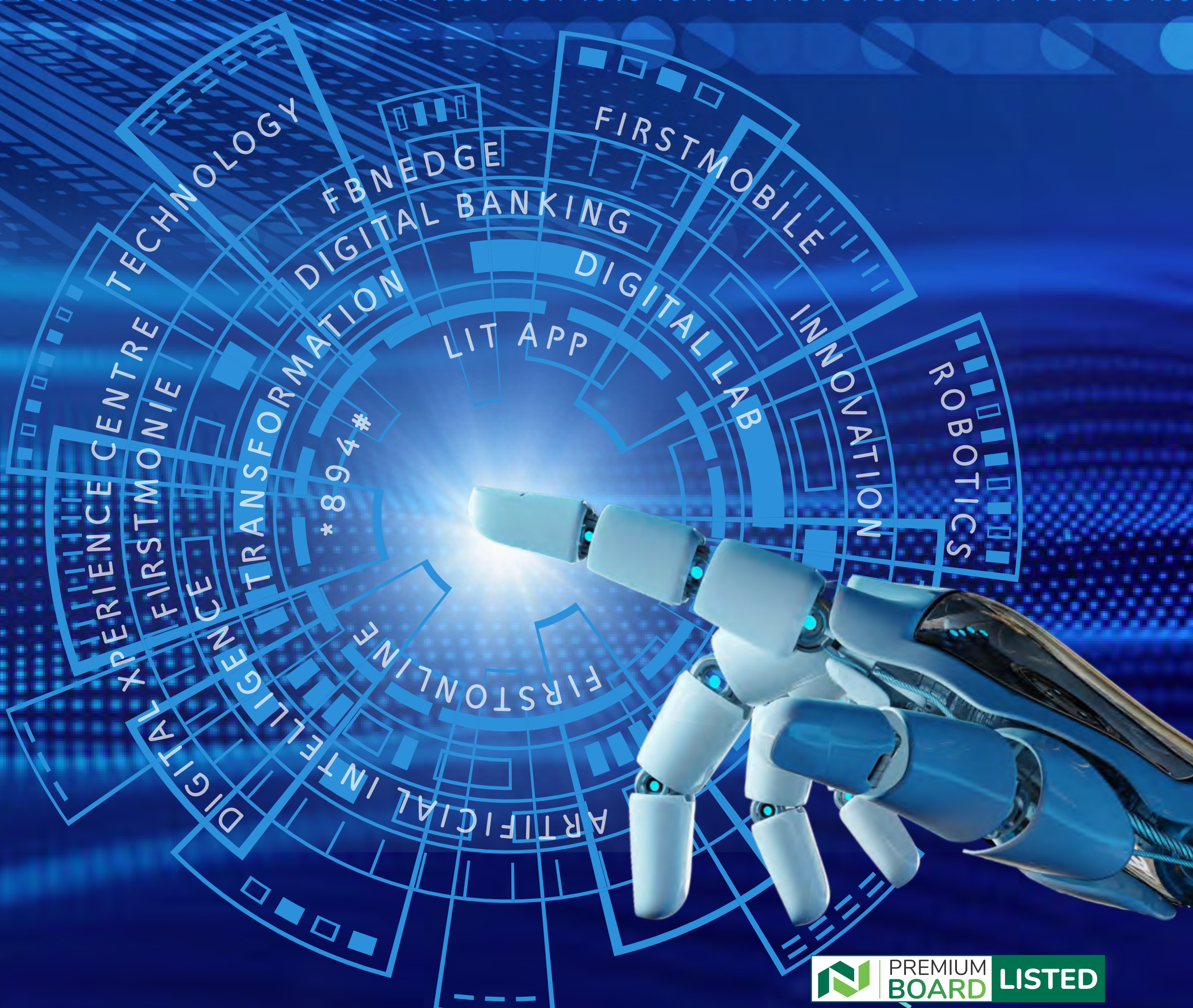
FBN Holdings

FUTURE FOCUSED

FBN HOLDINGS PLC ANNUAL REPORT AND ACCOUNTS 2021



PREMIUM BOARD LISTED

In this Report

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

FBN Holdings Plc is a financial holding company incorporated in Nigeria on 14 October 2010. The Company was listed on the Nigerian Stock Exchange (NSE), now Nigerian Exchange Limited (NGX), under the 'Other Financial Services' section on 26 November 2012 and has issued and fully paid-up share capital of 35,895,292,791 ordinary shares of 50 kobo each (₦17,947,646,396).

In this Report, the abbreviations '₦mn', '₦bn' and '₦tn' represent millions, billions and trillions of Naira, respectively. The audited financial statements in this Annual Report have been prepared under the International Financial Reporting Standards (IFRS), and unless otherwise stated, the income statement compares the 12 months of 2021 to the corresponding 12 months of 2020, while the statement of financial position compares the closing balances as at 31 December 2021 with those of 31 December 2020.

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

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

Overview

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

The Group

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

Notable milestones

FirstBank Since 1894
Founded in 1894[1]

Listed on the NGX as FirstBank in 1971 and as FBNH in 2012

Leading asset management, trustee and financial advisory organisations.

4.9 million FirstMobile subscribers[2]

>167,000[3] fastest-growing Agent Banking network, present in 99% of LGAs[4]

3,133 ATMs[5]

>36 million customer accounts

Differentiated leadership in transactional processing **>178 million** electronic banking transactions per month

17,819 POS terminals

Fastest growing USSD with **13.3 million** users

*894#

821[6] Business locations

[1]Oldest bank in Nigeria
[2]FirstMobile App hit a milestone of 5 million downloads
[3]As at 31 March 2022
[4]Local government areas in Nigeria
[5]Largest number of ATMs
[6]591 local branches, 144 Quick Service Points (QSPs) and Agencies for FirstBank (Nigeria) and 86, (local and international) subsidiary locations.

Our Direct Subsidiaries

FBNHoldings

Our businesses provide financial services to a variety of customers across commercial banking, merchant banking, capital markets, trusteeship and insurance brokerage.

COMMERCIAL BANKING

First Bank of Nigeria Limited

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

The Group's core business is providing financial services to individuals, corporate institutions and public institutions.
This business segment includes the domestic and international offices offering commercial banking services in 10 countries.

MERCHANT BANKING

FBNQuest Merchant Bank Limited

- FBNQuest Asset Management Limited
- FBNQuest Securities Limited

CAPITAL MARKETS

FBNQuest Capital Limited

- FBNQuest Funds Limited

TRUSTEESHIP

FBNQuest Trustees Limited

These businesses provide innovative banking solutions to a diverse customer base, including corporate organisations, governments, institutional investors, financial institutions, affluent and high net-worth individuals. This Group arranges finance through capital market and other financial market intermediaries, provides strategic advice, trade/broker securities across asset classes, develops investment solutions, secures assets and ensures wealth creation and preservation.

INSURANCE BROKERAGE

FBN Insurance Brokers Limited

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

Vision

To be the leading African financial services provider delivering innovative solutions.

Strategic Ambition

Maximise shareholder value through a diversified portfolio focused on putting customer 'First'.

Core Values

Innovation
Integrity
Respect
Customer Centricity
Sustainability

Our Geographic Reach

THE UNITED KINGDOM
FBNBank UK Limited
International Banking and Trade Services
www.fbnbank.co.uk

CHINA
First Bank of Nigeria Limited
Representative Office

FRANCE
FBNBank UK Limited
Representative Office

SENEGAL
FBNBank Senegal Limited
Commercial Banking
www.fbnbanksenegal.com

THE GAMBIA
FBNBank The Gambia Limited
Commercial Banking
www.fbnbankgambia.com

GUINEA
FBNBank Guinea Limited
Commercial Banking
www.fbnbankguinea.com

SIERRA LEONE
FBNBank Sierra Leone Limited
Commercial Banking
www.fbnbanksierraleone.com

GHANA
FBNBank Ghana Limited
Commercial Banking
www.fbnbankghana.com

DEMOCRATIC REPUBLIC OF CONGO
FBNBank DRC Limited
Commercial Banking
www.fbnbankrdc.com

NIGERIA: FBN Holdings Plc
Commercial Banking, Merchant Banking,
Capital Markets, Trusteeship, and Insurance Brokerage.
www.fbnholdings.com

First Bank of Nigeria Limited*
Commercial Banking
www.firstbanknigeria.com

First Pension Custodian
Nigeria Limited
Pension Fund Custodian
www.firstpensioncustodian.com

First Nominees Nigeria Limited

FBNQuest Merchant Bank Limited
Corporate and Investment Banking,
Asset Management, Fixed Income,
Currencies and Treasury, and Equity
Brokerage.
www.fbnquest.com

FBNQuest Asset Management Limited
Asset Management Services
www.fbnquest.com/asset-management

FBNQuest Securities Limited
Equity Brokerage Services
www.fbnquest.com/securities

FBNQuest Capital Limited
Structured Products, Research
and Alternative Investments
Provider
www.fbnquest.com/capital

FBNQuest Funds Limited
Alternative Investments and
Advisory Services
www.fbnquest.com/funds

FBNQuest Trustees Limited
Trust and Agency Services
www.fbnquest.com/trustees

FBN Insurance
Brokers Limited
Insurance Brokerage
Services
www.fbninsurancebrokers.com

** All international subsidiaries (FBNBanks) and Representative Offices are direct subsidiaries of First Bank of Nigeria Limited.*

Performance Highlights - Financial

GROSS EARNINGS

2021: ₦757.3bn
2020: ₦590.7bn*

+28.2%

Gross earnings increased on the back of improved non-interest income.

NET-INTEREST INCOME

2021: ₦228.2bn
2020: ₦251.6bn

-9.3%

Net-interest income declined as a result of the low rate on investment securities and subsequently low interest on loans and advances.

NON-INTEREST INCOME[1]

2021: ₦364.6bn
2020: ₦185.9bn*

+96.1%

Non-interest income increased owing to improvement in fees and commission income, investment securities and other income.

PROFIT BEFORE TAX

2021: ₦166.7bn
2020: ₦83.7bn

+99.1%

The Group reported the highest profit since inception surpassing the ₦100bn mark.

CUSTOMER DEPOSITS

2021: ₦5,849.5bn
2020: ₦4,894.7bn

+19.5%

Increase in customer deposits was driven by continuing customer loyalty built on brand visibility and credibility that re-affirm the Group's strong funding base.

CUSTOMER LOANS AND ADVANCES (NET)

2021: ₦2,881.9bn
2020: ₦2,217.3bn

+30.0%

Customer loans and advances grew on the back of the strategic drive for a robust and healthy loan portfolio.

*2020 numbers restated.

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

Performance Highlights - Financial

EARNINGS PER SHARE (EPS)[2]

2021: ₦4.17
2020: ₦2.45

▲ +70.2%

The growth in earnings per share reflects improved profitability.

RETURN ON AVERAGE EQUITY (ROaE)[3]

2021: 18.4%
2020: 12.6%

Return on average equity increased reflecting efficiency in delivering profitability to shareholders.

RETURN ON AVERAGE ASSETS (ROaA)[4]

2021: 1.8%
2020: 1.3%

Return on total asset increased, indicating Management's drive to maximise the assets in generating value.

[2]Basic EPS computed as profit after tax divided by weighted average number of shares in issue, this includes discontinued operations.
[3]Post-tax return on average equity computed as profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders.
[4]Post-tax return on average assets computed as profit after tax divided by the average opening and closing balances of its total assets.

Performance Highlights - Non-Financial

Disruptive Innovations

FIRSTBANK

- Launched a nano-lending product, FirstCredit, a digital lending solution designed to provide quick and convenient access to consumer loans.
- Launched the Digital Experience Centre, a fully digital branch that revolutionises branch banking.
- Launched the Lit App with new and improved features to promote a safer and more convenient mobile banking experience.
- Introduced the self-service kiosks, which allow customers to perform various customer service functions without physical interaction with branch staff.
- Commenced a Robotic Process Automation Centre of Excellence programme to optimise service efficiency by automating manual processes.
- Introduced a Digital Assistant at the contact centre to improve our agent's customer service efficiency.
- Revamped FirstContact Interactive Voice Response (IVR) capability to include self-service options for customers to consummate specific transactions through the IVR without speaking to a contact centre agent.
- Implemented cardless withdrawal with Paycode on FirstBank's ATMs to increase service options.
- Launched an improved subsidiary mobile banking app in FBNBank Ghana Limited.

Customer Focus

FIRSTBANK

- Increased the number of customer accounts (including digital wallets) to more than 36 million (2020: more than 30 million).
- Sustained leadership in digital banking (USSD *894#, FirstMobile and FirstOnline), processing more than 178 million (2020: more than 130 million) electronic banking transactions monthly.
- Grew the number of customers on our digital channels to more than 18 million (2020: ~16 million).
- Increased the number of active card users to more than 11.7 million (2020: more than 11.2 million).
- Bolstered the efficient distribution of loans and supported financial inclusion agenda through the FirstAdvance and Agent Credit digital platforms.
- Improved customer satisfaction ranking in both the Wholesale and Retail Banking segments by one position, and by two places in the SME Banking segment.
- Ranked 2nd Best in 2021 Nigerian Consumer Digital Banking Satisfaction Index by Agusto & Co.
- Acquired more than 500,000 merchants on the Nigeria Inter-Bank Settlement System Plc's (NIBSS) Nigeria Quick Response (NQR) Code payment solution in the last quarter of the year.
- For the 5th time, FirstBank successively hosted the Fintech Summit, a global platform for exchanging ideas that shape innovative trends in the finance and fintech spaces, contributing to the evolution of banking.

FBNQUEST

- Launched a more user-friendly and simplified website.
- Launched an online portal, the FBNQuest Scheduling Portal which allows customers to pre-book virtual or physical meetings with relationship managers.

Performance Highlights - Non-Financial

Employee Engagement

The Group performed exceptionally well in the Great Place To Work[1] (GPTW) Institute Awards earning the following certifications and rankings.

FBNHOLDINGS

FBNHoldings affirmed its commitment to fostering a purpose-driven culture by winning the following Awards from GPTW:

- Best in Promoting a High-Trust Culture.
- Best in Promoting a Fun and Friendly Workplace.
- Best in Leadership Effectiveness.
- Best in Building a Culture of Innovation.
- Ranked 3rd and received a Platinum certification as a Great Workplace.

FIRSTBANK

- FirstBank was named one of the 'Best Workplace' and 'Best in Promoting High Trust' in the large companies category Award by GPTW.
- FirstBank affirmed its innovative culture by winning the 'Best Organisation in Building a Culture of Innovation' Award by GPTW.
- FirstBank's learning facility, First Academy, was reaccredited by the Chartered Institute of Bankers (CIBN) of Nigeria for another three years.

FBNQUEST

- FBNQuest Trustees received a Gold certification in the 'Best Workplace'.
- FBNQuest Asset Management ranked 1st and received a Gold certification in the 'Best Workplace'.
- FBNQuest Merchant Bank ranked 3rd and received a Gold certification as the 'Best Workplace' in the medium-sized companies category.
- FBNQuest Merchant Bank received a Gold certification as the 'Best in Promoting a Culture of Innovation' and 'Best in Promoting Organisational Ethics'.
- FBNQuest Capital ranked 4th and received a Silver certification in the 'Best Workplace'.

FBN INSURANCE BROKERS

- FBN Insurance Brokers (FBNIB) received a Gold certification in the 'Great Place to Work'.
- FBNIB was recognised as the 'Most Innovative Insurance Broker of the Decade' by African Brand.

Extensive Outreach

- Grew the Agent Banking network to more than 167,000[2] (2020: ~100,000) agents across 772 LGAs[3].
- Maintained more than 821 Business locations.

Brand Strength

FBNHOLDINGS

- FBNHoldings was recognised as the 'Financial Holdings Company of the Year' and the 'Environmental, Social and Governance Institution of the Year' in the Banks' & Other Financial Institutions category by Business Day.
- FBNHoldings won the 'Most Diversified Financial Portfolio Services' and 'Best Investor Relations' in the Banking Industry in Nigeria by International Finance Awards.
- FBNHoldings won the 'Listed Company of the Year' by Nigeria Investors Value Awards.

FIRSTBANK

- FirstBank won the 'Best Banking Brand in Nigeria', and FirstBank's brand ranking improved by two places, moving to 3rd position in the 'Best Banking Brand' Survey Award by Global Brand.
- FirstBank won the 'Most Outstanding Female Friendly Brand' by WIMCA[4].
- FirstBank emerged as the best brand in total positive mentions and positive voice share categories across the financial services industry.

[1]Great Place to Work - A Global Authority on workplace culture.
[2]As at 31 March 2022.
[3]Local Government Areas in Nigeria.
[4]Women in Marketing & Communications Conference/Awards.

Awards and Recognition

FBNHoldings continues to gain global recognition for its unwavering commitment to its vision of being Africa's leading financial services provider. Group-wide, we are inspired to deliver leading innovative solutions to our stakeholders, create exceptional workplace culture for our people and promote our core values.

Most Diversified Financial Portfolio Services in Nigeria
INTERNATIONAL FINANCE AWARDS

FBNHoldings won the Award in recognition of the Group's outstanding leadership in product development and portfolio offerings in the financial services industry.

