	45	160
Past due 60-90 days	892	258	-	428	1,578
Gross amount	1,021	933	-	474	2,428
(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

December 2021
Corporate
(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).

	Overdraft N 'million	Term loans N 'million	Project finance N 'million	Total N 'million
Grades:				
Aa	57,297	91,243	133,930	282,471
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	284,222	27,283	364,518
Caa	-	22,584	-	22,584
	365,522	1,415,449	261,631	2,042,602

	Overdraft	Term loans	Project finance	Total
	N 'million	N 'million	N 'million	N 'million
(b) Loans and advances - Stage 2				
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	192,258
Life time ECL- credit impaired	(9,309)	(27,332)	(41,296)	(77,937)
Net amount	18,252	64,948	31,121	114,321

GROUP
December 2020
Retail
(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).

	Overdraft	Term loans	Credit cards	Mortgage	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Grades:					
A	-	66	-	-	66
Baa	119	1,423	-	-	1,542
Ba	9,540	100,743	1,863	34,840	146,986
B	3,931	17,941	-	-	21,872
	13,591	120,173	1,863	34,840	170,467

	Overdraft	Term loans	Credit cards	Mortgage	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
(b) Loans and advances - Stage 2					
Past due up to 30 days	33	281	1	4,316	4,631
Past due by 30 - 60 days	1,086	807	3	299	2,196
Past due 60-90 days	26	298	1	452	777
Gross amount	1,145	1,386	6	5,068	7,604
(c) Loans and advances - Stage 3					
Gross amount	5,180	3,752	80	1,139	10,151
Life time ECL- credit impaired	(4,698)	(1,152)	(11)	(400)	(6,261)
Net amount	482	2,600	69	739	3,890

3.2.18 Loans and advances to customers continued

December 2020
Corporate
(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).

	Overdraft	Term loans	Project finance	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**
Grades:				
Aaa	-	0	-	0
Aa	14,482	146,109	166,802	327,393
A	7,083	58,678	9,916	75,677
Baa	27,674	89,867	26,861	144,402
Ba	130,492	369,996	68,110	568,599
B	22,150	247,936	3,733	273,819
Caa	-	-	-	-
	201,881	912,587	275,422	1,389,890

	Overdraft	Term loans	Project finance	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**
(b) Loans and advances - Stage 2				
Past due up to 30 days	87,679	387,163	19,287	494,129
Past due by 30 - 60 days	44	1,193	-	1,237
Past due 60-90 days	0	35,932	-	35,933
Gross amount	87,723	424,288	19,287	531,298
(c) Loans and advances - Stage 3				
Gross amount	33,646	82,672	65,821	182,138
Life time ECL- credit impaired	(11,021)	(21,686)	(15,653)	(48,360)
Net amount	22,625	60,986	50,168	133,778

3.2.19 Collaterized 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 2021 and 31 December 2020 are as shown below

GROUP	**Over-collateralised assets**		**Under-collateralised assets**	
31 December 2021	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

GROUP	**Over-collateralised assets**		**Under-collateralised assets**	
31 December 2020	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	102,288	93,236	868,047	388,843
Financial assets at fair value through profit or loss	46	46	81,245	1,509
Total Financial Assets	102,334	93,282	949,293	390,352

COMPANY	Under-collateralised assets	
31 December 2021	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	-

COMPANY	Under-collateralised assets	
31 December 2020	Carrying value of the assets	Fair value of collateral held
Financial assets		
Loans and advances to banks	11,240	-
Financial assets at fair value through profit or loss	2,116	-
Total Financial Assets	13,356	-

The underlisted financial assets are not collaterised:
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.

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.

GROUP

(a) TABLE A - LIQUIDITY ANALYSIS ON A CONTRACTUAL BASIS

	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2021							
Financial liabilities							
Deposits from banks	477,701	250,365	140,246	223,473	1,743	-	1,093,528
Deposits from customers	4,701,431	580,989	127,401	203,690	162,678	10,422	5,786,613
Derivative liabilities	19,293	355	-	-	-	-	19,648
Borrowings	266,273	33,234	7,644	12,865	30,995	54,292	405,304
Other liabilities	350,250	95,176	41,149	66,521	24,338	243	577,678
Total financial liabilities	5,814,949	960,120	316,440	506,550	219,754	64,958	7,882,771
Loan commitments	24,196	20,537	32,652	24,125	767	18	102,295
Letters of credit and other credit related obligations	131,818	232,074	250,463	555,451	96,909	5,670	1,272,385
Total commitments	156,014	252,611	283,115	579,576	97,676	5,689	1,374,680
Assets held for managing liquidity risk	1,328,152	1,268,480	941,476	656,106	529,350	139,663	4,863,227
31 December 2020							
Financial liabilities							
Deposits from banks	590,506	150,545	151,711	64,915	482	-	958,159
Deposits from customers	3,985,775	436,909	110,436	193,514	77,394	34,425	4,838,453
Derivative liabilities	7,464	-	-	-	-	-	7,464
Borrowings	10,653	1,204	14,510	114,147	289,878	181,701	612,093
Other liabilities	420,055	27,178	12,318	6,011	24,851	5,712	496,125
Total financial liabilities	5,014,452	615,837	288,975	378,587	392,605	221,838	6,912,294
Loan commitments	35,566	21,306	15,879	14,512	-	-	87,263
Letters of credit and other credit related obligations	84,295	129,420	191,640	375,383	39,249	12,923	832,909
Total commitments	119,861	150,726	207,519	389,895	39,249	12,923	920,173
Assets held for managing liquidity risk	1,098,808	1,600,230	339,038	342,510	321,555	167,023	3,869,165

3.3 Liquidity risk continued

COMPANY

	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2021							
Financial liabilities							
Other liabilities	12,386	-	-	-	-	-	12,386
Total financial liabilities	12,386	-	-	-	-	-	12,386
Assets held for managing liquidity risk	5,870	10,713	141	247	2,099	7,334	26,404
31 December 2020							
Financial liabilities							
Other liabilities	10,002	3,541	-	-	-	-	13,543
Total financial liabilities	10,002	3,541	-	-	-	-	13,543
Assets held for managing liquidity risk	9,683	2,396	502	453	2,913	10,175	26,122

(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 N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
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
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

	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2020							
Financial liabilities							
Deposits from banks	578,471	162,580	151,711	64,915	482	-	958,159
Deposits from customers	349,725	522,649	232,855	421,959	605,144	2,706,121	4,838,453
Borrowings	10,653	1,204	14,510	114,147	289,878	181,701	612,093
Other liabilities	420,566	27,178	12,318	6,011	24,851	5,712	496,636
Total financial liabilities	1,359,414	713,612	411,394	607,032	920,355	2,893,533	6,905,341
Loan commitments	35,566	21,306	15,879	14,512	-	-	87,263
Letters of credit and other credit related obligations	84,295	129,420	191,640	375,383	39,249	12,923	832,909
Total commitments	119,861	150,726	207,519	389,895	39,249	12,923	920,173
Assets held for managing liquidity risk	1,098,808	1,600,230	339,038	342,510	321,555	167,023	3,869,165

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.

3.3.5 Derivative liabilities

(a) Derivatives settled on a net basis

The out 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 N 'million	1-3 months N 'million	3-6 months N 'million	6 - 12 months N 'million	1-5 years N 'million	Over 5 years N 'million	Total N 'million
At 31 December 2021							
Derivative liabilities							
FX Futures	990	1,297	136	32	-	-	2,455
FX 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
	5,028	2,813	500	46,809	53	-	55,203
At 31 December 2020							
Derivative liabilities							
FX Futures	(1,307)	(3,386)	(590)	(62)	(70)	-	(5,415)
Cross-Currency Swap	(41)	(12)	-	44,191	-	-	44,139
Put Options	-	-	-	-	-	-	0
	(1,348) -	3,397 -	590	44,129 -	70	-	38,723
Derivative assets							
FX Futures	1,316	3,386	421.88	62.35	69.91	-	5,256
Put Options	-	-	-	240	-	-	240
Forward Contract	59	28	26	-	-	-	113
	1,375	3,414	448	302	70	-	5,610
	27	17	(142)	44,431	-	-	44,333

(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.

	Up to 1 month	1-3 months	3-6 months	6 - 12 months	1-5 years	Over 5 years	Total
GROUP							
At 31 December 2021 (N'million)							
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

3.3.5 Derivative liabilities continued

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 option	-	-	-	-	-	-	-
	95,669	324,420	228,475	153,915	-	-	802,479
At 31 December 2020 (N' million)							
Assets held for trading							
FX Swap - Payable	(66,400)	(193,274)	(21,986)	-	-	-	(281,659)
FX Swap - Receivable	80,065	228,554	22,714	-	-	-	331,333
Forward Contract - Payment	(13,792)	(46,317)	(34,187)	-	-	-	(94,295)
Forward Contract - Receipt	104,702	125,070	130,310	5,468	-	-	365,551
	104,575	114,034	96,852	5,468	-	-	320,929
Liabilities held for trading							
FX Swap - Payable	(110)	(406)	-	-	-	-	(516)
FX Swap - Receivable	110	403	-	-	-	-	513
Forward Contract - Payment	(11,838)	(36,852)	(33,975)	-	-	-	(82,666)
Forward Contract - Receipt	102,108	113,521	128,572	5,468	-	-	349,669
Put option	-	-	-	-	-	-	
	90,269	76,669	94,596	5,468	-	-	266,999

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 juridisdiction, 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 analaysis are the held for trading assets.

The Fixed Income portfolio (Interest Rate Risk) trading VaR is NGN1.57 billion as at 31 December 2021 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.

The foreign exchange trading VaR was N30.77 million as at 31st December 2021, reflecting the regulatory Trading Open Position of 0.5% of Shareholder's Fund stipulated by the CBN.

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**	**4,803**	**451**

VAR summary

	12 months to 31 December 2020		
	Average	**High**	**Low**
Foreign exchange risk	11	32	0
Interest rate risk	2,314	4,603	17
Total VAR	**2,325**	**4,635**	**17**

3.4.2 Market risk measurement techniques continued

(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.

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 2020 and 31 December 2019. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
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
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	19,648
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	8,022,463

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
31 December 2020						
Financial assets						
Cash and balances with Central Banks	1,521,833	38,069	6,694	27,446	37,687	1,631,730
Loans and advances to banks	531,918	223,823	214,272	27,778	19,032	1,016,823
Loans and advances to customers:						
Retail portfolio						
- Overdrafts	7,583	3,878	3	82	1,283	12,829
- Term loans	98,443	15,579	9	-	7,069	121,099
- Credit cards	1,406	516	-	-	-	1,922
- Mortgage	4,414	22	36,112	-	14	40,562
Loans and advances to customers:						
Corporate portfolio						
- Overdrafts	78,609	218,866	27	522	12,945	310,968
- Term loans	539,099	754,154	17,440	16,562	58,006	1,385,260
- Project finance	192,533	152,096	-	-	-	344,628
- Advances under finance lease	-	-	-	-	-	-
Investment securities						
- FVOCI Investments	391,179	82,427	-	-	-	473,606
- Amortised cost investments	374,432	591,903	-	8	109,341	1,075,684
Asset pledged as collateral	622,536	-	-	-	13,376	635,913
Financial assets at fair value through profit or loss	47,146	72,322	385	747	107	120,707
Other assets	203,188	17,041	241	55	732	221,257
	4,614,319	2,170,695	275,183	73,199	259,591	7,392,988
Financial liabilities						
Customer deposits	3,593,152	744,207	373,376	31,052	152,927	4,894,715
Deposits from banks	122,306	871,697	14,418	18,401	12,398	1,039,220
Derivative liabilities	-	7,494	-	69	56	7,619
Borrowings	62,632	307,106	-	-	9,745	379,484
Other liabilities	371,175	134,317	4,373	14,345	4,853	529,062
	4,149,265	2,064,822	392,167	63,867	179,979	6,850,099

COMPANY

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
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

COMPANY

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
31 December 2020						
Financial assets						
Loans and advances to banks	11,140	99	-	-	-	11,240
Loans and advances to customers:						
Retail portfolio						
- Term loans	61	-	-	-	-	61
Investment securities						
- FVOCI Investments	9,863	-	-	-	-	9,863
Financial assets at fair value through profit or loss	2,116	-	-	-	-	2,116
Other assets	14,214	-	-	-	-	14,214
	37,395	99	-	-	-	37,494
Financial liabilities						
Other liabilities	13,544					13,544
	13,544	-	-	-	-	13,544

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.

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 10% 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 Dec 2021	GROUP 31 Dec 2020
Naira strengthens by 10% against the US dollar (2020:10%) Profit/(loss)	18,591	(10,587)
Naira weakens by 10% against the US dollar (2020:10%) Profit/(loss)	(18,591)	10,587
Naira strengthens by 10% against the EURO (2020:10%) Profit/(loss)	485	(933)
Naira weakens by 10% against the EURO (2020:10%) Profit/(loss)	(485)	933
Naira strengthens by 10% against the GBP (2020:10%) Profit/(loss)	17,140	11,698
Naira weakens by 10% against the GBP (2020:10%) Profit/(loss)	(17,140)	(11,698)

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.