Best Investor Relations - Banking in Nigeria
INTERNATIONAL FINANCE AWARDS

The Award was presented to FBNHoldings in recognition of the exceptional shareholder engagement, communication and various investor services by its investor relations practice.

Listed Company of the Year
NIGERIA INVESTORS VALUE AWARDS

FBNHoldings won the Award in recognition of the proven resilience of its business model, recovery capacity across all verticals and engagement in strategic opportunities in new growth areas.

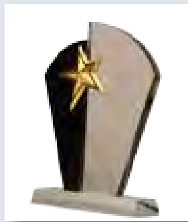
Financial Holding Company of the Year
BUSINESS DAY

The Award was presented to FBNHoldings in recognition of the Group's dedication and leadership role in the financial services industry.

Environmental, Social, and Governance (ESG) Institution of the Year
BUSINESS DAY: BANKS' AND OTHER FINANCIAL INSTITUTIONS

FBNHoldings won the Award for being an institution that embeds ESG and Sustainability considerations into its business operations, partner selection, and investment project identification.

Awards and Recognition

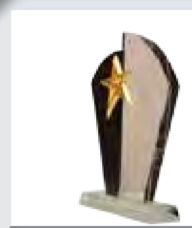


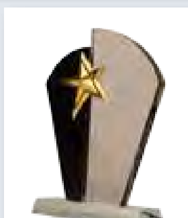
Best in Promoting a High Trust Culture
GREAT PLACE TO WORK

The Award recognises FBNHoldings' commitment to creating and promoting a high-trust culture for its employees and the sustenance of a cordial work environment.

Best in Building a Culture of Innovation
GREAT PLACE TO WORK

FBNHoldings clinched the Award affirming the Group's dedication to promote innovation adopted across all teams and employees in the daily execution of improved services and processes.



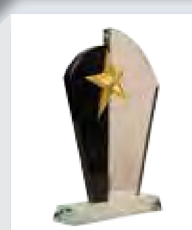


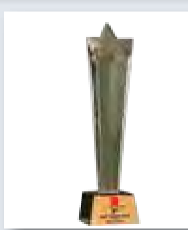
Best in Promoting Organisational Ethics
GREAT PLACE TO WORK

The Award recognises FBNHoldings' well-grounded business ethics and organisational values that drive the Group's mission, vision and strategic goals.

Best in Leadership Effectiveness
GREAT PLACE TO WORK

FBNHoldings won the Award confirming the Group's high competence in leading and managing its people, and its commitment to effective communication of its corporate values, vision and goals.



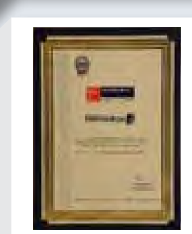


Overall Ranking as the 3rd Best Company to Work
GREAT PLACE TO WORK

The ranking was in recognition of FBNHoldings' certification as a 'Great Workplace' among participating organisations.

Platinum Certification as a Great Workplace
GREAT PLACE TO WORK

FBNHoldings received the highest-level certification in recognition of the comparative effectiveness of the organisation's people practices and policies.



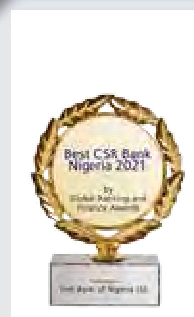
Awards and Recognition

Best Corporate Social Responsibility Bank in Nigeria
INTERNATIONAL BUSINESS MAGAZINE

The Award was presented to FirstBank for its exceptional role in promoting kindness across Africa.

Best Corporate Social Responsibility Bank in Nigeria
GLOBAL BANKING AND FINANCE

FirstBank clinched the Award for its outstanding contribution in promoting education during the COVID-19 pandemic lockdown and its engagement in sustainable business practices. FirstBank's initiative to move one million students to e-learning platforms bridged the gap created by the extended period of closure of the educational institutions.



Best Corporate Social Responsibility Practice Bank in Nigeria
THE GLOBAL ECONOMICS

FirstBank won the Award for its outstanding role in migrating one million students in Nigeria to e-learning platforms during the COVID-19 pandemic lockdown.

Best Innovation in Retail Banking in Nigeria
INTERNATIONAL BANKER

FirstBank won the Award for pioneering the contactless Fasttrack Automated Teller Machines (ATMs) to the Nigerian market. This is the first of its kind and a true innovation in the banking industry.

Most Innovative Banking Product
INTERNATIONAL FINANCE AWARDS

The Award recognises FirstBank's achievement in introducing the contactless Fasttrack Automated Teller Machines (ATMs) to the Nigerian market.

Awards and Recognition

Africa Bank of the Year and Innovative Banking Product
AFRICAN LEADERSHIP MAGAZINE AWARDS

FirstBank won the Award for its remarkable role in driving financial inclusion across Africa and introducing the contactless Fasttrack ATMs to the Nigerian market.

Best Internet Banking in Nigeria
INTERNATIONAL BUSINESS MAGAZINE

The Award was presented to FirstBank in recognition of the sterling performance of its FirstOnline platform, which processed significant daily transactions during the COVID-19 pandemic lockdown.

Best Private Bank in Nigeria
GLOBAL FINANCE

FirstBank Private Banking was named the 'Best Private Bank in Nigeria' for providing exceptional private banking services covering traditional banking services, lending, wealth management and asset management solutions, and lifestyle solutions.

Best Consumer Digital Bank in Nigeria
GLOBAL FINANCE

FirstBank won the Award for promoting and accelerating customer adoption of digital platforms.

Best Core Banking Implementation in Africa
THE ASIAN BANKER AWARDS

FirstBank won the Award for consistently upgrading its technology to serve its customers.

Awards and Recognition

Most Innovative Women Empowerment Programme
GLOBAL BUSINESS OUTLOOK AWARDS

FirstBank clinched the Award for its distinctive role in empowering female business owners across Nigeria through its FirstGem product.

Most Outstanding Female Financial Product
WOMEN IN MARKETING COMMUNICATION AWARDS

The Award was presented to FirstBank for its outstanding contribution to female entrepreneur empowerment through its FirstGem product.

Most Outstanding Female Friendly Brand
WOMEN IN MARKETING COMMUNICATION AWARDS

FirstBank won the Award for its prominent role in promoting gender equity through its FirstGem product and other initiatives.

Treasury and Global Markets Brand
BUSINESS DAY

The Award affirms FirstBank's resolve to drive innovation, financial inclusion and corporate social responsibility.

Best Workplace in the Large Corporate Group
GREAT PLACE TO WORK AWARD

FirstBank was certified a 'Great Place To Work' in the Silver category in recognition of its overall excellence in workplace culture, values and employee experience.

Alternative Delivery Channel
BUSINESS DAY

The Award reflects FirstBank's unwavering commitment to promoting innovative transaction delivery channels to its customers.

Awards and Recognition

Bank of the Year Award
NEW TELEGRAPH NEWSPAPER

FirstBank won the Award in recognition of the sterling performance of its FirstMonie Agency Banking product in deepening financial inclusion in Nigeria.

Best Social Media Engagement in Africa
ASIAN BANKER AWARDS

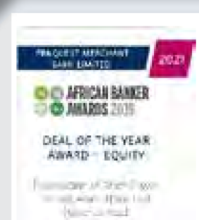
The Award was in recognition of FirstBank's 'Mask Up, Stay Safe Campaign', which encouraged the audience to use a customised facemask filter to create awareness of the importance of using a facemask to stay safe during the pandemic.

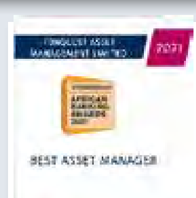
Most Innovative Retail Banking App in Nigeria
GLOBAL BANKING AND FINANCE AWARDS

FirstBank clinched the Award in recognition of the reliability and responsiveness of FirstMobile, its flagship banking app to meet its customers' needs.

Equity Deal of the Year
THE AFRICAN BANKER

FBNQuest Merchant Bank won the Award for its outstanding financial advisory and leadership role in key transactions across the power sector.





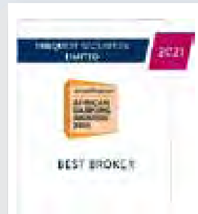
Best Asset Manager in Nigeria
EMEA FINANCE

FBNQuest Asset Management won the Award in recognition of its mutual funds' strong performance across all public funds and bespoke portfolios.

Awards and Recognition

Best Broker in Nigeria
EMEA FINANCE

The Award reflects FBNQuest Securities' exceptional expertise in effectively consolidating deals on the Nigerian Exchange and its market activities.



Investment Bank of the Year in Nigeria
BUSINESS DAY

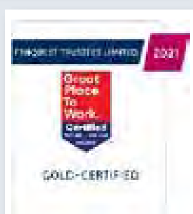
The Award was presented to FBNQuest Merchant Bank in recognition of its outstanding performance and expertise in proffering financial, advisory and debt solutions.

Public Sector Bond Deal
ASSOCIATION OF ISSUING HOUSES OF NIGERIA

The Award was in recognition of FBNQuest Merchant Bank's sterling performance in key transactions across various sectors.

Gold Certification as a Great Workplace
GREAT PLACE TO WORK

The Award reflects FBNQuest Trustees' unique workplace culture, values and employee experience.



Gold Certification as a Great Workplace
GREAT PLACE TO WORK

In recognition of its unique workplace culture, values and employee experience, FBNQuest Asset Management won the 'Best Workplace' Award in the small corporate category.

Awards and Recognition

Gold Certification as a Great Workplace
GREAT PLACE TO WORK

FBNQuest Merchant Bank won the 3rd 'Best Workplace' Award in the medium corporate category, acknowledging the Company's excellent workplace culture, values and employee experience.

Silver Certification as a Great Workplace
GREAT PLACE TO WORK

The 4th 'Best Workplace' certification in the small corporate category was presented to FBNQuest Capital in recognition of the Company's great workplace culture, values and employee experience.

Most Innovative Insurance Broker of the Decade
AFRICAN BRAND AWARD

The Award was presented to FBN Insurance Brokers for its exceptional capabilities and strong expertise in providing innovative digital solutions.

Gold Certification as a Great Workplace
GREAT PLACE TO WORK

FBN Insurance Brokers received the Gold certification in recognition of the Company's dedication and outstanding performance, translating into greater productivity and profitability.

Strategic Report

A diversified financial institution continuously providing innovative financial solutions.

A diversified financial institution continuously providing innovative financial solutions.

Alhaji Ahmad Abdullahi
Group Chairman
FBN Holdings Plc

Group Chairman's Statement

Distinguished Shareholders, Fellow Directors of FBN Holdings Plc and its subsidiaries, Ladies and Gentlemen. It is my pleasure to welcome you all to the 10th Annual General Meeting of this great institution, FBN Holdings Plc. This year is significant being the midway through our 2024 five-year strategic planning journey, and it brings us closer to our avowed objective of maximising shareholder value through a diversified portfolio focused on putting customers "First". I am pleased to present to you, our esteemed Shareholders, the Annual Report and Accounts for the year ended 31 December 2021 and the business outlook for 2022.

2021 in Retrospect

The uncertainties and adverse economic and social impact of the COVID-19 Pandemic that broke out in 2020 continued into 2021. However, the rollout of vaccines to combat and contain the spread of the virus provided optimism that 2021 will witness socio-economic recovery. These hopes were dampened by the emergence of the more deadly and/or contagious Delta and Omicron variants, as well as vaccine inequities that weakened and fragmented recovery efforts across the world. The fragmentation of economic recovery across regions necessitated countries, governments, and corporates to adopt unique approaches to stimulating their economies and ultimately redefine what the "new normal" means to them.

Global vaccination rates ramped up during the year supported by multiple monetary and fiscal responses from governments and Central Banks across the world. Advanced economies reopened their borders for business and slowly reactivated global supply chains driven largely by the increase in demand for consumables and merchandised goods. By the third quarter, the economies of many developed countries were on a steady recovery. However, Sub-Saharan African countries continued to battle with low vaccination rates, inadequate and overwhelmed medical facilities, escalating national debt profiles, and weak policy responses from the governments and other relevant parties. These factors induced a considerably slow recovery for the region and significantly stunted the expected benefits from hiked commodity prices.

In Nigeria, the impact of the pandemic was felt differently following four consecutive waves of the coronavirus, further compounded by heightened insecurity levels across the country, rising debt to GDP ratio, debt servicing to revenue ratio, shrinking disposable income on the back of rising double-digit headline inflation and a very volatile foreign exchange market. While our country has fully reopened, economic recovery remains slow. On the journey to recovery, the financial services industry has been at the forefront of helping businesses and individuals through the difficulties. In Nigeria, FBNHoldings, through its largest subsidiary First Bank of Nigeria Limited (FirstBank), remains an active member of the Coalition Against COVID-19 (CACOVID), the private sector initiative working with the governments and regulators on multiple initiatives to contain the virus, ameliorate the attendant pains and revamp the economy for recovery and future growth.

> "Despite the tough operating environment, the Group delivered higher topline revenues year-on-year, closing the review period with gross earnings of ₦757.3bn, a 28.2% growth driven by significant growth in Non-Interest Income (96.1% growth)."

The slow recovery notwithstanding, the Board and Management of FBNHoldings remained committed to value enhancement and the delivery of superior returns to Shareholders. Leveraging our technology and innovation ecosystems, the Group continued to provide leading-edge business solutions across segments that drove the overall performance of our portfolio of businesses. The relentless development of next-generation capabilities through targeted investments in technology yielded positive results for the Group and has been instrumental in securing our place in the industry. We continue to work closely with our regulators to strengthen the growth of the financial services industry domestically and regionally.

Our Performance

Despite the tough operating environment, the Group delivered higher topline revenues year-on-year, closing the review period with gross earnings of ₦757.3bn, a 28.2% growth driven by significant growth in Non-Interest Income (96.1% growth).

Group Chairman's Statement

Strict budget discipline and the commencement of the Group Shared Services programme helped to moderate our operating expenses materially below headline inflation and kept our cost-to-income ratio at 56.4% by year-end. All these feats culminated in significantly higher profit for the year pushing Profit Before Tax (PBT) to ₦166.7bn, which is a 99.1% growth over 2020 and the highest profit ever recorded in the history of this Group. Efficient balance sheet management, evidenced by stronger assets and deposit bases, enabled the Group to generate double-digit returns for equity holders – 18.4% Return on Average Equity as at full-year 2021. A cleaner loan portfolio demonstrated by a lower Non-Performing Loans ratio (6%) and aggressive recoveries on loans previously written off, including the loan to Atlantic Energy Limited, further empowered the Group to advance its contribution to nation-building through real sector lending and the empowerment of numerous small businesses through our SME Connect platform.

Our achievements far extend beyond the financial performance of the Group and its subsidiaries. We have remained at the forefront and continued to champion the CBN's financial inclusion agenda with an agent banking network of over 167,000[1] agents located in 772 of the 774 local governments in Nigeria. Our unique multi-business delivery model places us in a vantage position to leverage the inherent synergies between Strategic Business Units to create unparalleled value across sectors and customer segments domestically, regionally, and internationally. One of the outcomes of these collaborative efforts is the generation of ₦20.8bn in 2021, purely from the conversion of synergistic opportunities within the Group. Indeed, total synergy revenues have grown by 21% in the last eight years, on a compounded annual growth basis from ₦5.5bn since 2014. We have activated additional policies and processes to enhance the Group's capabilities to generate incremental revenues from cross-entities collaboration across regions leveraging the African Continental Free Trade Area (AfCFTA) agreement.

These successes have been enabled by our most valuable assets, our staff, without whom we would not have achieved these feats. Our staff have consistently delivered value through dedication and the sheer desire to exceed customer expectations, leveraging our rigorous internal and external competency-based training programmes and continuous upskilling of talents to deliver exceptional service to our esteemed customers. This has provided members of staff with the platform to redefine personal and collective success and ultimately align personal interests with the Group's overarching corporate objective. In the year under review, FBNHoldings won multiple awards at the 2021 Great Place To Work (GPTW) employee engagement survey; some of which were - "Best in Building a Culture of Innovation", "Best in Promoting a Fun and Friendly Workplace", "Third Best Place to Work" in Nigeria as well as the "Platinum" re-certification, the highest certification level, having recorded a score of above 90% in the industry-wide survey by GPTW.

Sustainability: Environment, Social and Governance

In FBNH and its operating entities, we have actively integrated Environmental, Social, and Governance (ESG) considerations into our operations and every business decision and investment that we undertake. As a Group, we are guided by the following four pillars:

1. **Sustainable finance and investment** where the ESG factors are incorporated into the customer products and services development process, as well as ensuring that investments that we embark on as a Group duly support sustainable economic growth and development.

2. **People Empowerment** where we support the development of a positive workspace culture that promotes personal development and provides ample growth opportunities for our people.

3. **Community support** where we consider the impact of our operations within the communities where we have our footprints, as well as investing our time and resources in the upliftment of our host communities.

4. **Environmental sustainability** where immediate and future impact on the environment forms a critical part of our investment decisions and operations.

On Environmental sustainability, we have continued to lower our carbon footprint as an institution, hosting over 95% of our business meetings virtually and significantly limiting physical visitation. We have accelerated our internal digitalisation efforts and aggressively implemented several paperless workspace initiatives with the help of technology.

On Social sustainability, over 16 million people were directly impacted across Nigeria and other countries where we have a regional presence. This was achieved through our Spread Acts of Random Kindness initiative (SPARK).

*As at 31 March 2022.

Group Chairman's Statement

Channels through which the initiative was implemented include webinars, back-to-school supplies, food items, textbooks, toiletries, branded items, cash gifts and promotional items, educational materials, and visitations to Correctional facilities.

On Governance, FBNHoldings remains committed to the highest standards of corporate governance. The Group has a range of policies, processes, and systems to ensure that the business is well managed with effective oversight and control at all times. These policies and systems guide the Board in the discharge of its fiduciary responsibilities to Shareholders. Working through its Committees, the Board continued to provide oversight and direction to Management, enhancing shareholder value and improving our corporate governance structures that protect the interest of all stakeholders. As regulation requires, all Board and Board Committee meetings were held as at when due and resolutions therefrom passed to the relevant parties within the Group for adoption and implementation over the stipulated timeframe.

During the year, there were regulatory interventions in the composition and constitution of the Board of FBN Holdings Plc and First Bank of Nigeria Limited, our largest subsidiary. In April 2021, the Central Bank of Nigeria (CBN) appointed a new Board, with Remi Babalola as Chairman of the Holding Company. He resigned from the Board on 17 December 2021, and I was appointed as the new Group Chairman of FBNH. Today, the Board of FBNHoldings is duly constituted with 10 members – the Chairman, Group Managing Director, Independent Non-Executive Directors, and a recently appointed Non-Executive Director. Let me state that all our directors are highly competent, experienced, and committed to advancing the Group's transformation agenda. They are of exceptional integrity and have pledged to work conscientiously in scripting the next success chapters of this great institution.

Change in Executive Leadership: U.K. Eke, *MFR*, retired from FBN Holdings Plc in December 2021 after a successful tenure as the Group Managing Director for six years. We thank U.K. for his selfless service and contributions to FBNHoldings and wish him success in his future undertakings. Following this retirement, Nnamdi Okonkwo, an experienced and thorough-bred professional was appointed in January 2022 as the Group Managing Director. His appointment has been approved by the CBN. On behalf of the Board, Management, staff, and Shareholders, I welcome Nnamdi to this great organisation and look forward to working with him and his Management team to achieve our strategic ambition and deliver outstanding values to our stakeholders.

Looking Ahead

We are future-focused. The changes and restructuring within the Group in recent years were informed by our singular ambition of returning to the premier position in the financial services sector across Nigeria and SSA. Technology will continue to disrupt how we develop and deliver financial services. With the growing acceptance and popularity of digital banks, the bank and financial institutions of the future are those that will leverage technology and group ecosystem to deliver a seamless customer experience. As a forward-looking financial services Group, we have made and continue to make significant investments in the technology that will drive our growth and successes and enable us to face the challenging competitive environment with confidence.

Our extensive platforms, large customer base, solid franchise, and scale of services make the FBNHoldings a partner of choice for Fintechs who are naturally inclined to connect with institutions with the right network for growth.

We remain determined to stay ahead of the innovation curve and will continue to leverage our innovation hub to develop next-generation solutions that will help the Group remain top-of-mind and deliver second-to-none customer service across our traditional and virtual networks. We remain committed to embedding good corporate governance as we protect the interest of all shareholders irrespective of the size of their holdings.

Our focus for 2022 is to ramp up revenues, especially non-interest revenues. We plan to redefine our underlying service delivery model across customer touchpoints and model the right culture across entities to enhance our leadership position as a one-stop shop for financial services. Consequently, we are:

- Further optimising our alternative digital channels to grow related revenues.
- Eliminating operational bottlenecks and optimising business processes to reduce associated cost-to-serve and boost operational efficiency.
- Leveraging our digital architecture and robust credit-rating appraisal system to drive quality risk assets creation across digital channels.

Group Chairman's Statement

- Exploring local, regional, and international partnerships for synergy enhancements.
- Focusing on maximising shareholder value and protecting the interest of all shareholders irrespective of the size of their investment.

We will continue to integrate environmental and social considerations into every aspect of business domestically and regionally. As we progress into the next financial year, three themes will guide our engagements:

1. Continued support and collective upliftment of communities we operate in through our various schemes targeted at raising the next generation of entrepreneurs and techpreneurs.
2. People empowerment through diversity and inclusion to help break ethnic, social, and economic biases and foster togetherness across geographies and socio-economic affiliations.
3. Ethics and sound corporate governance with zero tolerance for infractions.

In conclusion, my sincere appreciation goes to our esteemed Shareholders for investing and choosing to be part of the FBNHoldings success story. We acknowledge our customers who have entrusted us with their businesses and collectively partnered with the institution to change the economic narrative of our dear nation. Your continued support of FBNHoldings is a testament to the enormous potential inherent in the brand. The Board, Management, and Staff will continue to work assiduously to deliver on and exceed all expectations. To our members of staff, I thank you immensely for your loyalty to our institution and for your willingness to go above and beyond to deliver value to all stakeholders.

Thank you, and God bless.

Alhaji Ahmad Abdullahi
Group Chairman
FBN Holdings Plc

Nnamdi Okonkwo
Group Managing Director
FBN Holdings Plc

Group Managing Director's Review

In 2021, the global economy remained on the path of recovery, albeit fragmented across regions, despite multiple waves of the pandemic and the resurgence of more aggressive variants of the coronavirus. The emergence of these highly infectious variants threatened another round of lockdowns with direct/indirect impact on socioeconomic and business activities around the world. Global supply-chain disruptions lingered, labor market challenges persisted with unemployment rates varying across geographical locations, and inflationary pressures trended northwards, with advanced markets proposing cutbacks on monetary and fiscal stimuli in 2022 to avoid overheating the economy.

The Nigerian economy started the year on a decent note with a real gross domestic product (GDP) growth rate of 0.5% by the end of the first quarter of 2021, having emerged from a recession in the last quarter of 2020. By the second quarter, real GDP grew to 5.0% fundamentally due to a lower base year effect but dropped to 4.0% in the third quarter and 3.9% in the fourth quarter, bringing the full year 2021 real GDP growth figure to 3.4%. The key growth driver was the non-oil sector which expanded by 94.8% in the fourth quarter of 2021, with agriculture (crop production), trade, telecommunication, and financial institutions leading the growth efforts. Although the economy was technically out of an economic recession, key fundamentals remained fragile for the better part of the year and were not material enough to induce a significant shift in the trajectory of our operating environment.

The inflation rate peaked at 18.2% in March and dropped to 15.6% by year-end. This rise in headline inflation was largely driven by rising energy prices, global food supply chain disruptions, and insecurity challenges that disrupted farming and farm-to-market activities.

The rising national debt profile remained a concern for businesses. Total public debt grew 20% year-on-year, reaching ₦39.6tn at year-end, with 40% of the debt stock sourced externally. Following the increase in foreign debt, foreign currency-denominated repayment obligations were required, further compounding the domestic foreign exchange market liquidity challenges. A weakened local currency position necessitated additional interventions from the Central Bank, which led to the exit of the Bureau De Changes from the bank's official window and the direct sale of foreign currency to retail customers through the commercial banks.

Despite these high levels of economic disruptions in 2021, the Group remained focused on value accretion and leveraged its human and financial resources to deliver remarkable returns to you our shareholders.

> "I am proud to report to you that the Board and Management of this great institution not only met but exceeded expectations regarding the achievement of these imperatives, recording significant double-digit growth rates across key performance indicators on earnings, operational efficiency, profitability and return on equity."

Our Performance

At the beginning of the financial year, the Group set out to achieve three critical strategic priorities:

1. Enhance non-funded revenue generation capabilities by accelerating customer-led innovation, upscaling comparative adjacencies, and seizing new local and regional opportunities as they present themselves.

2. Drive technology-led efficiency by consolidating the gains from our digital offerings and extracting value from our digital ecosystem.

3. Accelerate digitisation of critical-to-business processes leveraging robotics and expansion of our digital-only propositions locally and across our regional subsidiaries.

Group Managing Director's Review

Esteemed Shareholders, I am proud to report to you that the Board and Management of this great institution not only met but exceeded expectations regarding the achievement of these imperatives, recording significant double-digit growth rates across key performance indicators on earnings, operational efficiency, profitability and return on equity.

Total earnings at year-end amounted to ₦757.3bn, 28.2% higher than the prior year, and principally driven by non-interest income, which grew by 96.1% and contributed 48% to gross revenues. Key growth drivers included incremental revenues from e-business which grew by 16% and contributed 40% of fees and commission income earned by the Group in 2021. We remained prudent on the risk assets creation side, focusing only on quality-at-entry loans, which translated to a much slower growth rate in the net interest income portion of our income statement.

Also worthy of mention are the significant recoveries made during the year from bad debt. The team's relentlessness and sheer commitment to restoring lost value remain unquestioned. While fortifying our revamped risk management architecture, we will continue to drive towards effective monitoring of loan repayments and the recovery of challenged risk assets.

Our continued investments in next-generation technological capabilities continue to provide foundational support for our overarching digitisation strategy. In the last 12 months, the Group has delivered digital alternatives to customers through self-service platforms, significantly reduced the cost-to-serve of key customer segments, and ultimately enriched the customers' experience across various digital touchpoints by leveraging our Digital innovation Laboratory and our strategic partnerships in the Fintech space.

At the operational level, our machine learning and robotic capabilities have been instrumental in eliminating non-revenue accreting and repetitive tasks, thereby creating the opportunity for more members of staff to pursue more productive revenue-generating activities for the Group.

Our Group Shared Services programme allows us to leverage economies of scale to lower associated costs and drive efficiency across our Commercial and Merchant Banking franchises. Our enterprise Customer Relationship Management platform has also helped speed up customer complaint resolution time, translating to improved customer confidence in transacting with our brand. As at today, the in-branch transaction rate has reduced, and over 80% of our retail customer transactions are executed digitally across a combination of our platforms. All these technology-led initiatives helped the Group moderate its growth in operating costs below the average national inflation rate by the end of 2021. These initiatives led to a 1,100-basis points improvement in our cost-to-income ratio, which declined to 56.4% in 2021 against the prior year at 66.8%.

Significantly, the Group recorded a 99.1% year-on-year growth in profit before tax to ₦166.7bn by year-end 2021. This was due largely to a combination of factors, including the incremental income from the prior year driven principally by non-funded revenues, the moderation of the Group's operating expenses by leveraging technology and shared services, as well as the significant recoveries from loans previously written off.

This is a remarkable achievement for the Group as it is the highest profit returned by the franchise since its portfolio cleanup journey started in 2016. Post-tax returns on equity and assets remain strong at 18.4% and 1.8%, respectively. Our NPL ratio is down 160 basis points to 6.1%, while the coverage ratio is up 1,420 basis points to 62.2%. Earning assets remain strong, with loans and advances to customers growing by 30.0% to ₦2.9tn, supported by a customer deposits base of ₦5.8tn, representing a 19.5% year-on-year growth. These feats not only speak to the tenacity of the Management and staff of FBN Holdings Plc but the sheer resilience of the brand.

Group Managing Director's Review

Our Significant Businesses

The Commercial Banking Group

In 2021, the strategic priorities for our commercial banking franchise centred around disruptive innovation, revenue growth with an emphasis on transactional revenues, cautious expansion of the loan portfolio with an emphasis on digital credit, and the improved contributions to profit from our international subsidiaries.

Being the largest operating entity in the Group, emphasis was laid on sustaining the ongoing corporate transformation agenda in FirstBank. This implementation of the PR1MUS 2.0 digital strategy initiatives birthed remarkable developments locally and regionally for the Commercial Banking group. In 2021, FirstBank revolutionised branch banking following the launch of its Digital Experience Centre - a fully digital branch where existing and new customers can engage with the Bank and perform a wide range of transactions. Transactions as simple as account opening can be executed from start to finish via the self-service kiosk, while more complex investment-type transactions like fixed deposit booking can be executed by leveraging a combination of the interactive online banking smart screens and the remote video conferencing option with a member staff.

The Bank also launched other innovative solutions like FirstCredit, a digital nano-lending product that provides customers with quick and convenient access to loans and advances in the same year. Another digital product launched in 2021 was the Lit App - an improved and significantly more secure mobile banking platform that offers our customers a more convenient and user-friendly banking platform to consummate all their banking transactions without interface with a physical branch.

It is important to note that the Lit App is proprietary to FirstBank and was developed following extensive customer engagements. The successes recorded following the launch of the Lit App necessitated the extension of this digital-only proposition to our international subsidiaries. Our network of over 167,000[1] agents located in 772 local government areas remains unparalleled in the banking industry, and these agents collectively executed more than 360 million customer transactions in 2021.

Other transformation efforts were targeted at streamlining service culture, upskilling our workforce, and rebuilding a culture of excellence in supporting our more than 36 million customers across the franchise. Efforts in these areas continue to yield desired results, with FirstBank emerging as one of the "Best Places to Work", "Best Organisation in Building a Culture of Innovation", and the "Best in Promoting High Trust" in the large companies category of Great Place To Work (GPTW) institute awards 2021.

The Commercial Banking group's achievements in 2021 transcend accolades received from professional establishments, but the outcome of these efforts is reflective of the numbers for the review period. FirstBank recorded year-on-year growth in revenues and profit before taxes of 30.3% and 77.9%, respectively.

[1]As at 31 March 2022

Group Managing Director's Review

The Merchant Banking and Asset Management Group

In 2021, the FBNQuest group focused on enhancing revenue generation by leveraging strategic partnerships to penetrate new markets and promoting multiple alternative investment options.

In line with its digital innovation strategy, FBNQuest group's flagship customer-facing channel, FBN Edge App, was revamped and upgraded to version 2.0. The additional feature incorporated into FBN Edge 2.0 App enables asset management customers to track their investment balances, redeem their investments, and subscribe to investments of their choice remotely via their mobile devices. The business alsofast-tracked its process digitisation efforts during the review period, successfully automating over 60% of its critical-to-business processes in the last 12 months.

During the year, the Merchant Banking business leveraged capital-light lines of business to grow topline revenues while enforcing budget discipline to moderate related operating costs. The Capital business, on the other hand, built strategic partnerships and leveraged the same to drive revenue growth, while the Trustees business sustained its dominance in the public and corporate trust space.

Additionally, cross-entity collaboration and product pairing considerations with FirstBank and its subsidiaries have enriched the service offerings of the various lines of business within the FBNQuest group and presented an avenue to access new active markets within and outside Nigeria. The seamless execution of complex bilateral transactions with international subsidiaries of the Commercial Banking group has resulted in the significant growth of Assets under Management (AuM). Synergy was a primary contributor to the financial performance of the Merchant Banking and Asset Management business group.

During the review period, FBNQuest group remained committed to nurturing its human capital base, deepening the organisational culture of learning and development, and expanding career enrichment options for its employees across the various cadres. The impact of these employee-focused initiatives was seen in the outcomes of the Great Place To Work (GPTW) Institute Awards, which recognised FBNQuest group as the third 'Best Place to Work' in the medium-sized companies category. Entities under the FBNQuest group received associated awards - FBNQuest Asset Management received a Gold certification and ranked first as the 'Best Workplace'; FBNQuest Trustees received Gold certification in the 'Best Workplace'; FBNQuest Merchant Bank received a Gold certification as the 'Best in Promoting a Culture of Innovation' and 'Best in Promoting Organisational Ethics'; while FBNQuest Capital ranked fourth and received Silver certification in the 'Best Workplace'.

The results of these developments are better appreciated in the 8.5% year-on-year growth in gross revenues to ₦42.5bn at year-end.

Group Managing Director's Review

Conclusion

It is important to note that the year 2022 marks the mid-point of our five-year 2020 – 2024 Strategic Planning Programme and presents the Group with the opportunity to validate the implementation journey thus far and recalibrate relevant strategic levers to deliver our overarching strategic intent of returning to industry leadership in all our markets by 2024.

The macroeconomic outlook for the year 2022 suggests another difficult year ahead. There are pre-election uncertainties. Inflationary pressures are expected to persist. At the moment, there are no clear signals to suggest improvements in the security outlook of the country. The foreign currency market is expected to remain volatile, investment yields will most likely be subdued for the better half of the year, the national budget deficit is expected to trigger more borrowings, and the non-removal of fuel subsidies will sustain pressure on government finances.

As we progress into the year, we will remain agile in our approach and nimble in our delivery to evolve with the ever-changing financial services landscape. Priorities for FBN Holdings Plc will centre around technology-led synergistic enhancements to tap into unlocked potentials within the Group domestically and regionally, risk assets creation leveraging our robust digital lending architecture, and the broadening of digital alternatives to enrich customer experience across our digital touchpoints. Our international subsidiaries will continue to play an integral part in achieving our long-term goals as we explore new markets across the region.