	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
GROUP				
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				
- Overdrafts	21,793	21,604	189	0
- Term loans	154,838	137,315	17,523	(0)
- Credit cards	2,338	2,338	-	0
- Mortgage	43,036	43,012	24	0
Loans and advances to customers:				
Corporate portfolio				
- Overdrafts	484,936	472,964	11,870	102
- Term loans	1,866,738	1,737,262	129,408	68
- Project finance	308,237	308,237	-	-
- Advances under finance lease	-	-	-	-
Financial assets at fair value through profit or loss	351,146	-	351,146	-
Investment securities:				
- FVOCI Investments	788,928	-	661,020	127,908
- Amortised cost investments	1,168,550	-	1,168,550	8
Assets pledged as collateral	718,662	-	707,741	10,920
Other assets	135,680	-	-	135,680
	8,646,772	**3,217,089**	**4,793,623**	**636,068**
Financial liabilities				
Deposits from customers	5,849,487	2,430,007	1,817,916	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	642,728
Borrowings	405,304	53,604	351,700	-
	8,022,464	**3,086,587**	**2,669,440**	**2,266,436**
Interest rate mismatch		**130,502**	**2,124,183**	**(1,630,366)**

	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
GROUP				
31 December 2020				
Financial assets				
Cash and balances with central banks	1,631,730	-	3,930	1,627,800
Loans and advances to banks	1,016,823	445,461	48,752	522,610
Loans and advances to customers:				
Retail portfolio				
- Overdrafts	12,829	12,648	181	-
- Term loans	121,099	108,714	12,385	-
- Credit cards	1,922	1,922	-	-
- Mortgage	40,562	39,900	662	-
Loans and advances to customers:				
Corporate portfolio				
- Overdrafts	310,968	299,871	11,096	-
- Term loans	1,385,260	1,294,771	82,032	8,457
- Project finance	344,628	344,628	-	-
- Advances under finance lease	-	-	-	-
Financial assets at fair value through profit or loss	126,354	-	15,417	110,937
Investment securities:				
- FVOCI Investments	473,606	-	282,385	191,221
- Amortised cost investments	1,075,684	59,287	1,016,397	-
Assets pledged as collateral	635,913	-	635,913	-
Other assets	221,257	-	-	221,257
	7,398,635	**2,607,202**	**2,109,149**	**2,682,282**
Financial liabilities				
Deposits from customers	4,894,715	2,348,098	1,214,086	1,332,531
Deposits from banks	1,039,220	747,630	206,322	85,268
Derivative liabilities	7,464	-	-	7,464
Other liabilities	529,062	-	-	529,062
Liability on investment contracts				
Borrowings	379,484	52,455	178,338	148,691
	6,849,945	**3,148,183**	**1,598,746**	**2,103,016**
Interest rate mismatch		**(540,980)**	**510,403**	**579,267**

	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
COMPANY				
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)**

	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
COMPANY				
31 December 2020				
Financial assets				
Loans and advances to banks	11,240		11,240	
Loans and advances to customers:				
Retail portfolio				
- Term loans	61		61	
Financial assets at fair value through profit or loss	2,116			2,116
Investment securities:				
- FVOCI Investments	9,863		9,863	
Other assets	87			87
	23,367	**-**	**21,164**	**2,203**
Financial liabilities				
Other liabilities	13,544			13,544
	13,544	**-**	**-**	**13,544**
Interest rate mismatch		**-**	**21,164**	**(11,340)**

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 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Financial assets at fair value through profit or loss				
Treasury bills	210,447	9,825	-	-
Bonds	13,557	5,593	-	-
Total	224,005	15,418	-	-
Impact on income statement:				
Unfavourable change @ 2% reduction in interest rates	(4,480)	(308)	-	-
Favourable change @ 2% increase in interest rates	4,480	308	-	-
Investment securities - FVOCI				
Treasury bills	564,157	221,497	-	935
Bonds	96,863	60,888	4,210	8,928
Total	661,020	282,386	4,210	9,863
Impact on other comprehensive income statement:				
Unfavourable change @ 2% reduction in interest rates	(13,220)	(5,648)	(84)	(197)
Favourable change @ 2% increase in interest rates	13,220	5,648	84	197

3.5 Equity risk (Market risk)

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE) and other non-quoted investments. Equity securities quoted on the NSE is 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 2021, the market value of quoted securities held by the Group is N10.89 billion (2020: N2.92 billion). If the all share index of the NSE moves by 4,827 basis points from the 42,716 position at 31 December 2021, the effect on the fair value of these quoted securities and the other comprehensive income statement would have been N1.23 billion.

The Group holds a number of investments in unquoted securities with a market value of N165 billion (2020: N227 billion) 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.

GROUP

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
31 December 2021				
Financial assets				
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	-	-	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	-	19,648	-	19,648

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
31 December 2020				
Financial assets at fair value through profit or loss				
Debt Securities	15,418	-	-	15,418
Equity	3,699	-	35,004	38,702
Derivatives	4,194	68,040	-	72,234
Assets pledged as collateral	273,437	-	-	
FVOCI Investments				
Investment securities - debt	286,822	612	-	287,434
Investment securities - unlisted debt	488	-	3,037	3,525
Investment securities - unlisted equity	-	82,153	108,140	190,293
Investment securities - listed equity	927	-	-	927
Assets pledged as collateral	240,335	-	-	240,335
Derivative liabilities				
Derivatives	-	6,766	-	6,766

COMPANY

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
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
31 December 2020				
Financial assets				
Financial assets at FVTPL				
Investment securities - unlisted equity	-	-	2,116	2,116
FVOCI Investments				
Investment securities - debt	9,863	-	-	9,863

3.6.1 Financial instruments measured at fair value continued

(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:
a) Quoted market prices or dealer quotes for similar instruments;
b) 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;
c) 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.

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	
At 1 January 2020	133,196
Acquisitions	7,057
Matured/redeemed	(7,774)
Total losses recognised through profit/loss	4,022
Total gains recognised through OCI	9,680
Transfer into Level 2 due to change in observability of market data	-
At 31 December 2020	146,180
Acquisitions	12,715
Matured/redeemed	(95,746)
Total gains recognised through profit/loss	4,184
Total gains recognised through OCI	7,928
At 31 December 2021	75,261

During the year ended 31 December 2021, there was transfer between level 3 and 2 fair value measurements based on availability of observable inputs.

COMPANY	
At 1 January 2020	3,057
Total losses recognised through profit/loss	(941)
At 31 December 2020	2,116
Total losses recognised through profit/loss	(779)
At 31 December 2021	**1,337**

Total gains or losses for the period included in profit or loss are presented in 'Net gains/(losses) from investment securities.

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 equites to changes in the P/E multiples, EBITDA, cost of capital, illiquidity discount and transaction price as at 31st December, 2021 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 LTD	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	1,337
		Sensitivity of +2.5%	1,371
		Sensitivity of -2.5%	1,304
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

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 securites (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 banks
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 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
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
Amortised cost investments	-	1,168,550	-	1,168,550	1,168,550
Asset pledged as collateral	718,662	-	-	718,662	718,662

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
31 December 2021					
Financial liabilities					
Borrowing	-	405,304	-	405,304	405,304

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
31 December 2020					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Overdrafts	-	-	12,829	12,829	12,829
- Term loans	-	-	121,099	121,099	121,099
- Credit cards	-	-	1,922	1,922	1,922
- Mortgage	-	-	40,562	40,562	40,562
Loans and advances to Customers: Corporate Portfolio				-	
- Overdrafts	-	-	310,968	310,968	310,968
- Term loans	-	-	1,385,261	1,385,261	1,385,261
- Project finance	-	-	344,628	344,628	344,628
- Advances under finance lease	-	-	-	-	-
Amortised cost investments	1,032,955	-	13,061	1,046,016	1,046,016
Asset pledged as collateral	122,141	-	-	122,141	122,141

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
31 December 2020					
Financial liabilities					
Borrowing	-	-	379,484	379,484	379,484
COMPANY					
31 December 2021					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	49	49	49
31 December 2020					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	61	61	61

(c) The fair value of loans and advances to customers (including loan commitments) and investment securities are as follows:

	31 December 2021		31 December 2020	
	Carrying value N 'million	Fair value N 'million	Carrying value N 'million	Fair value N 'million
GROUP				
Financial assets				
Loans and advances to customers				
Fixed rate loans	159,855	159,855	109,111	109,111
Variable rate loans	2,722,061	2,698,179	2,108,157	2,097,728
Investment securities (Amortised cost)	1,168,550	1,177,804	599,464	908,073
Asset pledged as collateral	79,104	75,660	106,303	108,605
Loan commitments	102,295	102,295	87,263	87,263
Financial liability				
Borrowings	405,304	392,071	379,484	379,484

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 heirarchy while other borrowings are fair valued using valuation techniques and are within level 3 of the fair value heirarchy.

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	N50billion Capital; and 15% Capital Adequacy Ratio
FBNQuest Merchant Bank Limited	Central Bank of Nigeria	N15billion Capital; and 10% Capital Adequacy Ratio
FBNQuest Capital Limited	Securities and Exchange Commission	Issuing House: N150million; Broker-Dealer: N300million; Underwriter: N200million; and Fund Manager: N150million
FBNQuest Trustees Limited	Securities and Exchange Commission	Trustee: N300million
FBN Insurance Brokers Limited	National Insurance Commission	N5million 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.

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 2021 and 2020 are as follows:

i. FBN Holdings Plc.

Subsidiary	**Proportion of shares held**		**FBN Holdings Plc.'s share of minimum paid up capital**	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
	(%)		**N 'million**	**N 'million**
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 2021 and 2020. 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.

	FBNQUEST MERCHANT BANK LIMITED		FIRST BANK OF NIGERIA LIMITED	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
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	8,709	8,611	120,408	100,178
SMEEIS reserves	-	-	6,076	6,076
Retained earnings	12,228	13,910	217,593	98,272
IFRS 9 Transitional Adjustment	-	-	-	29,866
Less: Goodwill/Deferred Tax	(9,236)	(9,311)	-	(10,435)
Less: Investment in subsidiaries	(1,216)	(1,313)	(55,696)	(53,713)
Total qualifying for tier 1 capital	18,691	20,102	518,939	400,801
Tier 2 capital				
Fair value reserve	978	1,937	88,067	166,241
Other borrowings	8,021	4,929	49,494	78,078
Total tier 2 capital	8,999	6,866	137,561	244,319
Tier 2 Capital Restriction	6,636	6,866	137,561	197,912
Less: Investment in subsidiaries	-	-	(55,696)	(53,713)
Total qualifying for tier 2 capital	6,636	6,866	81,865	144,200
Total regulatory capital	25,327	26,968	600,804	545,001
Risk-weighted assets				
Credit Risk	106,103	78,423	2,634,681	2,522,018
Operational Risk	20,130	20,814	731,262	602,751
Market Risk	3,900	2,048	88,059	78,876
Total risk-weighted assets	130,132	101,284	3,454,003	3,203,644
Risk-weighted Capital Adequacy Ratio (CAR)	19.46%	26.63%	17.39%	17.01%
Tier 1 CAR	14.36%	19.85%	15.02%	12.51%

The Central Bank of Nigeria, in its circular on transitional arrangements on treatment of IFRS 9 expected credit loss for regulatory purposes by banks in Nigeria dated 18 October 2018, has recommended transitional arrangements to cushion the impact of IFRS 9 implementation on tier 1 regulatory capital. The regulator advised that the balance in regulatory risk reserve should be applied to retained earnings to reduce the additional ECL provisions on opening retained earnings. Where the additional ECL provision is higher than the regulatory risk reserve transfer, the excess shall be amortised in line with the transitional arrangements. The regulatory arrangement for amortization of the impact is as shown below

Period	Provisions to be written back
Year 0 (January 1, 2018)	4/5 of Adjusted Day One Impact
Year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact
Year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact
Year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact
Year 4 (December 31, 2021)	NIL

iii. Other Regulated Subsidiaries

		31 December 2021		31 December 2020	
	Regulatory Capital N 'million	Shareholders fund N 'million	Excess/ (Shortfall) N 'million	Shareholders fund N 'million	Excess/ (Shortfall) N 'million
FBNQuest Capital Limited	800	17,303	16,503	17,202	16,402
FBNQuest Trustees Limited	300	6,318	6,018	5,420	5,120
FBN Insurance Brokers Limited	5	167	162	118	113

All the regulated entities within the Group complied with all the regulatory capital requirements to which they were subjected

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
- 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

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'slength transaction between market participants in the principal market under current market conditions (i.e., the exit price). Fair value measurements are categorized 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.

5 Significant accounting judgements, estimates and assumptions continuec

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 behavior and competition See note 32 for detailed information on impairment assessment performed on the CGU. There was no impairment charge during the year (2020: 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 recognized 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 utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, 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 recognized and unrecognized deferred tax assets and liabilities are as disclosed in note 32

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, insurance premium revenue, 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 N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
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)	**166,662**
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)**
Profit for the year from discontinued operations	-		(68)	**(68)**
Depreciation	(19,289)	(502)	(230)	**(20,022)**

6 Segment information continued

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
At 31 December 2021				
Total assets	8,512,231	363,903	56,239	**8,932,373**
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	**1,957,478**
Total liabilities	7,709,555	323,703	19,259	**8,052,517**
At 31 December 2020				
Total segment revenue	550,281	38,865	19,144	**608,289**
Inter-segment revenue	(311)	(240)	(17,076)	**(17,626)**
Revenue from external customers	549,970	38,625	2,068	**590,663**
Interest income	364,766	18,940	1,093	**384,798**
Interest expense	(120,247)	(12,924)	(13)	**(133,183)**
Profit/(loss) before tax	75,168	11,578	(3,042)	**83,703**
Income tax expense	(5,814)	(1,929)	(369)	**(8,111)**
Profit/(loss) for the year from continuing operations	69,354	9,649	(3,410)	**75,593**
Impairment charge for losses	(60,541)	(1,288)	-	**(61,829)**
Loss for the year from discontinued operations	-		14,138	**14,138**
Depreciation	(17,804)	(589)	(241)	**(18,634)**
At 31 December 2020				
Total assets	7,308,405	325,743	54,880	**7,689,028**
Other measures of assets:				
Loans and advances to customers	2,161,437	55,759	72	**2,217,268**
Expenditure on non-current assets	111,722	1,621	690	**114,034**
Investment securities	1,437,662	101,649	9,980	**1,549,290**
Total liabilities	6,630,775	276,204	16,878	**6,923,857**

Geographical information
Revenues

	31 Dec 2021 N 'million	31 Dec 2020 N 'million
Nigeria	699,857	505,997
Outside Nigeria	57,439	84,667
Total	**757,296**	**590,664**

Non current asset
Property and equipment

	31 Dec 2021 N 'million	31 Dec 2020 N 'million
Nigeria	89,810	93,798
Outside Nigeria	26,177	20,236
Total	**115,987**	**114,034**

7 Interest income

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Loans and advances to customers	271,024	241,027	12	15
Investment securities at FVOCI	23,132	84,160	514	967
Investment securities at amortized cost	52,025	34,693	-	-
Loans and advances to banks	21,854	24,590	976	350
Total interest income calculated using effective interest incme	368,035	384,470	1,502	1,332
Investment securities at Fair value through profit or loss	1,012	328	-	-
	369,047	384,798	1,502	1,332

Interest income on loans and advances to customers includes interest income of N5.7 billion on (2020: N6.9 billion) 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 is the sum of N842m income earned on unclaimed dividend fund.