At FBN Holdings Plc, we are future-focused. We remain resolute in our conviction regarding the requirements for our next growth phase and clinical in executing the associated imperatives as we progressively advance our corporate goal of being the leading African financial services provider. FBN Holdings Plc has indeed come a long way with the unflinching support of you, our esteemed shareholders, the commitment of our staff, and the guidance of the regulators. We will continue to forge ahead and remain committed to enhancing value for all stakeholders. We have our eyes set on the future, and it is indeed a bright one.

Thank you, and God bless us all.

Nnamdi Okonkwo
Group Managing Director
FBN Holdings Plc

Business Model

Commercial Banking Group

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

Core Services	How We Create Value
• Retail Banking • Commercial Banking • Corporate Banking • Public Sector Banking • Treasury and International Banking • Pension Custodian	• We bridge the gap between the providers and borrowers of money by taking deposits and creating risk assets. • Through value added services by charging fees and commissions.

How We Deliver Value

Retail Banking	Serves individual customers, SMEs (with an annual turnover of up to ₦1bn) and local government institutions.
Commercial Banking	Serves large to middle-size businesses with a turnover of ₦1bn to ₦5bn.
Corporate Banking	Serves all top-end and blue-chip institutional corporates, multinationals and specialised industries with good corporate governance and annual turnover greater than ₦5bn.
Public Sector	Concentrates on Federal Government institutions (ministries, departments, and agencies), State Governments, and multilateral agencies and institutions with emphasis on providing payments and collections services.
International Banking	Focuses on driving business growth and profitability of all the international banking subsidiaries of the Bank.
Pension Custodian	Provides pension fund custody services in Nigeria.

Business Model

FBNQuest Merchant Banking Group

FBNQuest Merchant Bank is part of the FBNHoldings Group. Our businesses include Coverage and Corporate Banking, Investment Banking, Sales and Trading of Fixed Income Securities, Currencies and Equities, Wealth Management, Facility Agency Services and Asset Management.

We are committed to providing innovative banking solutions for our diverse customer base, which comprises Governments, Corporate Organisations, Financial Institutions, High Net Worth and Affluent individuals. We create value for our clients and shareholders by offering financial advice, investment and risk management products, fund management, asset administration and securities trading.

Business Divisions

Corporate and Investment Banking Division		Institutional Securities Division		Investment Management Division	
Investment Banking	**Corporate Banking**	**Fixed Income, Currencies, Sales and Trading (FICT)**	**Securities**	**Asset Management**	**Agency Services**
• Capital Markets • Debt Solutions • Financial Advisory	• Liability Products • Trade Services • Loans and Credit Products	• Wealth Management • Financial Institutional Sales • Asset and Liability Management • Fixed Income Treasury Bills • Fixed Income FGN Bonds • Currencies Foreign Exchange • Correspondent Banking	• Sales and Trading of Equities	• Personal: Affluent, Emerging Affluent, etc. • Mutual Fund • Discretionary Fund	• Facility Agent on syndicated lending transactions, club deals, and project finance transactions

Large or mid-tier corporates, governments, financial institutions, ultra-high net worth individuals, high net worth individuals, family offices, affluent, emerging affluent.

Lagos, Port-Harcourt and Abuja

Business Model

Our world-class team, significant financial capacity, rich heritage as an FBNHoldings Group subsidiary, local insights, and unrivalled network put us in a unique leadership position within the Merchant Banking space. Our broad product platform enables us to cater to the diverse business needs of our clients. Our focus on customer-centricity and leveraging technology and digital platforms differentiates us from our peers as we can anticipate and proactively meet our customers' requirements.

We continue to transform our business in line with the ever-evolving operating environment. We aim to achieve our goal of being the dominant Investment Bank and Asset Management firm in Nigeria.

The Merchant Bank group provides the following products and services:

Coverage and Corporate Banking	Offers a platform providing a full range of bespoke investment and wholesale banking services (lending, trade services, and transaction banking) to mid-size and large institutions.
Investment Banking	Provides strategic financial advisory and debt arranging services to private and public sector clients across all the key sectors of the Nigerian economy. This includes structuring and arranging bespoke financing solutions to manage clients risks for the growth of their businesses.
Fixed Income Securities, Currencies, Sales and Trading (FICT)	By leveraging technology, the FICT team fuses market knowledge and trading strategies to assist our clients in achieving their financial goals. The Wealth Management and Financial Institutional Sales teams within the FICT group manage investment portfolios for ultra-high net worth and high net worth individuals and a broad segment of investors, including Pension Fund Administrators (PFAs), insurance companies, banks and financial institutions, local and offshore portfolio managers, and co-operative societies.
Securities	Our Equities team provides clients with strong product offerings, sector expertise, and best execution.
Asset Management	Provides a broad range of financial planning and investment management solutions for individuals and institutional investors across various asset classes including fixed income, public equity markets, alternatives, and multi-asset class solutions.
Agency Services	Manages syndicated facilities by providing ongoing administrative services and support to the finance parties. The business serves as a communication link between the borrower and the lenders, handles the flow of funds and provides transaction support.

Business Model

FBNQuest Capital Group

FBNQuest Capital is an investment advisory group that offers alternative investment products and financial opportunities across multiple assets such as derivatives, debt, credit and commodities.

FBNQuest Capital collaborates with FBNHoldings and other subsidiaries within the FBNQuest group to develop bespoke solutions for clients.

Core Services	How we Create Value
• Structured Products • Alternative Investments	• We work with our clients to manage funds or portfolios, secure assets, provide intelligence and advice on investments. • We invest in private companies across the alternative investment spectrum and assist portfolio companies by providing technical support and strategic guidance in areas of operational improvement, including cost efficiency, revenue enhancement and balance sheet optimisation.

How We Deliver Value

Structured Products	We provide structured 'non-traditional' investment and financing opportunities across multiple asset classes (fixed income, equity, interest rates and credit).
Alternative Investments	FBNQuest Capital group manages proprietary and third-party capital and provides investment opportunities to clients looking to invest in high-growth companies in Nigeria and Sub-Saharan Africa across private equity, venture capital, credit and real estate. Our focus on higher long-term yields sets us apart from traditional investment models.

Business Model

FBNQuest Trustees

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

Core Services	How We Create Value
• Private Trust and Executorship • Public Trust • Corporate Trust	• We assess client needs and provide tailored solutions for securitisation, escrow services, preservation and transfer of assets.

How we Deliver Value

Provides private, public and corporate trusteeship and estate planning solutions to clients with strong emphasis on our fiduciary responsibilities.

FBN Insurance Brokers

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

Core Services	How We Create Value
• Insurance Broking • Risk Management & Advisory	• We provide insurance brokerage services, including advisory and risk identification functions on commission.

How We Deliver Value

Provides insurance brokerage solutions to manage risk and deliver optimum value to customers.

Business Model

DELIVERING ON OUR BUSINESS MODEL

SYNERGY

Generating revenue and cost synergies through cross-selling and shared services.

INNOVATION

Fostering innovative thinking in every aspect across the Group for process improvement, best-in-class service and value realisation.

RISK AND COMPLIANCE

Managing the Group's risk profile and adhering to the regulatory framework that governs our businesses. The revamp of the Group's risk management architecture, which is one of the key enablers of our shareholder value creation, ensures our revenue-generating capacity translates to stronger growth in profitability.

The periodic reviews of the business and operating environment inform the formulation of strategic imperatives from which initiatives are conceived and executed, guided by the FBNHoldings Board of Directors and a dedicated Management team committed to achieving the Company's objectives. These initiatives aim to identify natural synergies between our business groups, identify growth segments and restructure for profitable growth while considering the realities of the current and future operating environment. The successful implementation of our strategic plans will reflect on our financial performance and increase value to our stakeholders.

Financial Review

The Group's performance over the course of 2021 is reflective of its resilience and underpins our strategy to generate sustainable value for all our stakeholders. As a Group, we are fully aware of the macroeconomic challenges facing businesses and remain focused on carefully navigating the environment through innovation and by putting our customers at the centre of our universe.

As a financial service holding company, driving synergies remains a critical part of our strategy and has been integrated into every aspect of our delivery model. We pride ourselves in the uniqueness of our diversified portfolio and the collaborative ecosystem that we have built around our lines of business, our customers, and the unique value proposition that we deliver. We are also increasingly leveraging technology - artificial intelligence, robotics, and other next-generation technological advancements, to deepen collaboration and further drive operational efficiency across the Group.

Highlighting revenue and profitability, the Group delivered a stellar performance growing gross revenue by 28.2% to ₦757.3bn and profit before tax by 99.1% to ₦166.7bn. The 30.0% growth in loans and advances to ₦2.9tn and 16.2% growth in total asset to ₦8.9tn reaffirms our commitment to drive revenue and profitability as we substantially complete the balance sheet clean-up.

In 2022, our strategic focus is on revenue generation through digital channels and retail product offerings, further driving our synergy potential as well as continuing to improve our operating model to deliver more efficiencies.

*2020 restated numbers

**Full year

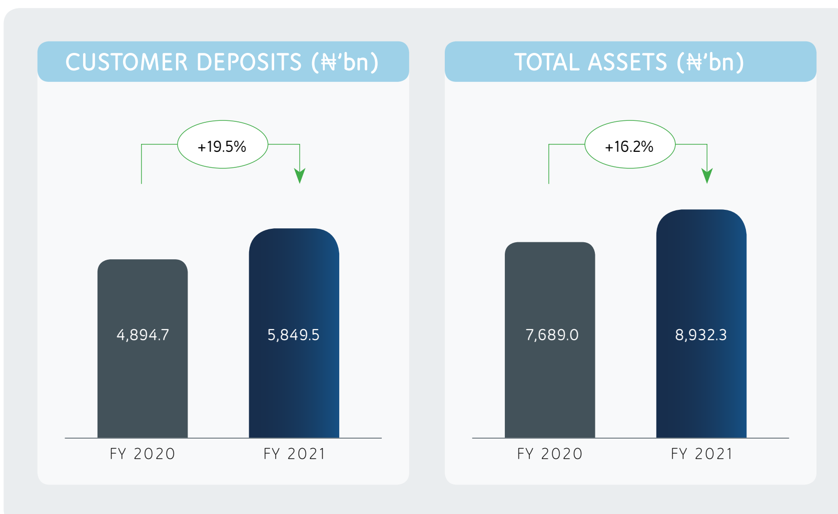
Financial Review

Group Financial Review

Gross earnings grew by 28.2% to ₦757.3bn (December 2020: ₦590.7bn). Interest income remained challenged given the moderated interest rate environment negatively impacting yields; as a result, interest income declined 4.1% to ₦369.0bn (December 2020: ₦384.8bn). To mitigate the effect of the low interest rate on investment securities and revenue generation, we remained deliberate with our intensified deposit mobilisation and funding strategy to support enhanced loan growth at optimised rates leading to a 5.7% increase in interest expense to ₦140.8bn (December 2020: ₦133.2bn). As a result, net interest income declined by 9.3% to ₦228.2bn (December 2020: ₦251.6bn). Conversely, non-interest revenue grew by 96.1% to ₦364.6bn (December 2020: ₦185.9bn) on the back of increased fees and commission income, treasury activities and other operating income. Additionally, and in line with our focus to enhance our revenue generation capacity, First Pension Custodian Nigeria Limited, a subsidiary of FBNHoldings' flagship subsidiary, First Bank of Nigeria Limited, entered into a definitive agreement with Access Bank Plc for the planned acquisition of the entire share capital of Access Pension Fund Custodian Limited held by Access Bank Plc. This will further boost our market share in the industry, aid revenue diversification and support annuity income. Looking ahead, we will continue to create quality loans with focus on retail lending driven by technology as we continue to grow non-interest income to further diversify revenue.

In 2021, FBNHoldings operated in a challenging operating environment that was pressured by high inflation and currency devaluation, the effect of which increased operating expenses by 14.2% to ₦334.2bn (December 2020: ₦292.5bn). However, this 14.2% is below the inflation level (December 2020: 15.6%) whilst regulatory cost also rose during the period, up 23.2% year-on-year. Despite the inflationary push factors, operating income grew 35.5% to ₦592.8bn (December 2020: ₦437.6bn), resulting in an improvement in cost to income ratio to 56.4% (December 2020: 66.8%). Going forward, we will sustain our focus towards improving efficiency by containing cost and increasing revenue.

Deposit from Customers increased by 19.5% year-on-year to ₦5.9tn (December 2020: ₦4.9tn) reaffirming our strong market access and robust funding base. Our investment in agent banking, digitalisation and deployment of digital platforms which our customers have adopted, improved customer penetration and deepened our solid retail franchise. This continues to provide us with access to stable funding, reducing our cost of fund ratio to 2.1% (December 2020: 2.3%) while supporting the float of our current and savings account (CASA) at 91.2% (First Bank of Nigeria).



Total assets grew 16.2% year-on-year to ₦8.9tn (December 2020: ₦7.7tn) driven by a 30.0% year-on-year increase in customer loans and 26.3% increase year-on-year in investment securities. Cash and balances with Central Banks, loans to banks & customers and investment securities constitute 87.2% of total assets (December 2020: 83.4%).

Financial Review

We continue to record progress in Asset Quality and Risk Management stemming from our retooled and strengthened risk management architecture. On the back of this, non-performing loan ratio further improved to 6.1% (December 2020: 7.7%) while coverage ratio increased to 62.2% (December 2020: 48.0%). With a cleaner balance sheet and resilient earnings generating capacity, FirstBank (Nigeria) was able to accrete capital buffers from organic earnings. Hence, despite the increase in loans and advances, Capital Adequacy Ratio (CAR) remained steady, marginally increasing to 17.4% (December 2020: 17.0%).

*CAR for the Merchant Banking business is 19.5%.

**2020 restated numbers.

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

Financial Review

PERFORMANCE BY BUSINESS GROUPS

Commercial Banking

- Gross earnings of ₦716.8bn, up 30.3% year-on-year (December 2020: ₦550.3bn)
- Net interest income of ₦225.7bn, down 7.7% year-on-year (December 2020: ₦244.6bn)
- Non-interest income of ₦342.2bn, up 106.4% year-on-year (December 2020: ₦165.8bn)
- Operating expenses of ₦313.9bn, up 14.3% year-on-year (December 2020: ₦274.6bn)
- Profit before tax of ₦130.9bn, up 77.9% year-on-year (December 2020: ₦73.6bn)
- Profit after tax of ₦117.8bn, up 73.9% year-on-year (December 2020: ₦67.8bn)
- Total assets of ₦8.5tn, up 15.9% year-on-year (December 2020: ₦7.4tn)
- Customers' loans and advances (net) of ₦2.8tn, up 27.7% year-on-year (December 2020: ₦2.2tn)
- Customers' deposits of ₦5.6tn, up 19.5% year-on-year (December 2020: ₦4.7tn)

Following years of strategic restructuring of FirstBank's balance sheet and operations, the Commercial Banking business is beginning to transition into a sustained growth phase delivering performance commensurate to the size of its business and capabilities of its workforce. Profit before tax is up 77.9%, gross earnings 30.3%, total assets 15.9% and customer deposits up 19.5%.

This performance was driven by a relentless focus on the needs of customers and improving the competitiveness of our offerings. We have sharpened our 'Go To Market' approach to better leverage the opportunities which our large scale provides in addition to becoming more relevant to our clients by improving our value propositions.

This performance is also in line with the Bank's Quantum Profitability Leap agenda which seeks to ensure that we fully maximise the revenue generating capacity of our business to boost the bottom line and fulfil the expectations of all stakeholders in the business.

The demonstrated resilience of our franchise to headwinds and excellent risk management capabilities place us in a good position to weather any macro-economic shocks which may arise due to the volatile nature of current operating environment. The Bank's Non-performing loan ratio at the end of the year was 6.1% which represents significant progress towards those of other Tier 1 banks and the regulatory threshold of 5.0%.

The Banking Group will continue to leverage its investments in digital platforms, IT infrastructure, people and pan-African operations to ensure this growth trend is sustained.

Financial Review

Merchant Banking & Asset Management (MBAM)/FBNQuest

The FBNQuest group continues to demonstrate resilience despite the unprecedented economic and regulatory headwinds, including pronounced uncertainty, lower market yields, higher cost of funds, and elevated Cash Reserve Requirement (CRR) debits.

FBNQuest Group's gross earnings grew by 8.5% to close at ₦42.5bn, while profit before tax declined by 17.3% year-on-year to close at ₦9.8bn. Our focus on annuity and fee income-driven businesses led to a growth of 14.6% in non-interest revenue year-on-year. However, net interest Income declined by 30.5% year-on-year due to lower yields on assets and a higher cost of funds, and profitability was also impacted by a 20.7% growth in operating expenses.

The Group remains well capitalised, with a capital base of ₦60.4bn, and modest leverage, as total assets grew by 10.5% to ₦385.5bn. The capital adequacy ratio for the Merchant Bank is 19.5%, above the regulatory requirement of 10.0%, while its loans to customer grew year-on-year by 37.6% to close at ₦78.6bn, and customer deposits grew by 19.3% to close at ₦119.4bn.