8 Interest expense

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Deposit from customers	79,658	90,609	-	-
Deposit from banks	29,179	26,353	-	-
Borrowings	31,370	15,515	-	-
Lease liability	598	706	1	13
	140,805	133,183	1	13

9 Impairment charge for losses

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Loans and advances to banks (refer note 21)		
12- month ECL	514	1,895
	514	1,895
Investment securities (refer to note 24)		
Stage 1 - 12- month ECL	864	469
	864	469
Loans and advances to customers (refer to note 22)		
Stage 1 - 12- month ECL	1,521	654
Stage 2 - Lifetime ECL	16,648	570
Stage 3 - Lifetime ECL	66,592	52,291
	84,761	53,515
Write-off of loans	1,163	-
Other assets (refer to note 26)		
Other Assets ECL	5,212	7,285
	5,212	7,285
Off balance sheet (refer to note 35)		
Impairment reversal	(803)	(1,334)
Net impairment charge	91,711	61,830

10a Fee and commission income

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Credit related fees	11,813	9,604
Letters of credit commissions and fees	15,702	11,894
Electronic banking fees	56,375	48,680
Money transfer commission	681	1,607
Commission on bonds and guarantees	1,610	675
Funds transfer and intermediation fees	12,747	9,179
Account maintenance	16,667	12,804
Brokerage and intermediations	5,717	4,438
Custodian fees	7,559	6,620
Financial advisory fees	469	327
Fund management fees	4,921	3,980
Trust fee income	1,457	1,243
Other fees and commissions	4,856	2,171
	140,574	113,222
Timing of revenue recognition		
At a point in time	101,629	83,115
Over time	38,945	30,107
	140,574	113,222

10b Fees and commission expense

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Acceptance cost (Alternative channels)	11,810	10,855
SMS charge	7,439	5,499
Agent banking expenses	4,643	2,727
Internet/web expenses	44	365
	23,936	19,446

Fee and commission expense primarily relates to charges raised by switching platforms on holders of First Bank 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 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Revaluation (loss)/gain on foreign currency balances (unrealised)	(3,567)	6,080	24	34
Foreign exchange trading gain/(loss)	10,611	(4,620)	-	-
	7,044	1,460	24	34

12 Net gains/(losses) on sale of investment securities

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Gain/(loss) on sale of investment securities	31,295	48,078	71	(10)
	31,295	48,078	71	(10)

This relates to gain/(loss) 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 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Fair value gain on derivatives	21,869	3,865	-	-
Fair value gain/(loss) on equities	4,155	1,550	(779)	(941)
Fair value gain on debt securities	24,810	13,524	-	-
Fair value gain/(loss) on financial instruments at FVTPL	50,834	18,939	(779)	(941)
Trading income on debt securities	2,824	4,836	-	-
Net gains/(losses) from financial instruments at FVTPL	53,658	23,775	(779)	(941)

14 Dividend income

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
First Bank of Nigeria Limited	-	-	12,500	12,500
FBNQuest Capital Limited	-	-	2,000	600
FBNQuest Merchant Bank Limited	-	-	507	1,500
FBNQuest Trustees Limited	-	-	1,410	1,233
FBN Insurance Limited	-	-	-	2,584
FBN Insurance Brokers Limited	-	-	230	190
Entities outside the group*	6,520	3,983	-	-
Withholding tax on dividend	-	-	(245)	(311)
	6,520	3,983	16,401	18,296

*This represents dividend income earned from equity investments held by subsidiaries of FBN Holdings Plc.

15 Other operating income

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
(Loss)/profit on sale of property and equipment	(79)	199	(84)	-
Other income (i)	8,467	3,432	-	-
Recoveries (ii)	141,028	11,234	-	-
	149,416	14,865	(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 Ltd loan, which was previously written off. The amount recognized is net of expenses incurred in relation to the recovery.

16 Personnel expenses

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Wages and salaries	116,256	86,518	1,588	1,434
Pension costs:				
- Defined contribution plans	5,130	4,868	32	31
- Defined benefit cost (refer note 37)	82	222	-	-
Post employment benefit	1,288	2,741	-	-
Other staff benefits	6,016	6,235	-	-
	128,772	100,584	1,620	1,465

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 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.

The average number of persons employed by the Group during the period was as follows:

	GROUP		COMPANY	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Executive directors	1	1	1	1
Management	293	768	7	7
Non-management	7,885	7,573	29	29
	8,179	8,342	37	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 N2,000,000	224	282	4	4
N2,000,001 - N2,800,000	63	64	-	-
N2,800,001 - N3,500,000	20	59	-	-
N3,500,001 - N4,000,000	1,533	1,385	-	-
N4,000,001 - N5,500,000	72	112	4	4
N5,500,001 - N6,500,000	913	920	1	1
N6,500,001 - N7,800,000	1,664	1,984	2	2
N7,800,001 - N9,000,000	71	62	1	1
N9,000,001 and above	3,618	3,473	24	24
	8,178	8,341	36	36

17 Operating expenses

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Auditors' remuneration[1]	1,146	950	25	25
Directors' emoluments	3,729	3,852	686	984
Regulatory cost	55,234	44,820	-	-
Maintenance	35,307	29,617	124	132
Insurance premium	3,179	2,271	77	70
Rent and rates	2,558	3,503	-	-
Advert and corporate promotions	10,461	7,718	292	233
Legal and other professional fees	8,283	9,283	594	355
Donations & subscriptions	4,350	2,286	24	24
Stationery & printing	1,125	1,363	24	26
Communication, light and power	9,322	6,738	7	6
Cash handling charges	1,555	1,570	-	-
Operational and other losses	6,849	11,168	-	-
Passages and travels	4,265	3,511	93	291
Outsourced cost	17,109	17,824	25	26
Statutory fees	51	46	35	32
WHT on retained dividend	245	311	-	-
Fines and penalties	632	226	1	3
Other operating expenses[2]	11,730	18,988	244	620
	177,130	166,045	2,251	2,827

[1]Auditors' remuneration for the group represents the aggregate of the fees paid by the various entities in the group to their respective auditors.
[2]Other operating expenses includes debt recovery expenses, entertainment of customers and medical expenses on corona virus

18 Taxation - Income tax expense and liability

		GROUP		COMPANY	
		31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
a	**Income tax expense**				
	Corporate tax	11,133	8,657	4	53
	Education tax	1,939	160	-	-
	Technology tax	2,122	440	-	158
	Police trust fund levy	8	3	1	2
	National agency for science and engineering infrastructure levy	353	-	-	-
	Over provision in prior years	(126)	(39)	-	-
	Current income tax - current period	15,429	9,221	5	213
	Origination and reversal of temporary deferred tax differences (see note 32)	86	(1,110)	-	-
	Income tax expense	**15,515**	**8,111**	**5**	**213**

GROUP	2021		2020	
Profit before income tax	166,662		83,703	
Tax calculated using the domestic corporation tax rate of 30% (2020: 30%)	49,999	30%	25,111	30%
Effect of tax rates in foreign jurisdictions	189	0%	62	0%
Tax exempt income	(64,510)	-39%	(55,389)	-66%
Non-deductible expenses	24,946	15%	33,328	40%
Effect of education tax levy	1,939	1%	154	0%
Effect of Information technology	2,122	1%	490	1%
Effect of minimum tax	2,406	1%	1,286	2%
Effect of change in tax rate	(732)	0%	(334)	0%
Tax effect of unrecognised deferred tax asset arising during the year	5,333	3%	6,347	8%
Tax incentives	(6,409)	-4%	(2,992)	-4%
Over/(under) provision in prior years	(126)	0%	45	0%
NASENI Levy	353	0%	-	0%
Effect of police trust fund Levy	8	0%	3	0%
Total income tax expense in income statement	15,515	9%	8,111	10%
Income tax expense	15,515	9%	8,111	10%

COMPANY	2021		2020	
Profit before income tax	13,053		34,073	
Tax calculated using the domestic corporation tax rate of 30% (2020: 30%)	3,916	30%	10,222	78%
Tax exempt income	(5,103)	-39%	(11,793)	-90%
Non-deductible expenses	393	3%	399	3%
Effect of Information technology	-	0%	158	1%
Effect of minimum tax	4	0%	53	0%
Effect of police trust fund levy	1	0%	2	0%
Tax effect of unrecognised deferred tax asset arising during the year	794	6%	1,172	9%
Total income tax expense in income statement	5	0%	213	2%
Income tax expense	5	0%	213	1%

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
b Current income tax liability	**N 'million**	**N 'million**	**N 'million**	**N 'million**
The movement in the current income tax liability is as follows:				
At start of the period	11,247	13,778	214	12
Tax paid	(8,111)	(8,297)	(163)	-
Withholding tax credit utilisec	(1,296)	(1,199)	(49)	(11)
Prior period under provision	(279)	(99)	-	-
Income tax charge	15,429	9,221	5	213
Effect of discontinued operations	-	(2,473)		
Effect of Changes in Exchange Rate	751	316	-	-
At 31 December	17,741	11,247	7	214
Current	17,741	11,247	7	214

19 Cash and balances with central banks

	GROUP	
	31 December 2021	31 December 2020
	N 'million	**N 'million**
Cash	120,528	117,921
Balances with central banks excluding mandatory reserve deposits	117,519	186,685
Effect of exchange rate fluctuation	636	4,681
	238,683	309,287
Mandatory reserve deposits with Central Banks	1,348,086	1,322,443
	1,586,769	1,631,730

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 N1,296.73 billion and N38.12 billion respectively with Central Bank of Nigeria (CBN) as at 31 December 2021 (December 2020: N1,271.81 billion and N39.37 billion). This balance includes CBN cash reserve requirement and Special Intervention Reserve. FBN Bank Ghana and FBN Bank Guinea also had restricted balances of N5.47 billion and N5.09 billion (December 2020: N4.87 billion and N4.99 billion) respectively with their respective central banks. The balance of N2.66 billion (December 2020: N1.40 billion) relates to restricted balances of other commercial banking group subsidiaries with their respective Central Banks.

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 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Cash (Note 19)	120,528	117,921	-	-
Balances with central banks other than mandatory reserve deposits (Note 19)	117,519	186,685	-	-
Loans and advances to banks excluding long term placements (Note 21)	906,744	843,728	16,453	11,206
Treasury bills included in financial assets at FVTPL (Note 23)	8,958	1,929	-	-
Treasury bills and eligible bills excluding pledged treasury bills (Note 24.1&24.2)	300,076	777,759	-	-
Effect of exchange rate fluctuations (Note 19 & 21)	3,142	4,871	24	34
	1,456,967	1,932,893	16,477	11,240

21 Loans and advances to banks

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Current balances with banks within Nigeria	452,360	426,314	317	1,894
Current balances with banks outside Nigeria	382,882	315,187	-	-
Placements with banks and discount houses (short term)	68,996	102,227	16,136	9,312
Exchange rate fluctuation	2,506	190	24	34
	906,744	843,918	16,477	11,206
Long term placement/Cash collateral balance	111,604	175,491	-	-
Stage 1 : 12 month ECL on placements	(3,226)	(2,586)		
Carrying amount	1,015,122	1,016,823	16,477	11,206

Included in loans and advances to banks are long term placement/cash collateral balance of N111.6 billion balance for Group (31 December 2020: N175.6bn) which does not qualify as cash and cash equivalent. Also included in the Group's Loans and advances to banks is the sum of N305.6 billion (2020: 199.7bn) in respect of trade finance and other short term financing advanced to banks on the back of their letters of credit/trade relate transactions. All other loans to banks are due within 3 months.
Also, included in placements with banks is the sum of N7.9bn relating to unclaimed dividend fund.

Reconciliation of impairment account

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
At start of year	(2,586)	(729)	-	-
Impairment (charge)/writeback	(514)	(1,895)	-	-
Effect of discontinued operations	-	38	-	-
Write off	(78)	-		
Exchange difference	(48)	-		
At end of year	(3,226)	(2,586)	-	-

22 Loans and advances to customers
GROUP

Corporate	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
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

22 Loans and advances to customers continued

Retail	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
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

GROUP

Corporate	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2020						
Overdrafts	323,250	(713)	(548)	(11,021)	(12,282)	310,968
Term loans	1,419,545	(5,203)	(7,396)	(21,686)	(34,285)	1,385,260
Project finance	360,530	(205)	(44)	(15,653)	(15,902)	344,628
	2,103,325	(6,121)	(7,988)	(48,360)	(62,469)	2,040,856

Retail	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2020						
Overdrafts	19,915	(2,313)	(75)	(4,698)	(7,086)	12,829
Term loans	125,311	(3,013)	(50)	(1,149)	(4,212)	121,099
Credit cards	1,948	(15)	(0)	(11)	(26)	1,922
Mortgage	41,046	(71)	(11)	(402)	(484)	40,562
	188,220	(5,412)	(136)	(6,260)	(11,808)	176,412
Total Loans and advances to customers	2,291,545	(11,533)	(8,124)	(54,621)	(74,277)	2,217,268

COMPANY	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2021						
Term loans	49	-	-	-	-	49
	49	-	-	-	-	49

COMPANY	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2020						
Term loans	61	-	-	-	-	61
	61	-	-	-	-	61

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Current	1,504,570	955,641	6	6
Non-current	1,377,346	1,261,627	43	55
	2,881,916	2,217,268	49	61

Reconciliation of impairment allowance on loans and advances to customers:
GROUP

	Corporate N 'million	Retail N 'million	Total N 'million
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	1,311	17	1,328
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	107,897	14,365	122,262
12 months ECL- Stage 1	4,498	8,942	13,440
Life time ECL not credit impaired - Stage 2	25,462	638	26,100
Life time ECL credit impaired - Stage 3	77,937	4,785	82,732
At 31 December 2021	107,897	14,365	122,272

Reconciliation of impairment allowance on loans and advances to customers:
GROUP

	Corporate N 'million	Retail N 'million	Total N 'million
At 1 January 2020			
12 months ECL- Stage 1	3,933	5,391	9,324
Life time ECL not credit impaired - Stage 2	6,138	51	6,189
Life time ECL credit impaired - Stage 3	57,731	5,667	63,398
	67,802	11,109	78,911
Additional allowance			
12 months ECL- Stage 1	627	27	654
Life time ECL not credit impaired - Stage 2	574	(4)	570
Life time ECL credit impaired - Stage 3	47,347	4,943	52,291
	48,549	4,967	53,515
Exchange difference			
12 months ECL- Stage 1	1,561	(6)	219
Life time ECL not credit impaired - Stage 2	1,275	88	336
Life time ECL credit impaired - Stage 3	(519)	(310)	1,534
Loan write off			
Life time ECL credit impaired - Stage 3	(56,199)	(4,039)	(60,239)
At 31 December 2020	62,469	11,809	74,277
12 months ECL- Stage 1	6,121	5,412	10,198
Life time ECL not credit impaired - Stage 2	7,988	136	7,096
Life time ECL credit impaired - Stage 3	48,360	6,260	56,983
At 31 December 2020	62,469	11,808	74,277

Nature of security in respect of loans and advances:

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	1,526,692	1,324,048	-	-
Guarantee/Receivables Of Investment Grade Banks & State Govt.	497,325	296,280	-	-
Domiciliation of receivables	479,148	293,712	-	-
Clean/Negative Pledge	250,823	228,147	-	-
Marketable Securities/Shares	9,329	25	-	-
Otherwise Secured	64,010	45,601	49	61
Cash/Government Securities	176,850	103,732	-	-
	3,004,177	2,291,545	49	61

The Group is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral.

23 Financial assets and liabilities at fair value through profit or loss

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Treasury bills with maturity of less than 90 days	8,958	1,929	-	-
Treasury bills with maturity over 90 days	201,490	7,896	-	-
Bonds	13,557	5,593	-	-
Total debt securities	224,005	15,418	-	-
Listed equity securities	7,083	1,993	-	-
Unlisted equity securities	41,278	36,709	1,337	2,116
Total equity securities	48,361	38,702	1,337	2,116
Derivative assets (refer note 23a)	78,780	72,234	-	-
Total assets at fair value through profit or loss	351,146	126,354	1,337	2,116
Current	326,538	15,418	-	-
Non Current	24,608	110,936	1,337	2,116
	351,146	126,354	1,337	2,116

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss.

a Derivatives

	GROUP 31 Dec 2021		
	Notional contract amount N 'million	Fair values Asset N 'million	Liability N 'million
Foreign exchange derivatives			
Forward FX contract	803,836	12,071	(15,296)
FX Futures	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)

	GROUP 31 Dec 2020		
	Notional contract amount N 'million	Fair values Asset N 'million	Liability N 'million
Foreign exchange derivatives			
Forward FX contract	439,947	13,099	(2,048)
FX Accumulator Contract	200,880	5,283	(5,416)
Currency swap	330,553	49,658	0
Put options	-	4,194	0
	971,380	72,234	(7,464)
Current	971,380	72,234	(7,464)
Non Current	-	-	-
	971,380	72,234	(7,464)

24 Investment Securities

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
24.1 Investment securities at FVOCI				
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	132,970	178,295	-	-
– Treasury bills with maturity of more than 90 days	431,187	43,202	-	935
– Government bonds	91,770	44,675	4,210	8,928
– Other bonds	5,093	16,214		
Equity securities – at fair value:				
– Listed	3,813	927	-	-
– Unlisted	124,095	190,293	-	-
Total securities classified as FVOCI	788,928	473,606	4,210	9,863
Current	573,487	212,686	-	935
Non current	215,441	260,920	4,210	8,928
	788,928	473,606	4,210	9,863

Reconciliation of impairment on investment securities at FVOCI

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
At start of year	195	423	-	-
Charge/(writeback)	373	(90)	-	-
Write-off	-	-	-	-
Effect of discontinued operations	-	(138)	-	-
At end of year	568	195	-	-

24.2 Investment securities at amortised cost				
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	167,106	599,464	-	-
– Treasury bills with maturity of more than 90 days	382,624	89,769	-	-
– Bonds	612,752	375,515	-	-
– Unlisted debt	7,681	12,032		
Impairment on Amortised Cost securities				
- Stage 1: 12- month ECL	(1,613)	(1,096)	-	-
Total securities at amortised cost	1,168,550	1,075,684	-	-
Current	709,750	885,325	-	-
Non Current	458,800	190,359	-	-
	1,168,550	1,075,684	-	-
Total investment securities	1,957,478	1,549,290	4,210	9,863

Reconciliation of impairment on investment securities at amortised cost

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
At start of year	1,096	610	-	-
Impairment charge	491	486	-	-
Exchange difference	26	-	-	-
At end of year	1,613	1,096	-	-

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 2021 N 'million	31 December 2020 N 'million
Debt securities at FVOCI (note 25.1)	378,334	240,335
Debt securities at amortised cost (note 25.2)	79,104	122,141
Debt securities at FVTPL (note 25.3)	261,224	273,437
	718,662	635,913
25.1 Debt securities at FVOCI		
– Treasury bills	365,708	240,335
– Bonds	12,626	-
	378,334	240,335
25.2 Debt securities at amortized cost		
– Treasury bills	4,910	42,114
– Bonds	74,194	80,027
	79,104	122,141
25.3 Debt securities at FVTPL		
– Treasury bills	261,224	273,437
	261,224	273,437
The related liability for assets held as collateral include:		
Bank of Industry	25,514	19,373
Central Bank of Nigeria/Commercial Agriculture Credit Scheme Intervention fund	22,980	28,076
Due to Other Banks	434,422	344,284

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 N40.5 billion for th Group in December 2021 (2020: N64.8 billion) for which there is no related liability.

Current	636,973	568,218
Non current	81,689	67,695
	718,662	635,913

All assets pledged as collateral are Stage 1 assets

26 Other assets

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Financial assets:				
Premium debtors	-	68	-	-
Accounts receivable	157,635	240,273	13,304	14,214
	157,635	240,341	13,304	14,214
Impairment on other assets - Simplified Approach	(21,955)	(19,084)	-	-
	135,680	221,257	13,304	14,214
Non financial assets:				
Stock of consumables	7,790	2,485	14	6
Inventory- repossessed collateral	61,802	78,889	-	-
Prepayments	11,742	11,085	26	115
WHT receivable	2,261	2,561	-	25
Impairment on non financial other assets	(637)	(776)	-	-
	82,958	94,244	40	146
Net other assets balance	218,638	315,501	13,344	14,360

Inventory (repossessed collateral) of N61.80bn (2020: N78.89bn) comprises of assets recovered from default loan customers.

Total impairment on other assets	GROUP		COMPANY	
	2021 N 'million	2020 N 'million	2021 N 'million	2020 N 'million
Impairment on other assets - Simplified Approach	21,955	19,084	-	-
Impairment on non financial other assets	637	776	-	-
At end of year	22,592	19,860	-	-

Reconciliation of impairment account	GROUP		COMPANY	
	2021 N 'million	2020 N 'million	2021 N 'million	2020 N 'million
At start of year	19,860	20,692	-	-
Write off	(2,484)	(8,117)	-	-
Impairment charge	5,212	7,285	-	-
Exchange difference	4	-		
At end of year	22,592	19,860	-	-

All other assets on the statement of financial position of the Group had a remaining period to contractual maturity of less than 12 months.

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 & Valuer	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 the fund as at reporting date was N187.68 (Cost: N100). FBN Balanced Fund's principal place of business is Nigeria while the its principal activity is Fund management. The Group's ownership interest in the Fund is 28.23%.

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
FBN Balanced Fund		
Balance at beginning of year	1,163	711
Share of (loss)/profit	(258)	482
Share of other comprehensive income/(loss)	104	(30)
At end of year	1,009	1,163

28 Investment in subsidiaries

28.1 Principal subsidiary undertakings

	COMPANY	
	31 December 2021	**31 December 2020**
	N 'million	**N 'million**
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 Limited (Note 28 (iii))	-	-
FBN Insurance Brokers Limited (Note 28 (iv))	25	25
New Villa Limited (Rainbow Town Development Limited) (Note 28 (v))	-	-
FBNQuest Merchant Bank Limited (Note 28 (vi))	17,206	17,206
FBNQuest Trustees Limited (Note 28 (vii))	4,521	4,521
	258,121	258,121
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
FBNQuest Funds Limited (Note 28 (viii))	4,550	4,550
	4,550	4,550
	262,671	**262,671**

As at 31 December 2021, the recoverable amount of investment in Rainbow Town Development Limited was lower than the carrying amount. (Cost: N5billion; Total Impairment: N5billion).

All shares in subsidiary undertakings are ordinary shares. For the year ended 31 December 2021, 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 N10.41 billion (2020: N9.09 billion).

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

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 genera trading.

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 licensed 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.

28.2 Condensed results of consolidated entities from continuing operations

31 December 2021	FBN Holdings Plc. N'million	FBN Limited N'million	FBNQuest Capital Limited N'million	FBNQuest Trustees Limited N'million	FBNQuest Merchant Bank Limited N'million	FBN Insurance Brokers Limited N'million	Rainbow Town Development Limited N'million	Total N'million	Adjustments N'million	Group N'million
Summarized 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
Profit/(Loss) for the year from discontinued operations	-	-	-	-	-	-	-	-	(68)	(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	-	118,428	12,411	130,839
Total comprehensive income allocated to non controlling interest	-	1,400	-	-	-	-	-	1,400	(30)	1,370
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-
Summarized 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	1,831,514	72,106	5,955	43,601	92	-	1,957,478	-	1,957,478
Assets pledged as collateral	-	706,068	-	-	12,594	-	-	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	-	-	-	-	-	329	37,588	37,918
	298,486	8,542,372	166,997	9,435	209,073	1,184	-	9,227,547	(295,174)	8,932,373
Financed by										
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	-	-	-	-	-	-	-	-	2,122	2,122
	16,197	7,748,066	149,695	3,116	172,312	1,018	-	8,090,405	(37,888)	8,052,517
Equity and reserves	282,289	794,306	17,302	6,319	36,761	166	-	1,137,142	(257,286)	879,856
Summarized 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)	0	(8,220)	-	-	(100,892)	8	(100,884)
Income tax paid	(163)	(6,558)	(20)	(552)	(670)	(147)	-	(8,111)	0	(8,111)
Cash flow generated from operations	(1,201)	283,209	(3,906)	(2,408)	(2,000)	593	(197)	274,090	(117,138)	156,952
Net cash generated from operating activities	(429)	473,160	(4,046)	(675)	54	491	(197)	468,358	(124,000)	344,358
Net cash used in investing activities	21,795	(708,161)	(19,802)	(2,275)	(32,786)	15	0	(741,214)	(34,161)	(775,374)
Net cash used in financing activities	(16,153)	(21,358)	16,272	(1,426)	(1,094)	(61)	(0)	(23,820)	(24,231)	(48,051)
Increase in cash and cash equivalents	5,213	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(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	202	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	1,472,837	(15,870)	1,456,967

28.2 Condensed results of consolidated entities from continuing operations

31 December 2020	FBN Holdings Plc. N'million	FBN Limited N'million	FBNQuest Capital Limited N'million	FBNQuest Trustees Limited N'million	FBNQuest Merchant Bank Limited N'million	FBN Insurance Limited N'million	FBN Insurance Brokers Limited N'million	Rainbow Town Development Limited N'million	Total N'million	Adjustments N'million	Group N'million
Summarized Income Statement											
Operating income	18,698	399,128	3,476	4,254	17,452	-	571	-	443,578	(17,261)	426,317
Operating expenses	(4,515)	(274,569)	(1,170)	(1,210)	(10,488)	-	(326)	-	(292,279)	(221)	(292,501)
Impairment charge for credit losses	-	(50,995)	(828)	(120)	(339)	-	(2)	-	(52,284)	1,688	(50,596)
Operating profit	14,183	73,564	1,477	2,924	6,625	-	242	-	99,015	(15,794)	83,221
Associate	-	-	482	-	-	-	-	-	482	-	482
Profit before tax	14,183	73,564	1,959	2,924	6,625	-	242	-	99,497	(15,794)	83,703
Tax	(213)	(5,814)	(23)	(1,022)	(885)	-	(156)	-	(8,111)	-	(8,111)
Profit/(Loss) for the year from continuing operations	13,970	67,750	1,937	1,902	5,741	-	86	-	91,385	(15,793)	75,592
Profit/(Loss) for the year from discontinued operations	19,890	-	288	-	-	3,381	-	(175)	23,384	(9,246)	14,138
Other comprehensive income	(198)	34,070	(10)	(286)	2,346	450	9	-	36,381	-	36,381
Total comprehensive income	33,661	101,820	2,214	1,616	8,087	3,831	95	(175)	151,150	(25,039)	126,111
Total comprehensive income allocated to non controlling interest	-	826	-	-	-	-	-	(79)	747	1,244	1,991
Dividends paid to non controlling interest	-	-	-	-	-	598	-	-	598	-	598
Summarized Financial Position											
Assets											
Cash and balances with central bank	0	1,588,039	0	0	43,691	-	0	-	1,631,730	-	1,631,730
Loans and advances to banks	11,240	970,335	36,769	2,036	25,718	-	661	-	1,046,760	(29,937)	1,016,823
Loans and advances to customers	61	2,220,497	44	26	55,689	-	11	-	2,276,328	(59,061)	2,217,268
Financial assets at fair value through profit or loss	2,116	81,292	40,618	-	2,328	-	-	-	126,354	-	126,354
Investment securities	9,863	1,437,662	59,852	5,171	36,625	-	117	-	1,549,290	(0)	1,549,290
Assets pledged as collateral	-	619,171	-	-	16,742	-	-	-	635,913	(0)	635,913
Other assets	14,360	306,025	2,652	636	6,629	-	81	-	330,383	(14,882)	315,501
Investment in associates accounted for using the equity method	-	-	1,308	-	-	-	-	-	1,308	(144)	1,163
Investment in subsidiaries	262,672	-	-	-	-	-	-	-	262,672	(262,672)	-
Property, plant and equipment	312	111,722	61	155	1,406	-	29	-	113,684	349	114,034
Intangible assets	-	15,114	2	4	219	-	1	-	15,340	-	15,340
Deferred tax assets	-	17,272	918	-	9,429	-	-	-	27,619	-	27,619
Assets held for sale	-	337	-	-	-	-	-	-	337	37,656	37,993
	300,623	7,367,465	142,225	8,029	198,476	-	900	-	8,017,717	(328,689)	7,689,028
Financed by											
Deposits from banks	-	1,017,077	-	-	28,476	-	-	-	1,045,553	-	1,039,220
Deposits from customers	-	4,715,026	103,165	-	100,137	-	-	-	4,918,327	(23,612)	4,894,715
Derivative liabilities	-	7,080	-	-	384	-	-	-	7,464	-	7,464
Current income tax liability	213	8,390	553	1,053	946	-	91	-	11,247	-	11,247
Other liabilities	13,542	527,558	21,304	1,483	31,904	-	663	-	596,454	(14,734)	581,720
Borrowings	-	379,484	-	-	-	-	-	-	379,484	-	379,484
Retirement benefit obligations	-	7,527	-	-	-	-	-	-	7,527	-	7,527
Deferred tax liabilities	-	-	0	73	-	-	28	-	101	-	101
Liabilities held for sale	-	-	-	-	-	-	-	-	-	2,379	2,379
	13,755	6,662,142	125,023	2,609	161,846	-	782	-	6,966,156	(42,299)	6,923,857
Summarized Cash Flows											
Operating activities											
Interest received	1,576	538,669	4,751	2,586	12,129	-	13	-	559,723	89,942	649,665
Interest paid	-	(117,599)	(6,509)	-	(6,681)	-	-	-	(130,789)	23,827	(106,962)
Income tax paid	-	(6,731)	(104)	(705)	(705)	-	(52)	-	(8,297)	(1)	(8,297)
Cash flow generated from operations	14	(173,824)	13,505	(294)	(22,551)	-	505	(42)	(182,687)	1,039,963	857,277
Net cash generated from operating activities	1,590	242,397	11,643	1,587	(17,808)	-	466	(42)	239,832	1,151,850	1,391,682
Net cash used in investing activities	17,610	47,741	(6,246)	227	13,909	-	3	-	73,245	(929,727)	(856,483)
Net cash used in financing activities	(13,700)	126,550	(1,050)	(1,266)	-	-	(61)	-	110,473	(22,650)	87,823
Increase in cash and cash equivalents	5,500	416,688	4,347	548	(3,899)	-	408	(42)	423,550	199,473	623,023
Cash and cash equivalents at start of year	5,705	1,280,243	23,640	123	27,199	11,415	791	243	1,349,360	(44,362)	1,304,998
Effect of exchange rate fluctuations on cash held	34	4,681	79	55	22	-	-	-	4,837	34	4,871
Cash and cash equivalents at end of year	11,240	1,701,613	28,066	728	23,323	11,416	1,200	202	1,777,748	155,144	1,932,892

29 Asset Held for Sale

Discontinued operations:

The assets classified as held for sale in 2021 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 the 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 buisness within the Group, and as such meets the definition of discontinued operation.