The Investment Management (IM) Group continues to perform strongly, contributing 32.0% of gross earnings in 2021; in particular, FBNQuest Asset Management contributed 14.4% to gross earnings. The IM Group's contribution to revenue is a 3.8-percentage point increase from the prior year.

The Corporate and Investment Banking (CIB) group continues to leverage its position as a strategic partner of choice, participating in several deals and offering credit, capital raising and financial advisory services to Corporates. Our participation in these deals was recognised with several awards, including:

1. The African Banker Awards 2021
   - Deal of the Year – Equity: for the privatisation of Afam Power Plc and Afam Three Fast Power Limited

2. Business Day Banks and other Financial Institutions (BAFI) 2021 Awards
   - Investment Bank of the Year (Nigeria)

3. Public Sector Bond Deal of 2020
   - FGN Roads Sukuk Company 1 PLC – 7-year Ijara Sukuk

Finally, the Group remains committed to enhancing its financial performance, growing market share, nurturing our human capital and leveraging digital technology to serve our customers better. We will continue to explore opportunities to optimise our operations in order to increase customer satisfaction and grow annuity income as we look to maximum productivity in 2022.

Customer Experience and Complaints Management

Customer Experience Monitoring and Management

Across the Group, the quality of service delivered via touchpoints are monitored throughout the year as we continuously seek avenues to improve our processes and services.

Monitoring of touchpoints track key experience indicators among other customer satisfaction metrics. Spot checks were carried out twice on our branches across the country to monitor and ensure consistent customer experience irrespective of the geographical location of the branch.

Enhancing Our Complaints Handling Framework

As part of our commitment to a best-in-class complaints management framework, ISO 9001 certification for Complaints Quality Management System in our flagship subsidiary, FirstBank was renewed for the year by the British Standards Institute following a surveillance audit.

In addition, the Bank optimised the Customer Relationship Management tool (Microsoft Dynamics 365) for centralised complaints tracking, root cause analysis, and trend investigations to derive prompt and proactive resolutions in managing customer expectations.

To enhance customer convenience with the service automation drive, complaints modules were installed on FirstMobile and the Bank's newly launched LIT App. The complaints modules allow customers to lodge and track major complaints by self-service (without recourse to any physical touchpoint of the Bank). The Intelligent Business Process Suite for processing card-related complaints was also deployed in 2021.

For improved complaints handling across the various touchpoints, continuous staff e-training and collaboration were employed. These engagements addressed the identified knowledge gaps and improved staff skills for timely resolution of complaints within the agreed resolution time.

A breakdown of the complaints handled[1] in 2021 compared to 2020 and the financial implications are shown below:

CUSTOMER COMPLAINTS RECEIVED IN 2021

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (₦)		AMOUNT REFUNDED (₦)	
		2021	2020	2021	2020	2021	2020
1	Pending complaints brought forward	33,174	49,157	701,628,867.89	1,170,518,689.29		
2	Received complaints	737,736	707,641	13,814,415,829.26	58,231,989,955.79		
3	Resolved complaints	724,265	723,624	13,723,789,158.08	58,700,879,777.19	9,774,866,482.02	9,397,751,386.37
4	Unresolved complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the Bank carried forward	46,645	33,174	792,255,539.07	701,628,867.89	-	-

We would continue to maximise the usage of the CRM tool and Artificial Intelligence (AI) to:

- Improve the complaints handling process and customer convenience by enhancing existing self-service options and introducing new ones.
- Ensure existing process tools adhere strictly to the resolution time defined by the regulatory authorities.
- Improve efficiencies on the current card complaints process handling by leveraging AI.
- Involve customers in our complaints handling process using the feedback mechanisms available on the platform.

[1]In FirstBank.

Corporate Responsibility and Sustainability

The Group integrates environmental, social and governance criteria in its decision-making to create long-term stakeholder value.

Supporting Our People For Success

Setting The Tone

Driven by our mission to be the leading African financial services provider delivering innovative solutions, the FBNHoldings Group continues to emphasise that its unique asset - its people, are an essential part of achieving these laudable goals. The Group accentuates the critical role 'its people' play in delivering excellent performance and maintaining a competitive edge. The Group has opened up a world of opportunities for its people by building an inclusive organisation that values difference, takes responsibility, and seeks different perspectives to support our people's aspirations.

The year 2021 necessitated new ways of working due to the impact of the Coronavirus pandemic. In the wake of the 'new normal', the overall focus of the Group's people agenda was to ensure that our employees were future-ready with the requisite capabilities to foster an engaged, innovative and agile workforce as we strive to 'become the top-3 Employer of Choice by 2024'. As a team, the Group HR function remained committed to advancing the Company's strategic goals with the specific delineation of its people agenda along the following pillars:

Overview Of The FBNHoldings Group People Agenda

HR Strategic Objective	• To be the hub for the best industry talent • To attain top-3 employer of choice by 2024		
Strategic Pillars	Organisational Management	Strategic Talent Management	Organisational Culture and Productivity
Strategic Focus	Appropriate structures, policies and workforce models to drive a nimble, agile and productive workforce	Deliberate systems and interventions designed to attract, develop, motivate and engage throughout the employee life-cycle to improve overall employee experience	Organisational culture ecosystem driven purely by our core values leading to increased engagement and productivity
Critical Success Factors	Superior Employee Value Proposition, HR Service Delivery Optimisation, Change Management and Communication, Technology		

The FBNH People Agenda is now more important than ever, as HR is increasingly recognised for its ability to enhance business performance through efficient and best-in-class practices.

Supporting Our People For Success

HR Initiatives and Achievements in 2021

1. Organisational Management

Supported the attainment of business objectives by translating key strategic imperatives into our overall people agenda while embedding the requisite structures, policies, and workforce models to drive a nimble and agile workforce. The following strategic interventions were implemented to deliver on this mandate:

a) Workforce Models: Delivered optimal design for organisational workforce structures, including manpower optimisation and utilisation frameworks to drive efficiency.

b) Organisational Policies: Revised our HR policy and operating frameworks in line with our drive to enhance the employee-employer relationship and align with leading practices and new developments in the operating environment.

c) Job Management: Entrenched a revamped job design and review framework covering job evaluation, manning profiles and job matching to ensure that employees are appropriately placed in commensurate roles to drive productivity.

d) HR Service Delivery Models: Strengthened the HR processes and service delivery models to optimise employee experience through a revamped Human Resource Information System (HRIS) that focused on self-service and shared service platforms.

2. Strategic Talent Management

The FBNHoldings talent management agenda is driven by the need to optimise talent productivity and build a high-performance workforce by implementing best-in-class strategies to attract, develop, motivate, and engage talent to achieve the overall strategic objectives.

a) Talent Sourcing: Our talent sourcing and recruitment strategies have been carefully created to support our defined resourcing techniques, which are to 'buy', 'build,' or 'borrow' with the sole aim of deploying the right talent to meet business needs in the short, medium, and long-term. Specifically, our focus centred on:

- Efficient candidate management process driven mainly by the need to enhance the positive candidate experience, promote our employer brand, and enhance recruitment turnaround time;
- A comprehensive competency-based recruitment process which includes case study reviews, group discussions, presentation sessions, role play, competency-based interviews, and employability behavioural assessments;
- Internship and vacation jobbers programmes to support the availability of talent for specific role requirements; and
- Well-structured onboarding programmes, such as the welcome announcements, a new hire starter/welcome catalogue system, formal programmes, and an improved buddy scheme to facilitate a smooth integration.

b) Talent Identification: A talent segmentation system has been operationalised as part of our robust talent management framework to identify talent based on performance and leadership readiness:

- Talent Career Path: Career progression grid, career maps and tracks.
- Job Capability Improvement: Opportunities for job shadowing, job sharing, job families, and job rotation.
- Group Mobility Programmes: Staff exchange, secondments, cross-posting.

c) Talent Development and Performance: The overall focus is on driving improved performance and accountability while reshaping workforce capabilities as we seek to build a future-ready workforce.

- Robust Performance Management System: Balanced scorecard methodology to drive performance.

  ✓ Performance Tracking: Revamped to ensure key performance indicators are aligned with job accountabilities, organisational core values and behavioural competencies.

  ✓ Leadership Potential Assessment: Introduced as part of the overall talent management strategy to assess leadership capability and ability to take on greater responsibility.

  ✓ Performance Enhancement: Entrenched supervisory feedback processes to support performance enhancement through shorter performance cycles – monthly and quarterly check-ins, reviews and improvement plans.

Supporting Our People For Success

- Capability Development: Implemented talent-based interventions to leverage the FBNH competency-based learning and development framework and ensure employees have the relevant skills, knowledge and leadership abilities. The overall emphasis is on reskilling and upskilling to cultivate a culture of continuous learning and to build a multi-skilled workforce:

  ✓ Learning Delivery Framework: A blended learning and development approach that includes virtual/e-learning, instructor-led programmes, knowledge sharing, etc.

  ✓ Leadership Development and Boot Camp: Delineated to support succession planning by focusing on middle and senior management categories.

  ✓ Technology Boot Camp: Launched to build technology capabilities and create a talent pipeline with the requisite skill set, knowledge and experience.

  ✓ Coaching and Mentoring: Support a more holistic approach to short and mid-term talent development targets through executive coaching, peer-to-peer mentoring, supervisor-to-subordinate mentoring, and reverse mentoring.

  ✓ Supervisory and Transition-level Programme: Designed to equip staff with the knowledge and competencies required to progress across management levels.

  ✓ Training Achievement: A total of 730,345 training hours was achieved in 2021, representing 135% achievement.

  ✓ Strategic Partnerships: Developed partnerships with global training institutions, such as IBM Digital Nation Academy, to expand our training offerings.

d) **Talent Retention and Involvement:** With the 'war for talent' still raging, our focus on motivation and recognition stems from the need to foster and retain a highly engaged, healthy and productive workforce. Our key interventions include:

- Rewards System: Entrenched market-competitive programmes to drive our performance reward system.

- Recognition of Loyalty and Service: Revamped our loyalty scheme to recognise long-serving employees.

- Employee Health and Well-being: This has been prioritised to foster a healthy and productive workforce:

  ✓ Health insurance plans and hospital retainer scheme.

  ✓ Comprehensive health checks.

  ✓ Corporate wellness scheme and social engagement focused on nutrition, lifestyle and fitness.

  ✓ Virtual health care access and chronic disease management programmes.

- COVID-19 Employee Assistance Programmes: The pandemic disrupted how we worked. It also created a unique opportunity to introduce targeted interventions as part of the employee support system to drive business continuity. Some of the initiatives implemented include:

  ✓ Safety and awareness campaigns through email, executive engagements, and virtual notice boards.

  ✓ COVID-19 Task Force and Incident Management teams to ensure compliance with protocols.

  ✓ Employee vaccination system to ramp up vaccination coverage.

  ✓ COVID-19 SharePoint and Information Hub.

  ✓ Mental health support platforms, stress management sessions.

  ✓ Case escalation protocols and contact communication points.

  ✓ Provision of personal protective equipment (PPE) – gloves, masks and sanitisers.

  ✓ Medical screening and self-isolation protocols.

3. Organisational Culture and Productivity:

We constantly foster high employee engagement and drive a purpose-led culture aligned with our core values of integrity, innovation, customer-centricity and sustainability to trigger the right behaviour and performance.

- Group Corporate Induction Programme for employees.

- Employee Share of Voice: to promote effective communication and feedback across various 'cadres',

Supporting Our People For Success

such as CEO's webcasts, town hall sessions, the voice of millennials, and focus group sessions.

- Best Practice Assessments: Pulse and climate surveys, employee engagement surveys, workplace practice assessments.
- Corporate Culture Audit and Trust Index Assessments.
- Culture Transformation Programmes: Raising culture champions network, embedding core values across all organisational activities, employee accountability systems, and C-Suite Role Modelling.
- Flexible working practice and 'work from home' productivity series.
- Innovation productivity series.
- Employee Bonding Initiatives.

Diversity and Inclusion Initiatives

Our equal opportunity employer stance is a critical component of our employee value proposition (EVP) which has been reinforced to guarantee the right to be treated fairly and without discrimination. FBNHoldings has created an enabling environment to promote diversity and inclusion.

- Female Economic Empowerment Initiatives: We seek to increase female representation and empowerment to demonstrate leadership's commitment to a gender-inclusive climate. The 'Women's Network' remains the platform to champion this mandate.
- Equal Opportunity Employer: Reinforced to guarantee the right to be treated fairly and without discrimination on any grounds – gender, race, ethnicity, age, religion, thoughts, disabilities, or background.
- Employee Volunteer Scheme: Serves as a resource group for community outreach and corporate social responsibility initiatives.
- Affirmative Action Measures: A framework to guide against discrimination and unconscious bias along the HR value chain – recruitment, performance and reward management, promotions and training/career development.
- Diversity Training: Increased training programmes on diversity management topics.

Approach to Human Rights, Anti-Bribery and Corruption

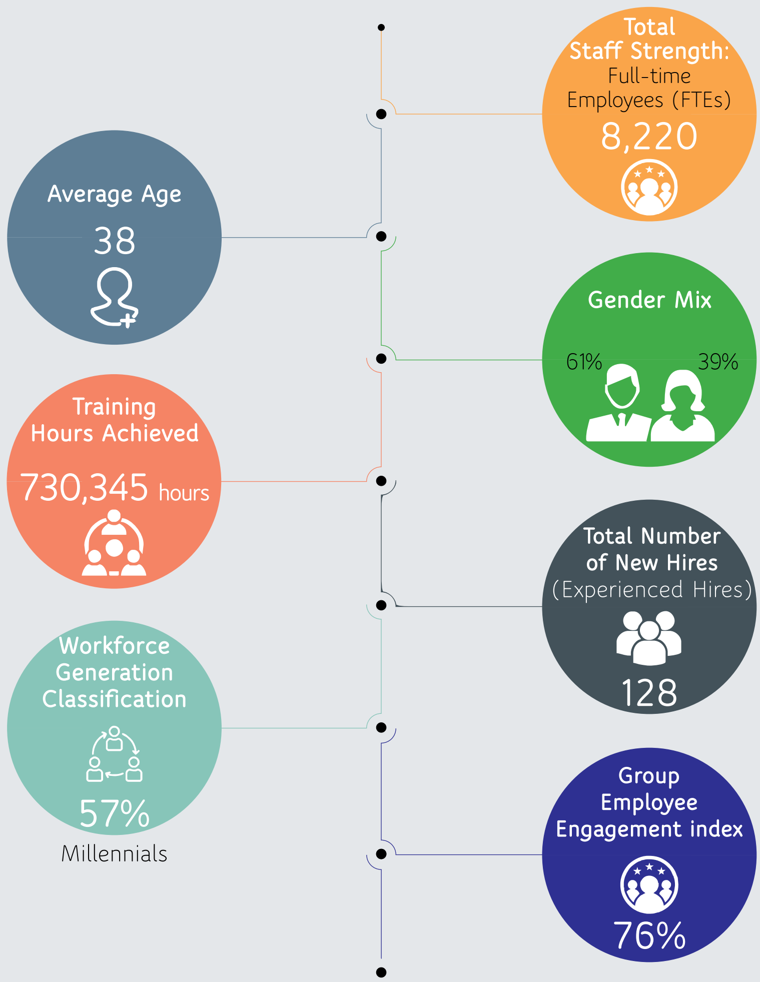
- Human Rights: FBNHoldings Group recognises its people's fundamental rights under the constitution and is an equal opportunity employer. This is clearly defined under our Employee Relations Affirmative Action Policy statement, which states that "the Group is an equal opportunity employer and that all members of staff receive equal opportunities throughout their employment".
- Grievance Policy: As part of our commitment to creating a safe and fair work environment for our employees, our grievance policy provides a platform to report or request an investigation on workplace discrimination or issues that may affect their fundamental human rights.
- Anti-Money Laundering Training Programme: Anti-Money Laundering training programmes are mandatory courses. All employees are enrolled to deepen their understanding of the subject matter.
- Employee Handbook: The Employee Handbook reflects best-in-class practices and ensures compliance with employment legislation. The following are some of the policies in line with anti-bribery and corruption practices:

✓ Whistleblowing: This policy provides employees with a platform to report misconduct like bribery and corruption. It provides a framework for safeguarding the Group's reputation in matters of integrity.

✓ Gift policy: This sets out the general rules for employees accepting gifts or other tokens of appreciation. The policy states that all gifts must be declared regardless of the amount or value. This regulation essentially prohibits bribery and corruption.

Supporting Our People For Success

Workforce Statistics



Digital Banking Solutions

FirstBank is a major player in digital banking in Nigeria. According to figures from the Nigeria Inter-Bank Settlement Scheme, FirstBank processed about 15% of inter-bank transactions in the country in 2021.

In September 2021, the Bank launched a new mobile banking application, the Lit App, expanding its digital architecture, including award-winning online banking platforms, FirstMobile, USSD, and FirstOnline. In 2021, we offered our customers exciting enhancements on our digital platforms and empowered them to perform quick and seamless self-service transactions. In confirmation of our giant strides in Digital Innovation, FirstBank won the Best Digital Bank Award in 2021 by Global Finance.