29.1 The carrying amount of the assets and liabilties of the disposal group classified as held for sale are as listed below.

	GROUP	
	31 December 2021	**31 December 2020**
	N 'million	**N 'million**
Assets classified as held for sale		
Other assets	1,242	1,310
Inventory	36,337	36,337
Property, plant and equipment	5	5
Intangible assets	5	5
	37,589	37,657
Liabilities classified as held for sale		
Company income tax liability	6	6
Other liabilities	2,116	2,373
	2,122	2,379
Net Asset	35,467	35,278

29.2 The operating results of the discontinued operations are as follows.

	GROUP	
	31 December 2021	**31 December 2020**
	N 'million	**N 'million**
Revenue	-	13,507
Expenses	(68)	(9,508)
(Loss)/profit before tax from discontinuing operations	(68)	3,999
Income tax expense	-	(654)
(Loss)/profit from discontinued operations after tax	(68)	3,345
Gain on disposal of investment in subsidiary (see note 29.3)	-	10,793
(Loss)/profit from discontinued operations	(68)	14,138
(Loss)/profit from discontinued operations is attributable to:		
Owners of the parent	(44)	12,978
Non-controlling interests	(24)	1,160
	(68)	14,138

29.3 The Group disposed its investment in FBN Insurance Limited on June 1, 2020 and also finalised the disposal of Twin Peaks Limited

	GROUP 31 December 2021 N 'million	COMPANY 31 December 2021 N 'million	GROUP 31 December 2020 N 'million	COMPANY 31 December 2020 N 'million
FBN Insurance Limited				
Investment in subsidiary	-	-	-	4,724
Total assets	-	-	135,818	-
Total liabilities	-	-	(114,072)	-
Net assets	-	-	21,746	4,724
Non controlling interest disposed	-	-	(7,637)	-
Net assets and non-controlling interests disposed	-	-	14,108	4,724
Net sale proceeds on disposal	-	-	24,614	24,614
Carrying amount	-	-	(14,108)	(4,724)
Profit on sale of FBN Insurance Limited	-	-	10,506	19,890
Twin Peaks Nigeria Limited				
Total assets	-	-	1,021	-
Total liabilities	-	-	(371)	-
Net assets	-	-	650	-
Non controlling interest disposed	-	-	(187)	-
Net assets and non-controlling interests disposed	-	-	463	-
Net sale proceeds on disposal	-	-	750	-
Carrying amount	-	-	(463)	-
Profit on disposal of Twin Peaks Limited	-	-	287	-
Total profit on sale of FBN Insurance Ltd. and Twin Peaks Nig. Ltd.	-	-	10,793	-

	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million
The cash flows of the discontinued operations are as follows.		
Net cash flow used in operating activities	-	17,514
Net cash flow generated from/(used in) investing activities	-	11,943
Net cash flow used in financing activities	-	(1,708)
	-	27,749

29.4 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 commited 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 2021 N 'million	GROUP 31 December 2020 N 'million
Property, plant and equipment	329	337
Total Assets classified as held for sale	37,918	37,993

30 Property and equipment
GROUP

	Improvement & buildings N million	Land N million	Motor vehicles N million	Office equipment N million	Computer equipment N million	Furniture & fittings N million	Machinery N million	Work in progress* N million	Right of Use Asset N million	Total N million
Cost										
At 1 January 2020	49,604	22,144	14,125	56,461	32,193	11,070	380	9,187	18,998	214,161
Additions	1,200	30	5,154	4,731	5,466	702	15	3,173	1,608	22,079
Reclassifications	284	-	-	2,351	22	9	-	(2,629)	(136)	(99)
Disposals	(26)	-	(1,481)	(1,231)	(14)	(22)	-	104	-	(2,669)
Write Offs	-	-	-	-	-	-	-	-	(86)	(86)
Transfers	(15)	(59)	(42)	(4)	(67)	84	-	(306)	-	(409)
Discontinued Operations	(845)	(941)	(1,208)	(185)	(215)	(167)	(90)	-	-	(3,652)
Exchange difference	(3,863)	3,069	7	249	(73)	191	(284)	(107)	871	59
At 31 December 2020	46,339	24,243	16,555	62,373	37,312	11,867	21	9,422	21,255	229,385
Accumulated depreciation										
At 1 January 2020	13,240	-	9,574	44,046	21,704	9,446	253	-	2,958	101,222
Charge for the year	1,059	-	2,206	5,110	6,635	632	5	-	2,987	18,634
Reclassifications	(235)	-	(0)	(13)	(67)	245	-	-	-	(70)
Disposals	(26)	-	(1,449)	(1,037)	(46)	(110)	-	-	-	(2,669)
Write Offs	-	-	-	-	-	-	-	-	(46)	(46)
Discontinued Operations	(144)	-	(627)	(104)	(167)	(108)	(41)	-	-	(1,191)
Exchange differences	(1,155)	469	(18)	83	(50)	186	(196)	-	152	(529)
At 31 December 2020	12,738	469	9,685	48,086	28,010	10,290	21	-	6,051	115,351
Net book amount at 31 December 2020	**33,600**	**23,774**	**6,870**	**14,288**	**9,302**	**1,578**	**0**	**9,422**	**15,203**	**114,034**
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)	-	-	-	(0)
Disposals	-	-	(3,090)	(16,548)	(6,345)	(2,873)	(3)	-	-	(28,859)
Write Offs	-	-	(108)	-	-	-	-	-	(245)	(353)
Exchange differences	861	20	85	21	190	42	76	-	101	1,395
At 31 December 2021	14,673	491	9,559	37,349	28,647	7,988	106	-	8,742	107,556
Net book amount at 31 December 2021	**34,391**	**24,620**	**8,338**	**15,777**	**9,110**	**1,525**	**15**	**9,044**	**13,167**	**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 depreciate

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

30 Property and equipment continued

COMPANY

	Improvement & buildings N million	Motor vehicles N million	Machinery N million	Office equipment N million	Computer equipment N million	Furniture & fittings N million	Right of Use Asset N million	Total N million
Cost								
At 1 January 2020	615	682	42	451	21	423	206	2,440
Additions	-	23	15	2	3	1	-	44
Reclassification	-	-	4	-	-	(4)	-	-
Disposal	-	(13)	-	-	-	-	-	(13)
At 31 December 2020	615	692	61	453	24	420	206	2,471
Accumulated depreciation								
At 1 January 2020	614	344	41	447	14	418	72	1,950
Charge for the year	-	140	5	1	4	1	72	223
Disposal	-	(13)		-		-	-	(13)
At 31 December 2020	614	470	46	448	18	419	144	2,159
Net book amount at 31 December 2020	**1**	**222**	**15**	**5**	**6**	**1**	**62**	**312**
Cost								
At 1 January 2021	615	692	61	453	24	420	206	2,471
Additions	-	411	-	2	18	1	-	432
Write off	-	(108)	-		-	-	(50)	(158)
Disposal	-	(335)	(4)	-	(3)		-	(342)
At 31 December 2021	615	660	57	455	39	421	156	2,403
Accumulated depreciation								
At 1 January 2021	614	470	46	448	18	419	144	2,159
Charge for the year	-	164	4	1	6	1	33	210
Write off		(108)						(108)
Disposal	-	(217)	(3)	-	-	-	-	(219)
Write off							(35)	(35)
At 31 December 2021	614	309	47	449	24	420	142	2,007
Net book amount at 31 December 2021	**1**	**351**	**10**	**6**	**16**	**1**	**14**	**397**

Right of Use Asset

See note 30b for additional disclosure on right of use assets

30 b) Leases

This note provides information for leases where the Group is a lessee.

(i) *Right-of-use assets*

	GROUP			COMPANY	
	Buildings N'million	**Land N'million**	**Total N'million**	**Buildings N'million**	**Total N'million**
Opening balance at 1 January 2021	20,966	289	21,255	206	206
Additions for the year	831	-	831	-	-
Derecognition	(205)	-	(205)	-	-
Exchange difference	28	-	28	-	-
Closing balance as at 31 December 2021	21,620	289	21,909	206	206
Depreciation					
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)	-	-
Closing balance as at 31 December 2021	8,666	76	8,742	177	177
Net book value as at 31 December 2021	12,954	213	13,167	29	29

	GROUP			COMPANY	
	Buildings N'million	**Land N'million**	**Total N'million**	**Buildings N'million**	**Total N'million**
Opening balance at 1 January 2020	18,746	252	18,998	206	206.00
Additions for the year	1,571	37	1,608	-	-
Derecognition	(222)	-	(222)	-	-
Exchange difference	871	-	871	-	-
Closing balance as at 31 December 2020	20,966	289	21,255	206	206
Depreciation					
Opening balance at 1 January 2020	2,907	51	2,958	72	72
Charge for the year	2,962	25	2,987	72	72
Exchange difference	152	-	152	-	-
Derecognition	(46)	-	(46)	-	-
Closing balance as at 31 December 2020	5,976	76	6,052	144	144
Net book value as at 31 December 2020	14,990	213	15,203	62	62

(ii) *Lease liabilities*

	GROUP N'million	**COMPANY N'million**
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	7,284	-
	10,353	75

	N'million	**N'million**
Opening balance at 1 January 2020	12,013	137
Additions	1,128	-
Interest expense	706	13
Payments made during the year	(1,777)	(60)
Exchange difference	36	
Closing balance as at 31 December 2020	12,106	90
Current lease liabilities	1,910	90
Non-current lease liabilities	10,196	-
	12,106	90

(iii) *Amounts recognised in the statement of profit or loss*

	GROUP	COMPANY
31 December 2021	**N'million**	**N'million**
Depreciation charge of right-of-use assets	2,834	33
Interest expense	598	1
Lease expense (short term)	-	-

31 December 2020	**N'million**	**N'million**
Depreciation charge of right-of-use assets	2,987	72
Interest expense	706	13
Lease expense (short term)	11	-

(iv) *Amounts recognised in the statement of cashflow*

	GROUP	COMPANY
31 December 2021	**N'million**	**N'million**
Total cash outflow for leases	3,063	-

31 December 2020	**N'million**	**N'million**
Total cash outflow for leases	1,777	60

Liquidity risk (maturity analysis of lease liabilities)

GROUP

31 December 2021	**0-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Lease liability	214	825	341	1,293	3,126	4,554	10,353

31 December 2020	**0-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Lease liability	256	845	418	1,459	3,380	5,748	12,106

COMPANY

31 December 2021	**0-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Lease liability	75	-	-	-	-	-	75

31 December 2020	**0-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Lease liability	75	-	15	-	-	-	90

31 Intangible assets

	GROUP			
	Goodwill	**Computer Software**	**Work in Progress**	**Total**
Cost				
At 1 January 2020	6,228	34,657	2,780	43,665
Additions	-	1,979	1,618	3,597
Reclassification	-	3,162	(3,162)	-
Write off	-	29	-	29
Transfers	-	58	(45)	13
Disposals		(22)		(22)
Discontinued operations	(262)	(395)	-	(658)
Exchange difference	153	280	-	434
At 31 December 2020	**6,119**	**39,748**	**1,191**	**47,058**
Additions	-	6,629	5,169	11,798
Reclassification	-	4,407	(4,409)	(2)
Write off	-	(176)	(22)	(198)
Transfers	-	(105)	-	(105)
Disposals		-	(2)	(2)
Exchange difference	76	248	-	324
At 31 December 2021	**6,195**	**50,751**	**1,927**	**58,873**
Amortisation and impairment				
At 1 January 2020	1,925	22,779	-	24,704
Amortisation charge	-	7,238	-	7,238
Transfers		(47)		(47)
Discontinued operations	-	(325)	-	(325)
Exchange difference	-	148	-	148
At 31 December 2020	**1,925**	**29,793**	**-**	**31,718**
Amortisation charge	-	8,258	-	8,258
Transfers		(147)		(147)
Write off	-	(179)	-	(179)
Exchange difference	-	205	-	205
At 31 December 2021	**1,925**	**37,930**	**-**	**39,855**
Net book value				
At 31 December 2021	4,270	12,821	1,927	19,018
At 31 December 2020	4,194	9,954	1,191	15,340

The amortisation charge for the year is included in the income statement.

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 recognized 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 fequently 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, 2021.

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.

31 Intangible assets continued

Impairment testing on cash generating units containing goodwill

Analysis of Goodwill balances	**31 December 2021 N'million**	**31 December 2020 N'million**
Commercial banking group segment		
FBNBank Ghana	3,154	3,105
FBNBank DRC	552	552
FBNBank Sierra-Leone	306	316
FBNBank Guinea	258	221
	4,270	4,194

The cash generating unit (CGUs) with material goodwill balances relates to FBN Bank DRC and FBN Bank Ghana and the key assumptions used in the value-in-use calculation are as follows:

	2021		**2020**	
	FBN Bank DRC	FBN Bank Ghana	FBN Bank DRC	FBN Bank Ghana
Terminal growth rate: %	15.1%	13.6%	17.1%	22.3%
Discount rate: %	41%	43%	38%	31%
Deposit growth rate: %	20%	35%	26%	85%
Recoverable amount of the CGU: (N' million)	91,348	71,912	20,677	65,942

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 DRC, 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 N27.3bn and N68.43bn respectively, while if it had been lower by 0.5% the recoverable amount (VIU) would have been higher than the carrying amount by N28.42bn and N70.62bn respectively.

If the terminal growth rate had been higher by 0.5% the recoverable amount would have been higher than the carrying amount by N27.9bn and N69.64bn respectively, while if lower by 0.5% the recoverable amount would have been higher by N27.81bn and N69.38bn rexpectively.

For the above scenarios, at no point was the recoverable amount (VIU) lower than the carrying amount to result in impairment of Goodwill.