Lit App

With the Lit App, FirstBank scored a double. It is a homemade app designed and developed at its Digital Innovation Lab, a technology hub in Lagos, dedicated to fostering innovation, and a banking application configured with a wide range of features to meet customers' needs. The Lit App targets the affluent youth segment and redefines how the Bank interacts with this significant segment of its customer base.

The Lit App came from rigorous research and testing with the younger demographic who felt that FirstBank's services were not totally in line with their lifestyle and ambitions. FirstBank worked closely with them to develop, test and roll out the new banking application.

The App enables users to pay bills, transfer funds and recharge airtime. Lit users can file complaints directly from their devices, open new bank accounts, and make multiple transfers. Users can schedule payments for bills, print receipts for new and old transactions, create virtual cards, and manage their banking profiles across various devices.

Online Banking (FirstMobile/FirstOnline)

Given the Bank's commitment to providing customers with the best-in-class electronic banking experience, we continued the drive to enrich our FirstMobile App and Internet banking platform (FirstOnline) with more services and features. New services such as complaints management, geolocation, limit management, NIBSS QR, and statement generation, among others, have been hosted on the FirstMobile App. The FirstOnline platform is also undergoing continuous revamp to strategically reposition and sustain it as a competitive platform among peers, catering to individuals, SMEs, and corporate entities.

These efforts have increased customer adoption growing year-on-year by 19% on FirstMobile and 54% on FirstOnline. In 2021, our customers consummated more than 376 million transactions worth ₦25tn on our online banking channels (FirstMobile/FirstOnline).

USSD (*894#), Quick Banking

Our *894# Quick Banking channel continues its growth trajectory, with the number of users on the channel reaching 13.3 million. Our customers performed a monthly average of 100 million transactions worth more than ₦370bn. FirstBank acquired about 1.3 million new accounts in 2021 through the USSD Code. In addition, the Bank disbursed about 1.5 million Consumer loans worth ₦31bn through the channel.

Digital Banking Solutions

Expanding Payment Acceptance Channels Through Innovation

The Bank revamped the Biller Aggregation Platform (BAP) and repositioned it with more features for seamless integration with other channels to drive partnerships. We closed the year 2021 with more than 180 Billers onboard. Similarly, about 63 million transactions worth ₦92bn passed through the platform in 2021. Our Point of Sale (POS) business continued its growth trajectory throughout 2021 with POS purchases growing 46% in volume processed and transaction value of about ₦300bn.

Consolidating ATM Services

Our ATMs remain a go-to hub for both FirstBank and non-FirstBank customers to solve their cash and other value-added needs. We have continued to set the pace as the Bank with the largest ATM fleet, closing 2021 with 3,133 configured terminals dispensing more than ₦2.2tn through the terminals.

To continuously improve our ATM services and ensure customer satisfaction, the Bank implemented a cardless withdrawal solution with Paycode to increase service options and deployed a Camguard solution to ensure the immediate reversal of any dispense error.

Promoting Financial Inclusion Through the Agent Network

As the operator of the largest bank-led Agent Banking scheme in Nigeria, FirstBank is at the forefront of driving financial inclusion. Despite rising competition, we have remained resilient and have continued to grow key statistics. Our FirstMonie Agents increased by more than 76% year-on-year to more than 167,000*. The Bank processed about 365 million transactions worth more than ₦8tn on the network in 2021. Our agents opened more than 125,000 accounts, contributing to the Bank's customer acquisition goal.

In driving financial inclusion through the FirstMonie Agent network, banking products and services have become more accessible to Nigerians – mostly the unbanked and underbanked in rural communities where access to banking facilities has been difficult. FirstMonie Agents network allows FirstBank to decongest branches, riding on the widespread agent locations to serve a more significant number of customers in their vicinities. At the agent locations, services rendered include account opening, Bank Verification Number enrolment, fund transfers, cash deposits, withdrawals, bill payments, mobile recharge, and FirstMonie Wallet Services.

Similarly, the scheme empowers agents financially through additional revenue from commissions and incentives, and contributes to developing the country's economy by creating jobs for the unemployed. In 2021, FirstBank paid more than ₦20bn to our Agents and disbursed more than ₦130bn Agent Credit facility to support their liquidity.

*As at 31 March 2022.

Digital Banking Solutions

Stimulating Innovation Through the Digital Lab

FirstBank's Digital Lab is in Lagos, Nigeria. It is rapidly stimulating innovation in the Bank's digital product engine and pioneering a new wave of faster, better, and more efficient digital products for customers. The Lab's ideation and creation of disruptive breakthroughs with emerging financial technologies have made it a favourable incubation hub for young professionals, creating new digital experiences for customers and assisting the Bank in improving customer engagement and retention.

FirstBank's latest mobile banking application, Lit App, was entirely developed by our Digital Lab Team. The App operates on technology rightly defined by the engineering team of the Lab with a top-notch interface, which makes it attractive to the target segment. A new online banking platform is in the works, as well as other digital solutions, across many of the Bank's African subsidiaries. The Lab will remain a strategic pillar in the Bank's digital transformation journey.

Looking Forward

In line with our digital transformation strategy, we are committed to continuous customer-centric innovations and the delivery of excellent service across all our digital banking platforms. We will continue to leverage digital solutions to support our customers throughout their entire life journey, drive the country's financial inclusion goal through our FirstMonie Scheme, and reinforce our position as the industry's leading electronic banking service provider.

AGENT LINK

https://www.firstbanknigeria.com/personal/ways-to-bank/firstmonie/agent-banking/

Driving Digital Transformation with PR1MUS 2.0

PR1MUS 2.0 was launched in 2016 to drive the transformation of FirstBank into a digital bank and the number one financial services franchise in Sub-Saharan Africa. The core planks of the project are customer-led innovation, service excellence and digital transformation.

One major strategy accelerating this ambition is the FirstBank Digital Lab in Lagos. Established in 2018, the lab is a technology incubator for financial services and so far, has been responsible for digitising many operational processes within the Bank.

More than 60 innovation and transformation projects have been undertaken, leading to large-scale automation of core banking processes. It is one reason most of the transactions by FirstBank customers are now performed on the digital channels.

Beyond processes, the Lab has had a major impact on product development. In September, the second mobile banking application, Lit App by FirstBank was released-wholly designed and built in-house by the Digital Lab. The Lit App is an upgrade on FirstMobile - the first mobile banking application. It offers a range of new features: Users can now file complaints directly from their devices, open new bank accounts, make multiple transfers, schedule payments for bills, airtime and money transfers, print receipts for new and old transactions, create virtual cards, and manage their banking profiles across multiple devices.

During the Design thinking and co-creation processes, we worked closely with the youths and are delighted to report that the initial feedback on the outcome has been positive.

Project PR1MUS is basically about the digital transformation journey of the Bank and the fact that the Lit App was able to bring that to life has been quite exciting. Our customers are using it with awesome feedback.

Project PR1MUS has given a broader view of the possibilities that can be derived from a digital-only bank. There are many services, platforms and processes that can be digitised and modernised. With the Project PR1MUS initiative, we can innovate and create new ways to increase revenue, increase customer acquisition and provide a top notch customer experience to our users.

Our Role in the Community

At FBNHoldings, our stakeholders are always at the heart of our business. With them in mind, the Group integrates environmental, social and governance (ESG) criteria in all aspects of its decision-making, operations and investment. We strive to build a strong and mutually rewarding relationship with our stakeholders, whether they work, invest or transact business with us, regulate our business practices or reside in the communities where we operate.

Our Strategic Pillars:

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

Sustainable Finance and Investments

Environmental, social and governance considerations are taken into account in developing products and services for our customers and the investment decisions we make to support sustainable economic growth and development.

Community Support

Our communities are enriched when we invest our time, resources and modulate our operations' impact on key stakeholders.

People Empowerment

Our people are empowered when the Group provides opportunities for them, and a supportive environment that promotes positive workplace culture for personal growth and development.

Environmental Sustainability

Responsible lending and investment decisions are made to avoid or minimise adverse environmental impacts.

The Group is committed to driving corporate responsibility and sustainability (CR&S) in line with international best practices. Our CR&S strategy focuses on citizenship, stakeholder management, and impact management. Citizenship and stakeholder management consider the needs of stakeholders in decision-making, while impact management strives to minimise negative impact and endeavours to increase the positive impact of our operations on the community. Our role in the community is to create long-term stakeholder value by leveraging opportunities and managing the associated environmental, social and governance risks. The Group took various steps to accelerate our sustainability journey during the year.

Our Role in the Community

FirstBank and FBNQuest are our key subsidiaries highlighted in this Report

FIRSTBANK

Corporate Responsibility and Sustainability Approach

In 2021, FirstBank and its subsidiaries implemented a number of impactful projects initiated and fully funded by the staff of various departments. Some of the initiatives implemented are:

SPARK Amplification

SPARK (Start Performing Acts of Random Kindness) Amplification exercise provided a unique opportunity for the Commercial Banking group to extend kindness to different communities beyond the Bank's annual Corporate Responsibility and Sustainability Week. FirstBank assigned various departments a month each to implement kindness projects of their choice; the projects had varying degrees of impact. The SPARK Amplification Programme impacted about 5,000 people across 16 communities in Nigeria.

Detailed below are the highlights of the impact projects:

- **Marketing and Corporate Communications Department:** In May 2021, SPARK branded umbrellas and cash gifts were donated to petty traders within the environs of the FirstBank Head Office and its annex building, Elephant House in Marina, Lagos State.
- **Compliance Department:** In June 2021, students of Gbara Community Secondary School, Jakande, Lekki, Lagos State received donation of textbooks.
- **Corporate Banking Group:** In August 2021, an orphanage and children's home in Abuja and Port Harcourt were visited, and presented food items and other provisions. Also in August 2021, water closets, empowerment training tools, food items and toiletries were donated to some of the physically challenged children in Lagos State.
- **Human Capital and Management Development Department:** In September 2021, food items and toiletries were donated to widows and aged women at the Makoko community of Lagos State.
- **E-Business and Retail Products Directorate:** In October 2021, back-to-school supplies and food items were gifted to 356 children in 16 orphanages and a hospice across 11 cities in the country.
- **Risk Management Directorate:** In November 2021, a perimeter fence with security gate was constructed at the St. Peters African Church Schools I and II, Oke-Aro, Ifo, Ogun State.
- **Legal Services Department:** In December 2021, educational materials, tables, chairs, and fans were donated to support the education of the inmates in the Nigerian Correctional Service, Ikoyi Custodial Centre, Lagos State.

The petty traders attested to the considerable growth in their business, while beneficiary homes and schools attested to how FirstBank's assistance improved the living condition of their community members. Feedback from the widows and old women spokesperson at Makoko in Lagos State was quite touching; she was thankful that FirstBank recognised 'indigent people' like them.

Our Role in the Community

Staff of Risk Management Directorate with students of St. Peters African Church Schools I and II, Oke-Aro, Ifo, Ogun State during the commissioning of the perimeter fence and security gate donated to the schools.

Staff of Marketing and Corporate Communications spread acts of random kindness by donating a SPARK branded umbrella and cash gift to a petty trader in Lagos Island.

Staff of E-Business and Retail Products Directorate at the Hearts of Gold Hospice in Lagos State. Ten separate locations in Nigeria were visited simultaneously by other staff of the Directorate to spread acts of random kindness to 356 children.

Acts of random kindness brought deep smiles to petty traders in Lagos Island who received the SPARK branded umbrellas and cash gifts from the Marketing and Corporate Communications staff.

Staff of Corporate Banking Lagos Directorate donated empowerment tools, toiletries, food items and water closet systems to the Atunda-Olu School for the physically and mentally challenged children, located at Surulere, Lagos State.

Our Role in the Community

FutureFirst

This initiative promotes financial literacy, career counselling and entrepreneurship among young people. The Commercial Banking group's partnership with Lagos Empowerment and Resource Network (LEARN) and Junior Achievement Nigeria (JAN), a non-profit organisation dedicated to empowering young people in entrepreneurial development, launched FutureFirst in 2013. The partnership provides senior secondary school students with practical business experience under three pillars: financial literacy, work readiness, and entrepreneurship. This Initiative encourages staff participation and employee volunteering. More than 70,000 secondary school students in Nigeria have benefitted from FutureFirst, while our staff have volunteered more than 40,000 hours.

The FutureFirst programme in partnership with JAN has impacted more than one million people with the knowledge of financial literacy and entrepreneurship across the country.

FirstBank also promoted two major global financial observances: The CBN-led Global Money Week (GMW) themed: *'Take care of yourself, take care of your money'*, that held 22-26 March 2021 and the World Savings Day themed: *'Understanding the Importance of Savings'*, that held 31 October 2021.

The staff of the Commercial Banking group created a video recording featuring FirstBank's Chief Executive Officer (CEO), teaching the children and young people how to manage and save their money for their future.

The staff of the Commercial Banking group also distributed the CEO's GMW recorded teaching module to 17 schools and impacted more than 1,600 students. In addition, the CEO's GMW recording was distributed at the World Savings Day to 10 secondary schools and engaged more than 2,053 students.

Raising the Next Generation of Entrepreneurs through the National Company of the Year (NCOY) Programme

Our Commercial Banking group, continued its support of the flagship event of the Junior Achievement Nigeria (JAN) Company Programme and regional competitions at its 11th year anniversary. The programme mobilises outstanding student business teams from schools across the country to represent Nigeria at the JA Africa Company of the Year competition. The theme for the 2021 NCOY was *'Innovation with Grit'*, and 12 student companies emerged as finalists. The student companies that competed at the 2021 NCOY are detailed below:

- The Seer Company from Alvina High School, Warri, Delta State fabricated local security camera that detect signals.
- Sonic Informatics Company from Heritage Global Academy, Lagos State developed an automated waste detector.
- Nexus Queen's company from Queens School, Ibadan, Oyo State created a plastic-bottle Ottoman, using the concept of Waste2wealth.
- JA Stars from Theological College of Northern Nigeria, Bukuru, Plateau State (TCNN) makers of star lamps, star mosaic, star chandeliers, and star curtains from 'waste to wealth' using olive seeds.
- Amazing Amazon Students from Government Girls' Secondary School, Abaji, Abuja, FCT developed Amazing Life Bank.
- The Exploit Thinkers from Taidob College, Abeokuta, Ogun State developed a multi-level detector.
- Mystic Global Company from Rosa Mystica High School, Agulu, Anambra State manufactured a soap that reduces scabies and rashes.
- PetraMech Tech from Petra Schools, Ota, Ogun State developed a web-based platform to connect road users to mechanics to avoid getting stranded.

Our Role in the Community

- The Amazing Inventors from Government Secondary School, Tudun Wada, Plateau State developed the human motion detector.
- Blue Crystal Company from Methodist Girls School, Lagos State created blender and rain resistant bags.
- Artizans from Igbobi College, Yaba, Lagos State developed an app that connects artisans to residents.
- KereTerra Company from Secondary School Etoi, Uyo, Akwa Ibom State made key holders, phone pouches, seats, storage purses from polymer waste. The team emerged the winner.

FirstBank has partnered with JAN for more than 20 years as one of the many front-end initiatives and engagements with the next generation of young Nigerians to collaborate and create a future of innovation and success.

Employee Giving and Volunteering

The Employee Giving and Volunteering programme encourages employees to give back to the community. The programme focuses on two areas: Giving material resources including cash and in kind, and Volunteering of time and skill.

In 2021, staff volunteers participated in the Global Money Week, Financial Literacy Day, World Savings Day, SPARK Amplification and the CR&S Week. Amplification of the Bank's Employee Giving and Volunteering Programme is the CR&S Week which focuses on the SPARK initiatives.

- **2021 CR&S Week**

  The 2021 CR&S Week themed: *'Kindness-A Way of Life'*. This focused on the importance of kindness and the difference an act of kindness can make as a way of life. During the CR&S Week, the Bank organised two webinars targeted at the education sector for parents and millennials. More than 1,000 persons participated in the virtual webinars.

The Bank also produced a Kindness Guide in English and French and deployed 14 SPARK videos to the public through social media. Ten mainstream media and more than 207 online platforms featured the stories. FirstBank impacted more than 16 million people through social media.

The staff of the Commercial Banking group visited 46 orphanages across the country, donating food items, toiletries and connecting with the children and their minders to show how FirstBank is woven into the fabric of society. These initiatives reiterate FirstBank's commitment to promoting a culture of kindness across the country.

Excitement and participation increased with the 2021 edition of the CR&S week, attracting external involvement, especially from the government and the educational institutions. The kindness promotion materials are available on the CR&S Week page of the Commercial Banking website, accessible through the link below:
https://www.firstbanknigeria.com/home/impact/crs-week/

Our Role in the Community

FirstGem, Empowering Women, Creating Wealth

FirstBank continues to support women and women-led businesses through its gender-focused product offering, "FirstGem", launched in 2016. FirstGem is a female-centric financial product designed to empower and support women in all walks of life, especially in business. In addition to financial support, the product offers mentoring support and capacity building opportunities through its Annual FirstGem Conference and its all-female online community www.firstgem.com.ng. The 2021 edition of the FirstGem Conference 4.0, focused on *'The Art of Negotiation'* with speakers within and outside Nigeria.

FirstBank implemented several strategic initiatives to increase gender inclusion, participation, and entrepreneurship. The Bank launched a "priority pass" initiative targeted at select females across FirstBank branches, providing expedited services and care for pregnant women and nursing mothers.

Our commitment to female-led startups is demonstrated by the FirstGem Business Pitch 3.0, a platform that allows microbusiness owners to pitch their ideas, receive free advice from seasoned entrepreneurs, and win up to ₦0.5mn in seed funding. In 2021, five female entrepreneurs emerged winners and their businesses were empowered and rewarded during an event held as part of the 2021 FirstGem Conference.

The Bank also launched the FirstGem Fund Scheme, a single-digit interest loan for women-led MSMEs in the sectors below:

- Food/Beverage Processing and Packaging
- Confectioneries, Catering and Restaurants
- Transportation – Logistics Services
- Beauty/Cosmetic Products
- Agric/Agro-Allied Retail (food retail value chain only)

In March 2021, as part of the activities to celebrate women and leverage the FirstGem anniversary platform, 13,000 registered women were addressed by seasoned professionals. The experts spoke on crucial business insights covering business and career management, negotiation skills, and valuable investment tips used by banks and investors when considering investing in MSMEs and encouraging the women to #Choosetochallenge.

One of the strategic empowerment initiatives of the Bank is the Agent Banking Network. FirstBank introduced a monthly recognition process for the sales force to recruit females. The process yielded a year-on-year growth in the number of female bank agents from 23% in 2020 to 30% as of 2021. As such, more than 45,300 females are positioned as peer influencers to encourage more women in their communities to accept formal financial services.

Empowering and Promoting Youth Development

The Voice Nigeria Season 3: In 2021, FirstBank promoted youth development by sponsoring "The Voice Nigeria", a music and youth talent discovery platform. The show is targeted at discovering and nurturing musical talents among Nigerian youths.

On Saturday, 24 July 2021, the internationally recognised talent show concluded after 18 weeks of impressive performances. Esther Benyeogo won the 2021 edition.

Esther Benyeogo received the prize at the 2021 edition of 'The Voice Nigeria'.

Our Role in the Community

Youth Week Celebration: FirstBank reaffirmed its commitment to youth empowerment and entrepreneurship by commemorating the 2021 Youth Week themed, *"The Future is Now, Let's Takeover,"* which commenced 8 November 2021.

The week-long event featured several highlights and talent exhibitions, including the Future Forward activities, FirstArts Creative Artistry Empowerment Workshop, Grooming and Wellness Workshops, Digital Engagements, Virtual Mini Concert, etc. Participants received various prizes such as gift items, vouchers and cash.

Providing Economic Support for the Education Sector

Following the economic challenges that partly resulted from the COVID-19 pandemic and the global lockdown that pervaded 2020, FirstBank continued to assist businesses in 2021 by demonstrating strong support for the education sector. The Bank continued its partnership with the Lagos State Employment Trust Fund (LSETF); the ₦5bn LSETF-FirstEdu Loan Scheme offers single-digit interest loans to Lagos State schools post-COVID-19 economic recovery initiative. The Lagos State Government and FirstBank co-funded the effort 50:50. The Bank also provided a facility to assist schools in upgrading their infrastructure and teaching techniques through asset acquisition and classroom expansion, paying staff salaries and other administrative expenses.

Furthermore, FirstBank collaborated with schools that had secured loan moratoriums during the 2020 lockdown, providing a seamless framework to ensure they paid down the outstanding portion of their loans as their cash flow improved in 2021.

Easing Money Transfer Services

In March 2021, FirstBank launched its wholly-owned remittance platform, First Global Transfer (FGT) in the sub-Sahara African funds' transfer market. FGT is designed to ensure safe, timely and improved efficiency in transferring funds across FirstBank subsidiaries in Africa - FBNBank DRC, FBNBank Ghana, FBNBank The Gambia, FBNBank Guinea, FBNBank Sierra-Leone, and FBNBank Senegal.

The launch of FGT coincided with the launch of the African Continental Free Trade Area on 1 January 2021. FirstBank is positioning FGT to play an essential role in stimulating business activities across borders to impact the growth and development of the continent.

FirstBank determined to increase its International Money Transfer Operators (IMTOs) network through strategic agreements, allowing clients to receive money speedily, securely, and conveniently from more than 100 countries. Customers receive cash across the Bank's over 750 service points through 'Cash Pickup' or 'Direct to Account', and it allows them to access the funds through the digital channels. In addition, FirstBank instantly opens a dollar account for customers who do not have domiciliary accounts for remittance.

Our Kindness Manifesto

In 2021, more than 16 million people were reached and impacted physically and via social media channels in Nigeria and other countries where the FirsBank subsidiaries are located. This was achieved by the random acts of kindness of FirstBankers! From webinars to back-to-school supplies, food items, textbooks, toiletries, branded items, cash gifts and promotional items to petty traders, and educational materials to the Nigerian Correctional Service, Ikoyi Custodial Centre, FirstBankers responded to the call to Start Performing Acts of Random Kindness (SPARK).

SPARK activities formed a major part of the 2021 Customer Responsibility and Sustainability Week celebration.

Here are excerpts from the Kindness Guide produced by FirstBank in English and French and distributed across the countries where the Bank and its subsidiaries operate.


SPARK
FirstBank
THE KINDNESS MANIFESTO
We believe kindness should be endless. We believe everyone deserves to be treated with civility, compassion, and respect. And that love should be expressed every day through acts of kindness and generosity
#BeKindHeartedToday
You First


SPARK
FirstBank
THE KINDNESS MANIFESTO
We believe we can build a world filled with kindness. All it takes is for each of us to be a little kinder everyday. Every thoughtful act is another building block in building a better, warmer, kinder world.
#BeKindHeartedToday
You First


SPARK
FirstBank
THE KINDNESS MANIFESTO
We believe everyone should be greeted with a smile, because everyone deserves a ray of sunshine in their day
#BeKindHeartedToday
You First


SPARK
FirstBank
THE KINDNESS MANIFESTO
Make kindness a way of life!
#BeKindHeartedToday
You First

Our Role in the Community

FBNQUEST

Sustainability is deeply entrenched in the culture and strategies of FBNQuest. Sustainability means adhering to the values and business principles of the organisation, incorporating sustainable strategies into our decision-making, and implementing an environmental, social and governance framework that delivers the right outcomes while securing the financial needs of our stakeholders and the business, in alignment with our moderate risk profile.

Our framework aligns with relevant international standards, including:

- The Nigerian Sustainable Banking Principles (NSBP); applicable local laws and national legislation.
- ISO 26000 Guidance Standard on Social Responsibility; and
- IFC Performance and World Bank EHS standards.

The sustainability framework reflects our corporate values. The Company implements it in the following core areas as well as in our products and investments:

Partnership with Teach for Nigeria

To improve the educational outcome of Nigeria's most marginalised students, Teach For Nigeria (TFN), a non-profit organisation, recruits the most promising young leaders in our country to participate in the effort to increase educational and life opportunities for all children. TFN recruits outstanding university graduates and young professionals across all academic disciplines (known as Fellows) to teach full-time in unserved and low-income schools through a two-year leadership development programme.

- **2021 TFN School Leadership Development Programme:** The Teach for Nigeria School Leadership Development Programme is an eight-month fellowship to rally a movement of school leaders with the necessary leadership skills, practices and strategies to eliminate educational inequality. The programme recognises the critical role that stakeholders (particularly school leaders) play in the educational sector's development and the need to invest in their leadership development. Volunteer assessors for the 2021 Teach for Nigeria School Leadership Development Programme included employees ranging from mid-senior to executive management.

Women's Economic Empowerment

- **Capacity Building for Female Employees:** The Company sponsored female employees to attend the 2021 Women in Management, Business, and Public Service (WIMBIZ) Annual Conference and the Women in Successful Careers (WISCAR) Annual Conference as part of its Women's Economic Empowerment initiative.

  Employees also participated as speakers at the sessions organised to educate women on critical professional and personal growth information, to celebrate the International Women's month.

- **Financial Literacy for Women:** We collaborated with Leading Ladies Africa, a women-focused non-profit organisation, on the Career Advancement and Mentorship Programme (CAMP), a six-month annual programme designed to promote workplace readiness and career development for women of African descent. The objective of the programme is to build a community of highly skilled female professionals and equip them with the skills necessary to succeed in their professional lives and on the global workplace stage. Senior and executive management employees served as mentees and mentors.

Our Role in the Community

Employee Engagement and Development

Employees received professional support to improve their emotional health and well-being through the FBNQuest Employee Assistance Programme (EAP), developed in collaboration with Grey Insights (a reputable EAP service provider). The programme offers counselling and therapeutic interventions to employees and their spouses. Employees continued to utilise the EAP service in 2021.

Series of programmes, initiatives, and roadshows were organised to improve employee productivity in the year. Furthermore, various wellness initiatives were implemented, such as virtual fitness sessions, webinars on health and emotional wellness, remote access to doctors and home delivery of medical prescriptions and annual medical checkups.

FBNQuest Wellness Day was organised, featuring salient healthy tips, health trivia, and other activities to promote healthy living.

Global Money Week: The Global Money Week, which took place across the country in March 2021, aimed to educate children, youth, and their communities about financial education and inclusion. FBNQuest visited four schools across Nigeria, in Lagos, Abuja, Port Harcourt, and Owerri, impacting 470 students. FBNQuest employees volunteered to teach the shared curriculum.

The employee volunteers of FBNQuest and the staff of Girls Secondary Grammar School, Ikoyi, Lagos at the Global Money Week Initiative.

World Savings Day: The annual World Savings Day is commemorated on October 31, and it is observed globally to educate people on the benefits of saving their money in a bank. The objective is to increase public awareness of the importance of savings for modern economies and individuals. The staff of FBNQuest visited four schools in Lagos, Abuja, Port Harcourt and Owerri, to commemorate the day. The main topics taught focused on the importance of savings in the global economy and how-depositors contribute to its development.

The employee volunteers of FBNQuest and staff of Girls Secondary Grammar School, Ikoyi, Lagos at the World Savings Day Initiative.

Donation of Gift Items: To contribute to the well-being of our community, following our Corporate Responsibility and Sustainability framework, the Bank donated gift items to Girls Secondary Grammar School, Ikoyi Lagos. Students who excelled academically were recognised, as were the teachers who assisted them in achieving these results.

Omolaja Isibor, the Vice Principal Administration, FBNQuest representative and the top performing students in English, Mathematics, Science and Economics of the Girls Secondary Grammar School, Ikoyi, Lagos.

Community Development Scorecard

Programme	Objectives	2021 Accomplishments	Measure	Impact	2022 Targets
Hope Rising Initiative	Inclusion and diversity through education, advocacy and skill acquisition	• Sustained collaboration with the Down Syndrome Foundation Nigeria. • Provision for other charities, such as: ✓ Nigeria Association of the Blind. ✓ Pacelli School for the Blind and Partially Sighted Children. ✓ Atunda-Olu School for the Physically and Mentally Challenged Children. ✓ Nigerian Conservation Foundation. ✓ Hearts of Gold Hospice. ✓ 46 other charities nationwide.	Number of beneficiaries impacted.	Supported more than 60 charity homes in Nigeria.	5% increase in the number of beneficiaries.

Programme	Objectives	2021 Accomplishments	Measure	Impact	2022 Targets
FutureFirst Programme	Promote financial literacy, career counselling and entrepreneurship skills for young people.	Collaborated with Junior Achievement Nigeria to promote financial literacy, career counselling and entrepreneurship initiatives.	Number of students impacted.	More than 10,500 students benefited from financial literacy and entrepreneurship training.	5% increase in the number of students impacted.

Community Development Scorecard

Programme	Objectives	2021 Accomplishments	Measure	Impact	2022 Targets
SPARK*	Create awareness of the need to collectively perform acts of kindness.	The project strengthened indigent people across different geo-political zones in Nigeria and across the eight countries where FirstBank operates.	Number of beneficiaries and programmes implemented.	7,650 beneficiaries through 8 campaigns: 7 SPARK Amplification and CR&S Week. SPARK campaign messages impacted more than 40 million people.	5% increase in reach of the campaigns with wider impacts in local communities.

Programme	Objectives	2021 Accomplishments	Measure	Impact	2022 Targets
Employee Giving and Volunteering	Provide a platform for employee giving, volunteering and engagement.	Employees volunteered in the FutureFirst events held across all the states of the country. Other staff-supported events included Financial Literacy Day, World Savings Day and SPARK Amplification.	Volunteering hours.	About 50,000 volunteering hours.	5% increase in the number of volunteered hours.

Programme	Objectives	2021 Accomplishments	Measure	Impact	2022 Targets
E-Learning	To sustain educational partnerships that contribute to bridging the COVID-19 disruption. It is important to grow a generation of children who will remain educationally engaged regardless of disruptions to learning.	Collaborated with several partners in the drive to move one million students to e-learning, FirstBank's e-learning initiative made e-learning solutions available to students and the youth. Partners were drawn from telecommunication companies, technology institutions, educational technology (edu-tech) companies and ministries of education. These partners included Curious Learning, the Lagos State Government, Roducate, IBM and the UNESCO-led Education Coalition.	Number of people impacted.	Empowered more than 10,000 people, including students.	20% increase in the number of people impacted.

* Start Performing Acts of Random Kindness.

Our "Human ATMs"

They go by different names in different communities. Some call them the human ATMs. For others, they are the branch-in-a-box, available to everyone everywhere. We call them FirstMonie Agents, people empowered to extend reliable, convenient, personalised banking services to customers.

Our FirstMonie Agents are small business owners within communities with limited or no banking penetration, who have been enlisted on the FirstBank network. Armed with a Point of Sale (POS) machine, they provide easy banking services where they operate.

Their customers can open accounts, make deposits or withdrawals, buy airtime and pay bills. In addition, customers can also access instant loans thanks to a ₦100bn facility which FirstBank has made available to qualified agents.

It is banking without walls, a forerunner of the future of banking where most or all of customers transactions will happen outside traditional banking halls and at the convenience of the customers.

FirstBank pioneered Agency Banking in 2018, and is the clear leader in this sector. There were more than 167,000 FirstMonie Agents spread across 772 local government areas of the country as at 31 March 2022.

Since inception, FirstMonie Agents have undertaken more than 920 million individual transactions valued at ₦20tn. Daily, FirstMonie Agents serve about 1.2 million customers and handle transactions worth almost ₦28bn. We present below two stories of how FirstMonie is helping to create jobs and empower microbusinesses in rural communities.

I am now an employer of labour

EPHRAIM OSINACHI, *FirstMonie Agent, Obehie, Asa Ukwa West, Abia State.*

"I had just completed the National Youth Service Corps (NYSC) programme and began job hunting. After submitting my curriculum vitae with no positive feedback, I decided to try something different and opted to be self-employed.

I built a kiosk with the money I had saved during my national youth service and installed two computer systems, where people browse the web for a fee. One day, a FirstBank staff introduced FirstMonie to me. I initially dismissed it as a joke, but his persistence urged me to seize the opportunity.

Subsequently, I began the business and witnessed increased patronage. I was forced to remove the computers from the kiosk to accommodate more customers who came to deposit or withdraw cash. One of the most amazing things about FirstMonie is its proximity to the community.

It allows senior citizens who cannot visit banking halls to stroll in and make or receive payments at their convenience.

Unlike the ATM stand, older people can transact without assistance and feel secure knowing that we are all members of the same community. Our market women are also able to deposit their sales proceeds at the close of business.

I must comment that this has been extremely beneficial to our community. Agency Banking is not a seasonal business. It is daily and everywhere.

I can proudly say that I am now an employer of labour who makes a substantial income from the business."

My business is growing now

FOLASADE LEMAMU, *Petty Trader, Aiyetoro, Ondo State.*

"This is Aiyetoro Community in Ilaje Local Government Area. It is a riverine community. We do not have banks here.

Getting to the nearest bank in Igbokoda is quite a distance and very expensive. To get to Igbokoda, you first take a boat to Ugbonla at the cost of ₦300 or ₦400, and from Ugbonla, you will board a vehicle to Igbokoda at the cost of ₦500. The round trip will cost up to ₦1,500. You know what we earn daily is not that much.

We have been praying to find someone with whom we can keep our money, and such a person will act as our bank anytime we need cash. Agency Banking is a blessing to our community.

I buy and roast crayfish to sell to make profit. I always go to Stephen, a FirstMonie agent, to deposit the proceeds of my sales or make withdrawals to purchase crayfish.

Once I call Stephen on his phone, he responds in less than two minutes and in five minutes, I am at his store withdrawing cash to buy crayfish. When I sell the crayfish, I return the money, and he deposits it into my account. If I had to go to Igbokoda to withdraw cash, chances are that there will be no crayfish to buy by the time I return.

My business is growing, and sales have increased. I can now save money to do other things."