Goodwill Sensitivity Analysis

FBNBank DRC	**% Change**	**Recoverable amount**	**Excess of recoverable amount over carrying amount**
Terminal growth rate:	+0.5%	91,480	69,643
	-0.5%	91,216	69,379
WACC	+0.5%	90,270	68,433
	-0.5%	92,452	70,615
FBNBank Ghana			
Terminal growth rate:	+0.5%	71,959	27,901
	-0.5%	71,865	27,807
WACC	+0.5%	71,360	27,302
	-0.5%	72,475	28,417

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.

	2021		2020	
	FBN Bank DRC	FBN Bank Ghana	FBN Bank DRC	FBN Bank Ghana
Goodwill (N' million)	552	3,154	552	3,105
Net Asset (N' million)	21,285	40,904	15,734	35,799
Total carrying amount (N' million)	21,837	44,058	16,286	38,904
Excess of recoverable amount over carrying amount	69,511	27,854	6,649	27,864

32 Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2020: 30%).

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Deferred income tax assets and liabilities are attributable to the following items:		
Deferred tax assets		
Property and equipment	1,634	(16)
Allowance for loan losses	6,458	5,545
Tax losses carried forward	19,917	19,845
Other assets	258	260
Other liabilities	790	624
Defined benefit obligation	1,192	488
Effect of changes in exchange rate	740	873
	(2,278)	-
	28,710	27,619
Deferred tax liabilities		
Property and equipment	81	62
Other assets	285	39
	366	101
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	28,710	27,619
- Deferred tax asset to be recovered within 12 months	-	-
	28,710	27,619
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	366	101
- Deferred tax liability to be recovered within 12 months	-	-
	366	101

Group	**1 Jan 2021 N 'million**	**Recognised in P&L N 'million**	**Recognised in OCI N 'million**	**31 Dec 2021 N 'million**
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	179	911	28,710

Group	**1 Jan 2020 N 'million**	**Recognised in P&L N 'million**	**Recognised in OCI N 'million**	**31 Dec 2020 N 'million**
Movements in Deferred tax assets during the year:				
Property and equipment	67	(83)		(16)
Allowance for loan losses	5,604	(59)		5,545
Tax losses carried forward	18,716	1,129		19,845
Other assets	272	(12)		260
Other liabilities	277	347		624
Defined benefit obligation	488	(1,413)	1,413	488
Effect of changes in exchange rate	(415)	1,288		873
	25,010	1,196	1,413	27,619

	1 Jan 2021 N 'million	Recognised in P&L N 'million	Effect of discontinued operations N 'million	31 Dec 2021 N 'million
Movements in Deferred tax liabilities during the year:				
Property and equipment	62	20	-	81
Other assets	39	245	-	285
	101	265	-	366

	1 Jan 2020 N 'million	Recognised in P&L N 'million	Effect of discontinued operations N 'million	31 Dec 2020 N 'million
Movements in Deferred tax liabilities during the year:				
Property and equipment	211	87	(236)	62
Other assets	39	-	-	39
	250	87	(236)	101

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 N90.90billion (2020: N87.58 billion).

Temporary difference relating to the Group's investment in subsidiaries is N136.4billion (2020: N123.4 billion). 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 above 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.

33 Deposits from banks

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Due to banks within Nigeria	683,756	587,104
Due to banks outside Nigeria	414,351	452,116
	1,098,107	1,039,220
Current	1,098,107	1,039,220
Non-current	-	-
	1,098,107	1,039,220

Deposits from banks only include financial instruments classified as liabilities at amortised cost.

34 Deposits from customers

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Current	1,928,032	1,507,398
Savings	1,866,487	1,791,203
Term	1,004,647	938,916
Domiciliary	1,034,710	644,615
Electronic purse	15,611	12,583
	5,849,487	4,894,715
Current	5,725,025	4,713,848
Non-current	124,462	180,867
	5,849,487	4,894,715

Deposits from customers only include financial instruments classified as liabilities at amortised cost.

35 Other liabilities

	GROUP		COMPANY	
	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Financial liabilities:				
Customer deposits for letters of credit	393,068	233,872	-	-
Accounts payable	69,675	178,550	-	-
Lease liability	10,353	12,106	75	90
Creditors	38,369	49,173	365	295
Bank cheques	27,795	23,544	-	-
Collection on behalf of third parties	22,529	14,683	-	-
Unclaimed dividend	11,947	9,618	11,947	9,618
Other credit balance	76,181	28,243	3,805	3,541
	649,917	549,789	16,192	13,544
Non financial liabilities:				
Allowance for credit losses on off-balance sheet items	2,713	3,486	-	-
Provisions	1,720	28,445	-	-
	4,433	31,931	-	-
Other liabilities balance	654,350	581,720	16,192	13,544

Other Credit balances include transactional taxes and other accrued expenses.

Current	651,110	571,978	16,192	13,544
Non-current	3,240	9,742	-	-
	654,350	581,720	16,192	13,544

The unclaimed dividend balance represents the aggregate amounts of dividends that remained unclaimed after 15months or more which the Registrars returned to the Company in line with current regulations. In 2021, an additional sum of N2.329billion was returned to FBN Holdings Plc. by the Registrars.

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 2021.

Reconciliation of impairment on Off Balance Sheet account

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Opening balance at 1 January	3,486	4,820
Impairment writeback	(803)	(1,334)
Exchange difference	30	-
Closing balance at 31 December	2,713	3,486

The movement in provision during the year is as follows:

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Opening balance at 1 January	28,445	2,817
(Reversal)/additional provisions	(26,725)	25,628
Closing balance at 31 December	1,720	28,445
Analysis of total provisions:		
Current	1,720	410
Non Current	-	28,035
	1,720	28,445

35a Long service awards

Included in other credit balances is long service award. Long service award amounted to N2.67bn (December 2020: N3.49bn). 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. Remeasurments 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 N 'millions	Fair value of plan assets N 'millions	Total N 'millions
Defined benefit pension obligations at 1 January 2020	1,691	-	1,691
Current service cost	184	-	184
Interest cost on defined benefit obligation	214	-	214
Employer Contribution made within the year	-	294	294
Benefit paid by employer	(294)	(294)	(588)
Acturial (Gains)/Losses due to change in:			
- Financial assumption	667	-	667
- Experience adjustments	1,030	0	1,030
Defined benefit pension obligations at 31 December 2020	**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)
Acturial (Gains)/Losses due to change in:			-
- Financial assumption	(883)		(883)
- Experience adjustments	(257)		(257)
Defined benefit pension obligations at 31 December 2021	**2,671**	**-**	**2,671**

The table below shows the funded status of the Group's long service award;

	GROUP 31 December 2021 N 'millions	31 December 2020 N 'millions
Defined Benefit Obligation (DBO)	2,671	3,492
Fair value of plan assets	-	-
Funded Status	2,671	3,492

36 Borrowings

	GROUP 31 December 2021 N 'million	31 December 2020 N 'million
Long term borrowing comprise:		
FBN EuroBond (i)	147,935	139,170
Subordinated Debt (ii)	82,485	78,078
Proparco (iii)	10,654	14,115
International Finance Corporation (iv)	53,045	49,682
On-lending facilities from financial institutions (v)	48,753	57,322
Borrowing from correspondence banks (vi)	49,199	41,117
Surbodinated unsecured debt (vii)	13,233	-
	405,304	379,484
Current	106,718	94,268
Non-current	298,586	285,216
	405,304	379,484
At start of the year	379,484	250,596
Proceeds of new borrowings	58,978	262,782
Finance cost	31,369	13,981
Foreign exchange losses	23,287	11,068
Repayment of borrowings	(51,769)	(145,620)
Interest paid	(36,045)	(13,324)
At end of year	405,304	379,484

(i) FBN Eurobond:
Facilities 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) Surbodinated debt:
The amount of N82.48 billion (US $194.5 million) relates to subordinated debt of $194.5 million. 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 semiannually. This facility is unsecured.

(iii) Proparco:
Facility represents the outstanding balance of the credit facility of US $65 million granted by Promotion et Participation pour la Coopération économique (PROPARCO) 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 unsecure

(iv) International Finance Corporation:
The amount of N53.05bn (USD125m) represents the outstanding balance of the credit facility of USD125 million 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 December 2022. This facility is unsecured.

(v) On-lending Facilities:
Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by First Bank of Nigeria Limited 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 N200 billion 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 (2020: N102 million) to First Bank of Nigeria Limited

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, First Bank Nigeria Limited received additional disbursement N2 billion (2020: N12.6 billion) 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 extended the moratorium and reduction in interest rate earlier granted on intervention funds by a further 12 months. These was in response to the continued impact of Covid-19 on businesses.

(vi) Borrowings from correspondence banks:
Borrowings from correspondence banks include loans from foreign banks utilised in funding letters of credits for international trade.

(vi) Surbodinated Unsecured Debt:
This represents series 1 and 2 fixed rate unsecured bond of N5 billion (series 1) and N8 billion (series 2) with a tenor of 3 years and 5 years and with interest of 10.5% and 6.25%

(viii) Compliance with covenants
The Group had a loan with a carrying amount of N10.65 billion at 31 December 2021 (31 Dec 2020: N14.1 billion) 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 period, there were no defaults on principal, interest or redemption terms of loan payable

As at 31 December 2021, the Group was not in breach of any of the seven financial covenants.

37 Retirement benefit obligations

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Defined Benefits Plan		
Defined Benefits - Pension (i)	4,576	6,164
Gratuity Scheme (ii)	816	1,363
	5,392	7,527

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 2021 and 31 December 2020.

37 Retirement benefit obligations continued

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.

The movement in the defined benefit pension (i) over the year is as follows:

	GROUP		
	Present value of the obligation N 'million	**Fair value of plan assets N 'million**	**Net N 'million**
Defined benefit pension obligations at 1 January 2020	9,543	(7,130)	2,413
Interest expense/(income)	1,247	(1,025)	222
Return on plan asset excluding interest income	-	(183)	(183)
Acturial (Gains)/Losses due to change in:			
- Financial Assumptions	3,718	-	3,718
- Experience Adjustment	(6)	-	(6)
Payments:			
- Benefit payment	(1,072)	1,072	-
Defined benefit pension obligations at 31 December 2020	**13,430**	**(7,266)**	**6,164**
Interest expense/(income)	934	(718)	216
Return on plan asset excluding interest income	-	860	860
Past service cost	-	-	-
Acturial (Gains)/Losses due to change in:			
- Financial Assumptions	(2,664)	-	(2,664)
Payments:			
- Benefit payment	(1,176)	1,176	-
Defined benefit pension obligations at 31 December 2021	**10,524**	**(5,948)**	**4,576**

The actual return on plan assets was N860 million (2020: N183 million)

	GROUP					
Composition of Plan assets		**2021**			**2020**	
	N 'million Quoted	**N 'million Unquoted**	**N 'million Total**	**N 'million Quoted**	**N 'million Unquoted**	**N 'million Total**
Equity Instruments						
Banking	742	-	742	656	-	656
Debt Instruments						
Government	828	-	828	4,456	-	4,456
Corporate Bond	-	-	-	342	-	342
Money market investments	4,254	-	4,254	929	-	929
Money on call	938	-	938	938	-	938
Others	(55)	-	(55)	(55)	-	(55)
Total	**6,707**	**-**	**6,707**	**7,266**	**-**	**7,266**

The fair value of plan assets is calculated with reference to quoted prices and are within level 1 and 2 of the fair value hierachy
Gratuity scheme (ii)
This relates to the schemes operated by the subsidiaries of First Bank of Nigeria Limited as follows:
FBNBank Congo (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 FBNBank 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 year spent.

37 Retirement benefit obligations continued

The movement in the defined benefit Gratuity Scheme (ii) over the year is as follows:

	GROUP		
	Present value of the obligation N 'million	**Fair value of plan assets N 'million**	**Net N 'million**
Defined benefit pension obligations at 1 January 2020	961	(22)	939
Foreign exchange difference	230	2	232
Interest expense/(income)	110	0	110
Service cost	148		148
Remeasurement:			
- Return on plan asset not included in net interest cost on pension scheme	-	(4)	(4)
Net actuarial gain or loss	46	- 4.00	42
Contributions:			
- Employer	-	103	103
Payments:			
- Benefit payment	(104)	(104)	(208)
Defined benefit pension obligations at 31 December 2020	**1,391**	**(29)**	**1,363**
Foreign exchange difference	(444)	13	(431)
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**	**(37)**	**816**

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 minimize 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.

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 groups 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.

	31 Dec 2021 N 'million	**31 Dec 2020 N 'million**
The principal actuarial assumptions were as follows:		
Discount rate on pension plan	13.0%	7.5%
Inflation rate	12.0%	12.0%
Life expectancy	20yrs	20yrs

37 Retirement benefit obligations continued

The sensitivity of the pension liability to changes in the weighted principal assumptions is shown in table below:

	Assumption	Defined Benefit Obligation N'm	Impact on Liability
	13.0%	10,500	0.0%
Discount rate	14.0%	10,011	-4.7%
	12.0%	11,042	5.2%
	Base	10,500	0.0%
Mortality experience	Improved by 1 year	10,658	1.5%
	Decreased by 1 year	10,337	-1.6%

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 (N'000
2022	1,533,077
2023	1,491,367
2024	1,455,245
2025	1,417,316
2026	1,377,667
2027 - 2031	6,244,731

Defined benefit cost, charged to income statement (refer note 16)	GROUP 31 Dec 2021 N 'million	GROUP 31 Dec 2020 N 'million
Defined Benefits - Pension (i)	82	222
Defined benefit cost, charged to other comprehensive income		
Defined Benefits - Pension (i)	1,804	3,712
Gratuity Scheme (ii)	332	(48)
Long service award	1,140	1,696
	3,276	5,360

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

Authorised	31 December 2021	31 December 2020
50 billion ordinary shares of 50k each (2020: 50 billion)	25,000	25,000

Issued and fully paid

Movements during the period:	Number of shares In millions	Ordinary shares N 'million
At 31 December 2020	35,895	17,948
At 31 December 2021	35,895	17,948

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.

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 2021 N 'millions	31 December 2020
Opening balance	9,085	15,516
Share of profit	1,370	1,744
Share of other comprehensive income	(50)	247
Non-controlling interests disposed (see note 30.3)	-	(7,824)
Dividends	-	(598)
	10,405	9,085

41 Cashflow workings

a Reconciliation of profit before tax to cash generated from operations

	Notes	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million	COMPANY 31 December 2021 N 'million	COMPANY 31 December 2020 N 'million
Profit before tax from continuing operations		166,920	83,221	13,053	34,073
(Loss)/profit before tax from discontinued operations	29.2	(68)	14,792	-	-
Profit before tax including discontinued operations		166,852	98,013	13,053	34,073
Adjustments for:					
– Depreciation	30	20,022	18,634	210	223
– Amortisation	31	8,258	7,238	-	-
– Profit from disposal of investment in subsidiary	29.3	-	-	-	(19,890)
– Loss/(profit) from disposal of property and equipment	15	79	(199)	84	-
– Foreign exchange losses/(gains)	11	3,567	(6,080)	(24)	(34)
– Profit from investment securities	12	(31,295)	(48,078)	(71)	10
– Net (gains)/losses from financial assets at fair value through profit or loss	13	(50,834)	(18,939)	779	941
– Impairment on loans and advances	9	85,275	55,410	-	-
– Impairment on other financial assets	9	61	(866)	-	-
– Impairment on other assets	9	5,212	7,285	-	-
– Dividend income	14	(6,520)	(3,983)	(16,401)	(18,296)
– Interest income	7	(369,047)	(384,798)	(1,502)	(1,332)
– Interest expense	8	140,805	133,183	1	13
(Increase)/decrease in operating assets:					
– Cash and balances with the Central Bank (restricted cash)	(i)	(25,642)	(379,007)	-	-
– Loans and advances to banks	(ii)	89,848	(6,599)	-	-
– Loans and advances to customers	(iii)	(741,769)	(177,880)	11	33
– Financial assets at fair value through profit or loss	(iv)	(191,529)	183,137	-	-
– Other assets	(vii)	94,665	(94,242)	13	50
– Asset pledged as collateral	(vi)	(82,749)	(70,991)	-	-
Increase/(decrease) in operating liabilities:					
– Deposits from banks	(viii)	54,091	203,605	-	-
– Liability on investment contracts		-	24,676	-	-
– Liability on insurance contracts		-	63,748	-	-
– Derivative liabilities	(xvi)	12,184	1,418	-	-
– Deposits from customers	(ix)	899,249	945,707	-	-
– Other liabilities	(x)	76,171	306,884	2,647	4,270
Cash flow (used in)/generated from operations		156,952	857,277	(1,201)	60

b Cashflow workings

	Note	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million	COMPANY 31 December 2021 N 'million	COMPANY 31 December 2020 N 'million
(i) Cash and balances with the Central Bank (restricted cash)					
Opening balance	19	1,322,443	943,436	-	-
Movement during the year		25,642	379,007	-	-
Closing balance	19	1,348,086	1,322,443	-	-
(ii) Loans and advances to banks (Long term placement)					
Opening balance	21	175,491	129,959	-	-
Interest income	7	(21,854)	(24,590)		
Interest received		21,854	29,590		
Foreign exchange difference		25,961	33,933		
Movement during the year		(89,848)	6,599	-	-
Closing balance	21	111,604	175,491	-	-
(iii) Loans and advances to customers					
Opening balance		(2,217,268)	(1,852,411)	(61)	(94)
Closing balance		2,881,916	2,217,268	49	61
Changes during the year		664,648	364,857	(12)	(33)
Changes explained by:					
ECL allowance on loan and advances to customers	9	(84,761)	(53,515)	-	-
Interest income	7	(271,024)	(241,027)	(12)	(15)
Interest received		208,302	408,893	10	15
Foreign exchange difference		70,362	72,626		
Movement during the year		741,769	177,880	(11)	(33)
Changes during the year		664,648	364,857	(12)	(33)

		GROUP		COMPANY	
	Note	31 December 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
(iv) Financial assets at fair value through profit or loss					
Opening balance		126,354	282,660	2,116	3,427
Treasury bills included in cash and cash equivalents	20	(8,958)	(1,929)	-	-
Interest income	7	(1,012)	(328)	-	-
Interest received		1,012	328	-	-
Fair value changes at FVTPL	13	50,834	18,939	(779)	(941)
Foreign exchange difference		(8,613)	9,821	-	-
Movement during the year		191,529	(183,137)	-	-
Closing balance	23	351,146	126,354	1,337	2,116
(v) Investment secuirities					
Opening balance		1,549,290	1,414,530	9,863	11,393
Purchase of investment securities		934,400	996,988	1,206	9,832
Proceeds from the sale of investment securities		(185,239)	(160,391)	(5,794)	(11,712)
Treasury bills included in cash and cash equivalent	20	(300,076)	(777,759)	-	-
Interest income on FVOCI investments	7	(23,132)	(84,160)	(514)	(967)
Interest income on amortised cost investments	7	(52,025)	(34,693)	-	-
Interest received		65,233	210,854	924	1,515
Fair value changes in FVOCI		(31,327)	(24,814)	(1,474)	(198)
Foreign exchange difference		1,966	9,831	-	-
Impairment on amortised cost investments		(1,613)	(1,096)	-	-
Closing balance		1,957,478	1,549,290	4,210	9,863
(vi) Asset pledged as collateral					
Opening balance	25	635,913	564,922	-	-
Movement during the year		82,749	70,991	-	-
Closing balance	25	718,662	635,913	-	-
(vii) Other assets					
Opening balance	26	315,501	212,092	14,360	15,922
WHT credit note used	18b	(1,296)	(1,199)	(49)	(11)
Dividend receivable - current year	(xiv)	-	-	13,236	14,190
Dividend receivable - prior year	(xiv)	-	-	(14,190)	(12,810)
Reclassification to investment subsidiary	(xv)	-	-	-	(2,881)
Impairment charge for the year	9	(5,212)	(7,285)	-	-
Foreign exchange difference		4,309	17,651	-	-
Movement during the year		(94,665)	94,242	(13)	(50)
Closing balance	26	218,638	315,501	13,344	14,360
(viii) Deposit from banks					
Opening balance	33	1,039,220	860,486	-	-
Interest expense	8	(29,179)	(26,353)	-	-
Interest paid		29,179	21,353	-	-
Foreign exchange difference		4,796	(19,871)	-	-
Movement during the year		54,091	203,605	-	-
Closing balance	33	1,098,107	1,039,220	-	-
(ix) Deposit from customers					
Opening balance		4,894,715	4,019,836	-	-
Interest expense	8	(79,658)	(90,609)	-	-
Interest paid		71,705	85,609	-	-
Foreign exchange difference		63,476	(65,828)	-	-
Movement during the year		899,249	945,707	-	-
Closing balance	34	5,849,487	4,894,715	-	-
(x) Other liabilities					
Opening balance	35	581,720	297,140	13,544	9,321
Impairment writeback on off balance sheet	9	(803)	(1,334)	-	-
Lease payments	30	(3,063)	(1,777)	-	(60)
Interest expense on lease	8	598	706	1	13
Actuarial gain on long service award	35	(1,140)	1,697		
Foreign exchange difference		868	(21,596)	-	-
Movement during the year		76,171	306,884	2,647	4,270
Closing balance	35	654,350	581,720	16,192	13,544
(xi) Disposal of property and equipment					
Cost	30	29,663	2,669	342	13
Accumulated depreciation	30	(28,859)	(2,669)	(219)	(13)
Net book value of disposed properties		804	1	123	-
Gain or (loss) on disposed properties	15	(79)	199	(84)	-
Sales proceed		725	200	38	-

		Note	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million	COMPANY 31 December 2021 N 'million	COMPANY 31 December 2020 N 'million
(xii)	**Interest received**					
	Interest received on loans	(iii)	230,156	438,483	10	15
	Interest received on investment	(v)	66,245	211,182	924	1,515
			296,401	649,665	934	1,530
(xiii)	**Interest paid**					
	Interest paid on deposit from customers	(ix)	(71,705)	(85,609)	-	-
	Interest paid on deposit from banks	(viii)	(29,179)	(21,353)	-	-
			(100,884)	(106,962)		
	Interest paid on borrowings	36	(36,045)	(13,324)	-	-
			(136,929)	(120,286)	-	-
(xiv)	**Dividend received**					
	Opening dividend receivable		-	-	14,190	12,810
	Dividend income	14	6,520	3,983	16,401	18,296
	WHT on dividend retained	14	-	-	245	311
	Dividend received		(6,520)	(3,983)	(17,601)	(17,227)
	Closing dividend receivable		-	-	13,236	14,190
(xv)	**Investment in subsidiary**					
	Opening balance	28	-	-	262,671	239,514
	Additional investment		-	-	-	25,000
	Disposal	29.3	-	-	-	(4,724)
	Reclassification from accounts receivable	(vii)	-	-	-	2,881
	Closing dividend receivable	28	-	-	262,671	262,671
(xvi)	**Derivative liabilities**					
	Opening balance		7,464	6,046	-	-
	Movement during the year		12,184	1,418	-	-
	Closing balance		19,648	7,464	-	-

42 Commitments and Contingencies

42.1 Capital commitments

The Group's capital commitment in respect of authorized and contracted capital projects are disclosed below.

	GROUP 31 December 2021 N 'million	GROUP 31 December 2020 N 'million
Authorised and contracted		
Property and Equipment	973	1,510
Intangible Assets	2,764	2,074
	3,737	3,585

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 crystalise from these cases beyond the provision made in the financial statements

	GROUP 31 December 2021 N 'millions	GROUP 31 December 2020 N 'millions
At start of the year	25,974	376
Provisions	1,000	25,598
Writeback	(25,598)	-
At end of year	1,376	25,974

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 2021 N 'million	GROUP 31 December 2020 N 'million
Performance bonds and guarantees	428,255	345,199
Letters of credit	844,130	489,314
	1,272,385	834,513

42.4 Loan Commitments

	GROUP	
	31 December 2021 N 'million	31 December 2020 N 'million
Undrawn irrevocable loan commitments	102,295	87,263
	102,295	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 2021 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	
31 December 2021	(a) N'million	(b) N'million	(c) = (a) - (b) N'million	(d) N'million	(e) N'million	(f) = (c)-(d)-(e) N'million
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

	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	
31 December 2020	(a) N'million	(b) N'million	(c) = (a) - (b) N'million	(d) N'million	(e) N'million	(f) = (c)-(d)-(e) N'million
ASSETS						
Financial assets at fair value through profit or loss	56,863	-	56,863	-	1,509	55,354
Total Assets subject to offsetting, master netting and similar arrangements	56,863	-	56,863	-	1,509	55,354
LIABILITIES						
Financial derivatives	(7,080)	-	(7,080)	-	-	(7,080)
Total Liabilities subject to offsetting, master netting and similar arrangements	(7,080)	-	(7,080)	-	-	(7,080)

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).

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 2021 N 'million	31 December 2020 N 'million
First Bank of Nigeria Limited	Subsidiary	Placement	6,150	2,500
First Bank of Nigeria Limited	Subsidiary	Current account balance	337	2,156
First Bank of Nigeria Limited	Subsidiary	Bank charges	6	11
First Bank of Nigeria Limited	Subsidiary	Interest Income	411	211
FBNQuest Merchant Bank Limited	Subsidiary	Current account balance	3	1
FBNQuest Merchant Bank Limited	Subsidiary	Placement	-	2,941
FBNQuest Merchant Bank Limited	Subsidiary	Interest Income	38	43

Placements with related parties have maturities ranging from 30 days to 90 days and interest rates from 10% to 12%. Current account balances are balances in transactional operating accounts with related parties as at December 31, 2021.

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 2021 N 'million	31 December 2020 N 'million	31 December 2021 N 'million	31 December 2020 N 'million
Salaries and other short-term employee benefits	1,934	1,948	404	403
Post-employment benefits	461	33	16	16
	2,395	1,982	420	419

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 2021 N 'million	31 December 2020 N 'million
Fees	498	396
Sitting allowances	31	18
Executive compensation	131	122
Other directors' costs and expenses	25	447
	686	983
Included in the fees above are amounts paid to:		
Chairman	3	64
Highest paid director	131	122

The number of directors who received fees and other emoluments in the following ranges was:

	Number 31 December 2021	31 December 2020
N10,000,000 - N40,000,000	17	1
N40,000,001 and above	1	8
	18	9

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

(i) The bank paid a penalty of N140 million for contravention of Extent Foreign (FX) Regulations
(ii) The bank paid a penalty of N2 million for contravention of CBN Circular Ref: FPR/DIR/GEN/CIR/06/004 Dated Sept 28, 2016
(iii) The bank paid N2 million to CBN penalty over a case of Unauthorized transactions and unjustified charges against a customer, KHALIFA
(iv) A penalty of N2 million was paid to CBN for Misappropriation of 75m Treasury Bill Investment at Keffi Branch on behalf of Achara Amechi Peter. CBN Circular CPD/MCD/CON/FB2/04/028 and Dated July 26, 2021
(v) The bank paid N2 million CBN Penalty over delay in implementing CBN Directives in prior years Consumer Protection Compliance Examinations regarding disclosures in Loan Contracts and issuance of Loan Discharge Letters.
(vi) A penalty of N2 million was paid to CBN for failure to comply with extant regulation as per circular BSD/DIR/GEN/LAB/09/028 regarding issuance of Dud Cheques by customers.
(vii) The bank paid penalty of N100 million for Contravening Regulation on Crypto-currency and non-closure of affected account
(viii) The bank paid penalty of N100 million for Contravening Regulation on Crypto-currency
(ix) The bank paid penalty of N2 million for failure to comply with extant regulations on Electronic Funds Transfer regarding beneficiary's name enquiry confirmation prior to effecting transfer

(b) FBN Holdings Plc

(i) The Company paid a penalty of N0.7 million to the Nigeria Exchange for late filing of audited financial statements for the period ended 30 September 2021.

(c) FBNQuest Merchant Bank Limited

(i) N2 million to CBN for penalty on approval for the recruitment of new employees
(ii) N1 million to SEC for breach of SEC Rule 323 (17) prohibiting the transfer of net issue proceeds directly to sponsor
(iii) N50 million to CBN as penalty for misrepresentation of Board Audit Committee (BAC) meeting attendance for a Director in the 2018 Annual Report
(iv) N4 million to CBN for penalty on approval for the recruitment of two new employees
(v) N2 million to CBN as penalty for the bank’s customers who had balances below the minimum N50m
(vi) N2 million to CBN as penalty for the bank's liquidity ratio which was below the regulatory minimum for merchant banks
(vii) N2 million to CBN as penalty for engagement of a consultant without regulatory approval
(viii) N2 million to CBN as penalty for non-compliance with CBN specification for a senior position
(ix) N200 million to CBN as penalty for failure to provide examiners with the required information during an examination
(x) N2 million to CBN as penalty for the difference between the figures in General Ledger and the Credit printout
(xi) N10 million to CBN as penalty for the contravention of the provisions of section 5.2.1 of the Code of Corporate Governance on the tenure of External Auditors and section 28 (S) 6 of the BOFIA 2020.
(xii) N2 million to CBN as penalty for the contravention of BOFIA 2020 section 47 (S) 1 and the provisions of CBN circular referenced BSD/DIR/GEN/LAB/07/004 in the engagement of company secretary without prior approval of the CBN.

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 Dividends per share

A cash dividend of N16.15 billion at N0.45 per share (2020: N13.64 billion) that relates to the year 31 December 2020 was paid in May 2021.

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.

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 2021	31 December 2020	31 December 2021	31 December 2020
Profit from continuing operations attributable to owners of the parent (N'million)	149,776	73,848	13,048	33,860
Profit from discontinued operations attributable to owners of the parent (N'million)	(68)	14,138	-	-
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 Naira per share)				
- from continuing operations	4.17	2.06	0.36	0.94
- from discontinued operations	(0.00)	0.39	-	-
	4.17	2.45	0.36	0.94

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 Restatement note

During the year, certain comparative information were reclassified as a result of inconsistent application of group policies. The Group reclassified recoveries on written off loans which was previously included in impairment charge, to other operating income. The effect of the reclassification is as below:

	GROUP		
	As previously stated	Reclassifications	As restated
Net impairment charge	(50,596)	(11,234)	(61,830)
Other operating income	3,631	11,234	14,865
Total income/(expense)	(46,965)	-	(46,965)

Statement of Cashflows	GROUP		
	As previously stated	Adjustments	As restated
Cash flows from operating activities			
Net cash flow generated from/ (used in) operating activities	373,688	(1,017,994)	1,391,682
Net cash (used in)/generated from investing activities	119,238	975,721	(856,483)
Net cash (used in)/generated from financing activities	88,339	515	87,823
(Decrease)/ increase in cash and cash equivalents	581,265	(41,759)	623,023
Cash and cash equivalents at start of year	1,304,998	0	1,304,998
Effect of exchange rate fluctuations on cash held	46,630	41,759	4,871
Cash and cash equivalents at end of year	1,932,893	(0)	1,932,893

Other National Disclosures and Other Information

EVALUATION OF THE IMPACT OF COVID-19

In 2020, the COVID-19 pandemic caused disruptions to global economic and social activities as countries and businesses were forced to shut down and restrict movement of persons, goods and services in a bit to contain the spread of the pandemic.
In 2021, the global economy witnessed significant efforts at combatting the pandemic which led to the increased administration of the vaccines across the globe. Most economies have also been largely re-opened, thereby leading to improved economic conditions; these have led to the recovery of most global markets. The Nigerian economy witnessed decent growth in Q1 and Q2, 2021 following the easing of the pandemic restrictions, oil prices recovered, and the implementation of various policies, by fiscal and monetary authorities, that countered the economic shock.

During the year ended 31 December 2021, the Incident Management Team across the Group continued to intensify efforts to monitor, report and deal with any occurrence including but not limited to the rollout of staff awareness campaign and strict adherence to the COVID-19 protocols. Other key actions and initiatives currently ongoing to effectively contain the impact of the pandemic include the following:

(a) Strengthening enterprise resilience and capabilities to withstand external shocks, protect its critical assets and ensure high availability of systems, continuity of business;
(b) Acceleration of the implementation of digitalization through Artificial Intelligence (AI) and Robotic Process Automation (RPA);
(c) Implementation and enforcement of the Group's anti-COVID Policy;
(d) Review of regulatory directives on the pandemic, tracking new regulatory changes, assessing impact and ensure regulatory compliance were sustained;
(e) Third party/supply chain risk management continues through enhanced due diligence process for onboarding and effective monitoring to mitigate business continuity risks from vendors and other strategic partners;
(f) Continuous monitoring and evaluation of lead time and volatility to manage re-order levels;
(g) Regular Horizon Scanning/External Events Analysis and providing insights and lessons learned from emerging risks bordering on Cyber Security Incidents, frauds, breach of regulatory directives.

The significant doubt associated with the current uncertainties related to the pandemic did not result in a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern in the foreseeable future. The Group has also assessed on a line-by-line basis the impact of the pandemic on the amount presented on the statement of financial position and concluded that no further adjustment will be required in the financial statement. Notwithstanding, the Group will continue to closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated.

Credit Considerations
Risks remain elevated, but business and consumer sentiments are currently not as bleak as they were in March / April 2020 (beginning of the crisis). As earlier stated, it is premature to conclude on the long-run effect of the COVID-19 pandemic.
As at the end of December 2021, total loans & advances to customers (net) increased by 30% to ₦2.88trn (Dec 2020: ₦2.22trn) as the Group continues to create strong risk asset portfolio towards a robust balance sheet despite the COVID-19 pandemic. Non-performing loan ratio decreased to 6.10% in December 2021 (Dec 2020: 7.72%) due to write-offs, positive recovery, loan restructure and creation of quality risk assets.

Globally, there have been adverse impacts on specific sectors such as airlines, entertainment, education, and transportation. In Nigeria, there has been a decline in revenue for government, oil sector operators, hospitality, airlines, tourism, etc. with significant implications for international trade, the value of the naira and economic growth. The positive improvement in oil price in Q2 2021 and in Q3 2021 has improved operating environment, although currency adjustment has impacts on loan portfolio with respect to loan growth, credit quality ratio and cost of risk.

Considering the improving macroeconomic environment, improved crude oil price and foreign currency outlook for the economy, we do not expect major migration of accounts into non-performing loans (NPL) bracket given the proactive restructuring in line with customers' cashflow capacity, and the palliatives from the government available to support businesses. We still expect NPL ratio to ultimately drop below 5% by 2022 in line with the Group's Strategic Plan for 2020-2022FY.

Funding / Liquidity Considerations

The Group prioritizes the efficient management of liquidity with a view to retaining the confidence of the financial markets and maintaining business stability. The liquidity and funding risk management framework across the Group are designed to ensure adequate liquidity is maintained to meet expected and unexpected obligations and to withstand very severe liquidity stress situations. The Group’s liquidity risk policy comprises a mixture of continuing business management tools to control and monitor all liquidity exposures under both business-as-usual and stress conditions

The Group also monitors its obligations and commitments by estimating the cash flows emanating from all assets and liabilities for different maturity tenors and determining the net surplus or funding requirement. In addition, the Group maintains a liquidity contingency funding plan which outlines how a liquidity crisis would be managed and the recovery plans that set out a range of suitable actions, which could practicably be examined in a stress environment to recover the position.

In response to COVID-19, the Group increased the frequency of monitoring of the liquidity metrics i.e. liquidity gap (FCY and LCY), liquidity coverage ratio. As at the end of December 2021, the Group’s local currency mix remained impressive with current and savings constituting 78% of the total local currency deposits. Low cost deposits accounted for 81.22% of total deposits, whilst loans to deposit ratio remained low at 53%. All effectively boosting the Group’s liquidity and ability to respond to liquidity shock at industry leading levels.

Liquidity ratio at both FirstBank Nigeria Limited and FBNQuest Merchant Bank Limited remains above regulatory requirements, as we continue to benefit from flight to safety throughout this period of pandemic.

Capital Considerations

The Group is comfortable with its capital base even as all the operating entities continue to recover from the impact of the COVID-19 pandemic; all the entities within the Group are well capitalized above regulatory capital requirements.
As at 31 December 2021, capital adequacy ratio (CAR) was 19.46% and 17.39% for FBNQuest Merchant Bank Limited and FirstBank Nigeria Limited respectively.

FBN Holdings Plc.

OTHER NATIONAL DISCLOSURES
At 31 December 2021
Statement of Value Added - Group

	31 December 2021 N'million	%	31 December 2020 N'million	%
Gross income	757,296		590,663	
Interest and fee expense	(164,741)		(152,629)	
	592,555		438,034	
Administrative overheads	(177,130)		(166,044)	
Value added	415,425	100	271,990	100
Distribution				
Employees				
- Salaries and benefits	128,772	31	100,584	37
Government				
- Taxation	15,515	4	8,111	3
The future				
- Asset replacement (depreciation)	20,022	5	18,634	7
- Asset replacement (amortisation)	8,258	2	7,238	3
- Asset replacement (provision for losses)	91,711	22	61,830	23
- Expansion (transfers to reserves)	151,147	36	75,592	28
	415,425	100	271,990	100

OTHER NATIONAL DISCLOSURES
At 31 December 2021
Statement of Value Added - Company

	31 December 2021 N'million	%	31 December 2020 N'million	%
Gross income	17,135		38,601	
Interest and fee expense	(1)		(13)	
	17,134		38,588	
Administrative overheads	(2,251)		(2,827)	
Value added	14,883	100	35,761	100
Distribution				
Employees				
- Salaries and benefits	1,620	11	1,465	4
Government				
- Company income tax	5	0	213	1
The future				
- Asset replacement (depreciation)	210	1	223	1
- Asset replacement (amortisation)	-	-	-	-
- Asset replacement (provision for losses)	-	-	-	-
- Expansion (transfers to reserves)	13,048	87	33,860	95
	14,883	100	35,761	100

FBN Holdings Plc.

OTHER NATIONAL DISCLOSURES
FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF FINANCIAL POSITION

	31 December 2021 N'million	31 December 2020 N'million	31 December 2019 N'million	31 December 2018 N'million	31 December 2017 N'million
Assets:					
Cash and balances with central bank	1,586,769	1,631,730	653,335	641,881	690,165
Loans and advances to banks	1,015,122	1,016,823	863,435	742,929	444,871
Loans and advances to customers	2,881,916	2,217,268	1,670,476	2,001,223	2,083,894
Financial assets at fair value through profit or loss	351,146	126,354	109,162	83,713	46,711
Investment securities	1,957,478	1,549,290	1,663,821	1,248,608	1,050,588
Assets pledged as collateral	718,662	635,913	309,051	208,925	197,420
Other assets	218,638	315,501	126,292	132,731	47,786
Investment in associates	1,009	1,163	625	1,357	1,114
Investment properties	-	-	515	1,993	3,003
Property, plant and equipment	115,987	114,034	91,515	88,263	88,315
Intangible assets	19,018	15,340	16,134	16,211	15,328
Deferred tax	28,710	27,619	25,558	18,554	17,278
Assets held for sale	37,918	37,993	38,990	50,149	50,332
	8,932,373	7,689,028	5,568,909	5,236,537	4,736,806
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	618,112	504,746	265,314	427,874	331,783
Non controlling interest	10,405	9,085	12,289	(5,494)	(548)
Deposits from banks	1,098,107	1,039,220	749,315	665,366	416,078
Deposits from customers	5,849,487	4,894,715	3,486,691	3,143,338	3,104,221
Derivative liabilities	19,648	7,464	15,791	9,404	37,137
Liabilities on investment contracts	-	-	19,766	13,399	9,440
Liabilities on insurance contracts	-	-	34,192	21,734	10,287
Borrowings	405,304	379,484	338,214	420,919	316,792
Retirement benefit obligations	5,392	7,527	1,940	2,203	2,662
Current income tax	17,741	11,247	15,656	10,194	8,897
Other liabilities	654,350	581,720	375,642	266,198	235,388
Deferred income tax liabilities	366	101	266	606	813
Liabilities held for sale	2,122	2,379	2,493	9,457	12,515
	8,932,373	7,689,028	5,568,909	5,236,537	4,736,806

OTHER NATIONAL DISCLOSURES
FIVE YEAR FINANCIAL SUMMARY - GROUP
INCOME STATEMENT

	12 months ended 31 Dec 2021 N'million	12 months ended 31 Dec 2020 N'million	12 months ended 31 Dec 2019 N'million	12 months ended 31 Dec 2018 N'million	12 months ended 31 Dec 2017 N'million
Gross Earnings	757,296	590,663	587,406	598,184	583,006
Net operating income	592,813	531,328	417,317	444,835	469,926
(Loss)/Gain from disposal of subsidiary	-	-	-	-	(8)
Insurance claims	-	-	(4,717)	(4,041)	(2,190)
Operating expenses	(334,182)	(292,501)	(261,305)	(4,514)	(218,744)
Group's share of associate's results	(258)	482	23	430	-
Impairment charge for credit losses	(91,711)	(61,830)	(87,465)	(150,424)	(226,037)
Profit before taxation	166,662	83,703	63,853	54,522	22,948
Taxation	(15,515)	(8,111)	(5,544)	(9,040)	(5,807)
Profit from continuing operations	151,147	75,592	58,309	45,482	17,141
Profit/(loss) from discontinuing operations	(68)	14,138	(77)	(7,774)	(4,898)
Profit for the year	151,079	89,730	58,232	37,708	12,243
Profit attributable to:					
Owners of the parent	149,709	87,986	57,692	41,328	14,122
Non controlling interest	1,370	1,744	540	(3,620)	(1,879)
	151,079	89,730	58,232	37,708	12,243
Earnings per share in kobo (basic/diluted)	417	245	161	115	39

FBN Holdings Plc.

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY - COMPANY
STATEMENT OF FINANCIAL POSITION

	31 December 2021 N'million	31 December 2020 N'million	31 December 2019 N'million	31 December 2018 N'million	31 December 2017 N'million
Assets:					
Loans and advances to banks	16,477	11,240	16,639	7,585	4,792
Loans and advances to customers	49	61	110	108	63
Financial assets at fair value through profit	1,337	2,116	3,427	-	-
Investment securities	4,210	9,863	7,079	9,842	7019
Investment in associates	-	-	-	-	1500
Investment in subsidiaries	262,671	262,671	242,395	242,395	263,595
Other assets	13,344	14,360	292	9,011	4,670
Property, plant and equipment	397	312	382	680	1,192
	298,485	300,623	270,324	269,621	282,831
Financed by:					
Share capital	17,948	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392	252,892
Reserves	30,946	35,525	10,848	10,624	6,242
Current income tax	7	214	102	104	-
Other liabilities	16,192	13,544	8,034	7,553	5,751
	298,485	300,623	270,324	269,619	282,833

FBN Holdings Plc.

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY - COMPANY
INCOME STATEMENT

	12 months ended 31 Dec 2021 N'million	12 month ended 31 Dec 2020 N'million	12 month ended 31 Dec 2019 N'million	12 month ended 31 Dec 2018 N'million	12 month ended 31 Dec 2017 N'million
Gross Earnings	17,136	38,602	18,396	13,649	13,715
Net operating income	17,135	18,699	18,396	13,649	13,715
Gain from disposal of subsidiary/associate	-	19,890	-	-	-
Operating expenses	(4,081)	(4,515)	(4,508)	(4,209)	(4,333)
Profit before taxation	13,053	34,073	13,874	9,440	9,382
Taxation	(5)	(213)	(12)	(98)	(107)
Profit after taxation	13,048	33,860	13,862	9,342	9,275
Earnings per share in kobo (basic)	36	94	39	26	26