Reporting Standards and Codes

FirstBank is a signatory to a number of international and national reporting standards and guidelines that govern its corporate responsibility and sustainability (CR&S) programmes and actions. The Bank reports its CR&S activities and progress to its stakeholders. In keeping with its commitment to international reporting standards and guidelines, the Bank's CR&S reports are based on the guidelines and principles of the Global Reporting Initiative guidelines (GRI), the Nigerian Sustainable Banking Principles (NSBP), the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs). In 2021, the following guidelines formed the basis for our actions and reporting:

Stakeholder engagement and a steadfast commitment to driving the agenda for nation-building are established in the CR&S reports. This is consistent with its CR&S goals across the various strategic platforms. Similar to 2020, the guidelines and standards reflecting the NSBP were applied in 2021.

GLOBAL REPORTING INITIATIVE GUIDELINES

FBNHoldings developed its CR&S reports using the GRI guidelines in 2015. The GRI is the most widely used sustainability reporting framework in the world.

The GRI promotes sustainability reporting for organisations to contribute to social-economic and environmental growth by encouraging companies and organisations to measure, understand and communicate their economic environmental, social and governance performance.

UNITED NATIONS GLOBAL COMPACT

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

By joining the UNGC, an organisation states its willingness to align with the United Nations' values and support initiatives that advance the SDGs.

FBNHoldings is a member of UNGC and ensures all subsidiaries across the Group align their strategies and practices to the principles of the UNGC. The Group maintains an active membership status in the UNGC and regularly publishes its Communication on Progress Reports.

NIGERIAN SUSTAINABLE BANKING PRINCIPLES

The NSBP originated from the CBN and the Bankers' Committee's vision to develop sustainable banking standards and guidelines for all Nigerian banks. The Strategic Sustainability Working Group was established to actualise the vision. FirstBank, a subsidiary of FBNHoldings, is a member.

The programme has three key areas of focus:

- Agriculture (including water resource-related issues and the Nigeria Incentive-Based Risk-Sharing System for agricultural lending);
- Power (with emphasis on renewable energy); and
- Oil and gas.

FirstBank is an active participant in the agriculture and oil and gas subcommittees and a member of the steering committee responsible for providing implementation guidance on the NSBP.

Nigerian Sustainable Banking Principles Implementation Updates

The Nigerian Sustainable Banking Principles require financial institutions to balance environmental and social risks with the opportunities inherent in their business activities. Here are some of the steps FirstBank took in 2021 in line with the principles.

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 1: **Business Activities – Environmental Social and Risk Management:** To integrate environmental and social (E&S) considerations into decision-making processes relating to our business activities and avoid, minimise or offset negative impacts.	• Develop appropriate E&S policies and procedures. • Develop and customise E&S due diligence procedures.	• The Environmental, Social and Governance Risk Management System (ESGMS) document has been developed.
		• The document has been approved and used by the Bank.
	• Articulate the E&S governance and approval authority measures.	• The framework for implementation has been developed.
	• Monitor E&S risks and review E&S conditions.	• The ESGMS was adopted to screen credit transactions.
		• Screened ₦6.3tn worth of transactions for environmental, social and governance risks.
	• Provide client engagement guidance on E&S matters.	• Group Heads and Relationship Managers have been trained and are driving responsible lending as part of the implementation of the ESGMS.
	• Develop appropriate E&S reporting criteria.	• The checklist that supports the ESGMS assessment has been built into the FinTrak platform. In addition, the framework for scoring is in place as we work towards full automation.
	• Report on implementation progress and support for investment in sustainable and innovative business opportunities.	• There are continuous updates to the Management, Board, and external stakeholders on the ESGMS transactions.

Nigerian Sustainable Banking Principles Implementation Updates

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 2: **Business Operations - Environmental and Social Footprint:** To avoid the negative impacts of our business operations on the environment and in the local communities where we operate, and where possible, promote positive impact.	• Develop an environmental management programme with facility management. This should address climate change and reduce greenhouse gas emissions, water efficiency, waste management and environmentally-friendly facility construction and management.	• There is a reduction in printing access by staff, especially for colour printing. • Increased use of conference call facilities for meetings rather than physical attendance has reduced travel, resulting in reduced carbon emissions from vehicles.
	• Comply with relevant labour and social standards.	• Sustainable procurement: Concluding the development of a supply-chain management code designed for supplier compliance with sustainability practices.
	• Implement community investment programmes.	• Implemented community development programmes to promote positive impacts on stakeholders, including Start Performing Acts of Random Kindness (SPARK), FutureFirst (financial literacy and entrepreneurship for young ones) and facilitating the E-learning initiative. More than 13,450 direct beneficiaries.
	• Apply the E&S standards to relevant parties.	• Implemented the World Savings Day programme in 19 states and Global Money Week and Financial Literacy Day in 17 states in partnership with JAN and CBN. More than 3,600 secondary school students benefitted.
		• The E-learning Initiative, a collaboration between IBM, Curious Learning, and Roducate, continued in 2021, offering access to more than 170,000 people on e-learning programmes. A new partnership has been signed with Jobberman to provide soft skills training to fresh graduates for improved employability.

Nigerian Sustainable Banking Principles Implementation Updates

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 3: **Human Rights:** To respect human rights in our business operations and activities.	• Develop and implement human rights policies (including labour and working conditions).	• We have a specific Human Rights Policy that forms part of our ESGMS.
	• Integrate human rights and due diligence into E&S procedures.	
	• Invest in resources and staff training on human rights issues.	• The Group maintains an organisational culture that encourages an open line of communication between superiors and subordinates. • The Group maintains a fair and efficient procedure for resolving disputes, and ensures disciplinary measures are fair and effective without breaching labour laws or standards.
Principle 4: **Women Economic Empowerment:** To promote women's economic empowerment through a gender-inclusive workplace culture in our business operations and to provide products and services designed specifically for women through our business activities.	• Develop and implement a Women's Economic Empowerment Policy.	• The Group's Corporate Responsibility and Sustainability Policy covers this principle.
	• Establish a Women's Economic Empowerment Committee.	• All policies are women inclusive.
	• Develop initiatives and programmes to promote and celebrate women empowerment.	• FirstBank Women Network serves as a strong mentoring platform for women, and it recently hosted an International Women's Day Webinar.
	• Invest and dedicate resources to female talent.	• Value of lending to all women including women-owned businesses is more than ₦36.7bn
	• Support the establishment of a sector-wide women empowerment fund.	• The Bank approved ₦5bn 'FirstGem Fund' for women with a single-digit annual interest rate. • Established a policy for women's economic empowerment that includes maternity leave, study leave, training, and career mobility policies. • A FirstBank Women Network has been created to close the gender gap at the executive level and leverage the opportunities created so our women can contribute more.

Nigerian Sustainable Banking Principles Implementation Updates

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 5: **Financial Inclusion:** To promote financial inclusion and services to individuals and communities that traditionally have limited or no access to the formal financial sector.	• Develop and implement a Financial Inclusion Policy.	• Financial inclusion is part of the Group's Corporate Sustainability Policy.
	• Provide development and growth support to SMEs.	• The number of SME accounts increased to more than 992,989.
	• Improve financial literacy and institutional practices.	• Promoted financial literacy and entrepreneurship in partnership with JAN by supporting the National Company of the Year (NCOY) for the 11th Anniversary.
		• Through its Financial Literacy programme (FutureFirst), the Bank impacted more than one million students across the country in partnership with JAN.
	• Improve access to bank facilities and services.	• Through our financial literacy programme FutureFirst, the Bank assisted more than 75,000 students across 80 secondary schools in Nigeria.
Principle 6: **E&S Governance:** To implement robust and transparent E&S governance practices in our respective institutions and assess the governance practices of our clients.	• Establish an E&S governance framework.	• The Bank has a Sustainability Governance Committee chaired by the Chief Risk Officer.
	• Develop institutional E&S governance practices.	• FirstBank is a member of the NSBP Steering Committee responsible for implementing the NSBP principles across sectors.
	• Active support of key industry initiatives to address E&S governance issues for customers operating in sensitive sectors.	
	• Implement E&S performance-linked compensation and incentive schemes.	
	• Establish internal and external E&S audit procedures where appropriate.	

Nigerian Sustainable Banking Principles Implementation Updates

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 7: **Capacity Building:** To develop the individual, institutional and sectoral capacity necessary to identify, assess and manage environmental and social risks, and the opportunities associated with our business activities and operations.	• Identify relevant roles and responsibilities toward delivering sustainable banking commitments.	• The Bank partnered with the University of Edinburgh, Proparco, and CDC to train the Board, Executive Management, and staff on sustainability.
		• Two staff successfully completed the United Nations Global Compact Young SDG Innovator Programme.
	• Provide sustainable banking training sessions.	• A total of 17,960 staff have been trained in various courses on sustainable banking.
	• Create practical E&S training tools and resources.	
	• Multi-stakeholder capacity building.	• The Bank partnered with NSBP, the University of Edinburgh, and International Finance Corporation (IFC) to train key staff. However, the plan is to train all staff on sustainability.
Principle 8: **Collaborative Partnerships:** To collaborate across the sector and leverage international partnerships to accelerate our collective progress, to ensure our approach is consistent with international standards and Nigerian development needs.	• Collaborate and coordinate with other banks.	• FirstBank is a member of the NSBP Steering Committee responsible for implementing the NSBP principles across sectors.
	• Organise sector-wide workshops and events.	• FirstBank participated in various industry-wide workshops and events.
	• Align with international standards and best practice initiatives.	• FirstBank is a member of the UNGC, and in line with the guidance of the UNGC, the Bank submitted a 2021 Progress Report.
	• Establish and participate in Nigerian sector-level initiatives.	• The Bank participated in developing a work plan for the local network to energise the network's activities among businesses in Nigeria and encourage non-participants to adopt the UNGC principles.

Nigerian Sustainable Banking Principles Implementation Updates

PRINCIPLES	REQUIREMENTS	STATUS UPDATE
Principle 9: **Reporting:** To regularly review and report our progress at the individual institution and sector levels.	• Establish a sustainable banking reporting template.	• A reporting template exists.
	• Set clear targets and relevant performance indicators.	• The implementation commenced in 2014 with targets and Key Performance Indicators (KPIs).
	• Ensure systems are in place for data collection.	• Developed a system for data collection.
	• Agree on the frequency, nature and format of internal and external reporting.	• The internal report is published quarterly, while the external report is published yearly.
		• 2013 to 2021 CR&S Reports have been published and distributed to stakeholders.
	• Contribute to sector-level reporting.	• The NSBP half-yearly reports have been submitted to the CBN.

Stakeholder Engagement

Strategic engagements with our key stakeholders remain a critical enabler for achieving our sustainability goals. FBNHoldings key stakeholders include customers, employees, investors, regulators and the community. Through our engagements, we:

- Understand stakeholder needs to make informed decisions
- Improve risk management
- Improve accountability
- Build stakeholder trust
- Create opportunities for continuous learning

We are constantly working to deliver short and long-term value to our stakeholders by building a solid environmental, social and governance (ESG) culture and continuously engaging and communicating our activities to our stakeholders. That way, we create mutually beneficial business opportunities and outcomes for our stakeholders.

In 2021, our stakeholder engagement was sustained, as it provided further opportunities to align our business practices with societal needs and expectations and drive long-term sustainability and shareholder value.

Stakeholder Engagement

Stakeholder Mapping

Strategic engagements with our key stakeholders remain a critical enabler for achieving our sustainability goals. FBNHoldings' key stakeholders include customers, employees, investors, regulators and the community. FBNHoldings communicates its activities, strategy, governance, performance, and outlook through the following channels:

Stakeholder	Rationale for Engagement	Type of Engagement
Employees[1] • The competence and commitment of our employees drive the success of our Group strategy. Therefore, we constantly seek ways to improve our workplace, manage diversity and inclusion, and understand our employees' needs to deliver unparalleled value. • Our employees embody our corporate culture and brand promise of always putting the customer first. They work tirelessly to provide excellent service to our shareholders, customers, and other stakeholders. • Our employees take pride in working for an inclusive and diverse Group, and with their support, we are building a culture in which everyone feels involved, empowered, and inspired to do the right thing for our shareholders. • FBNHoldings is dedicated to providing the appropriate work tools and a positive environment to promote career growth. • The Group is committed to promoting employees' well-being and opportunities to upskill capabilities. • The Group encourages an open culture where employees feel connected and motivated to speak up.	• Protect and strengthen our culture, and invest in our most valuable asset; our employees. • Maintain a positive, safe, and inspiring work environment across the Group. • Promote a diverse and inclusive workforce where employees of all backgrounds are treated equally and opportunities are provided for them to succeed and achieve potentials. • Maintain a value-based environment where positive conduct is encouraged and promoted. • Promote synergy among employees and instil the culture of the Group by encouraging communication and dialogue to increase productivity and staff retention. • Increase awareness of the Group's vision and activities as well as the roles of the staff.	• Focus groups • Knowledge-sharing sessions • Engagement surveys • Email interactions • Intranet communication • Magazines and flyer deployment • Training programmes.

[1]For more details on our employee engagement programme, please refer to the 'Supporting Our People for Success' section of this Annual Report.

Stakeholder Engagement

Stakeholder	Rationale for Engagement	Type of Engagement
Customers • We service more than 36 million customer accounts across 10 countries. The essence of our business revolves around our esteemed customers who use our products, services and financial expertise. • We seek to understand their needs and the challenges they face to better support them in achieving their financial goals.	• Develop a better understanding of our customers' financial needs and offer appropriate solutions by innovating and developing customised products and services to meet their requirements. • Offer customised products and services in an accessible way to drive excellent customer experience. • Exceed our customers' expectations while fostering trust and confidence.	• Interactions through branch service points, contact centres, complaint lines (FirstContact and dedicated email addresses) • Customer engagement forums • Social media platforms (Facebook, Instagram, LinkedIn, Twitter, YouTube) • Surveys and marketing • Advertising activities through traditional media.

Stakeholder	Rationale for Engagement	Type of Engagement
Investors • Our investors include all stakeholders who invest in the Group's success and long-term viability. • We seek to maintain uninterrupted communication lines in supporting their investment decisions. • FBNHoldings' investors are dimensioned into Domestic Retail and Institutional Investors both local and foreign.	• Foster a deeper relationship between FBNHoldings and its investor community by positively projecting the Group's intrinsic value. • Ensure key stakeholders are well informed of the Group's strategy, performance, and outlook, as well as proactively identify potential risks and mitigants. • Grow mutually beneficial relationships with existing and prospective shareholders, investors, and market analysts. • Understand investors' needs and disclosure requirements through ongoing dialogue. • Create trust and confidence-building mechanisms. • Update shareholders on the Group's activities in ways that facilitate informed decision-making. • Gain insights into external perspectives. • Improve the markets understanding of the Group's investment proposition	• One-on-one or group meetings • Telephone communication • Roadshows • Email exchanges • Virtual meetings • Conferences and presentations • Annual General Meetings

Stakeholder Engagement

Stakeholder	Rationale for Engagement	Type of Engagement
Regulators • Regulators oversee our activities and define the playing field while also protecting customers. They create the policies that guide our operations and promote the industry's sustenance and business viability. • Maintaining constructive dialogue and relations with the relevant authorities in the markets we operate help support our strategic objectives. • We seek to maintain the highest possible standards of regulatory compliance. • FBNHoldings, through its subsidiaries, operates in 10 distinct geographies exposing it to policies and regulatory changes in the various regions. Working closely with governments and regulators in all the countries where we operate enables us to foster an atmosphere of cordiality and ensure compliance with all relevant regulations that may impact our operations.	• Maximise value for all stakeholders by providing long-term value to investors. • Collaborate to eliminate or minimise risks to safeguard our operating license. • Promote a receptive atmosphere and the highest level of regulatory compliance across the Group.	• Meetings (In-person or virtual) • Email exchanges • Statutory reporting • On-site visits and supervision

Stakeholder Engagement

Stakeholder	Rationale for Engagement	Type of Engagement
Communities • Our communities represent the people we offer our products and services. It also describes the places where we operate. We are concerned with the economic, social and cultural impact our business and operations can have on the environment. Therefore, we actively explore strategies to support a sustainable environment and our business. • We believe in deliberate social investments in the places where we operate. We have a dynamic corporate responsibility and sustainability programme that positively impacts our communities.	• Maintain meaningful engagements with persons and interest groups representing the wider society to deliver value for our stakeholders. • Consistently build and maintain meaningful relationships with the communities where we operate, based on the Group's corporate responsibility and sustainability goals. • Collate community feedback on the Group's corporate responsibility and sustainability programmes and how best to meet their needs. • Ensure the Group's activities and operations are carried out responsibly by working with key stakeholders. • Increase awareness regarding the Group's corporate responsibility and sustainability initiatives. • Manage the environmental and social (E&S) impacts of the business in a proactive manner.	• Citizenship and stakeholder engagement. • Ongoing support for projects and interactions with various individuals, groups, NGOs and government organisations. • Steering Committee – The Nigerian Sustainable Banking Principles (NSBP) champion.

Governance

At FBNHoldings, we refresh the composition and membership of our Board for diversity and innovative ideas that foster robust decision-making processes.

CGRS

Better For Business

RATED

Introduction

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

The 2021 Corporate Governance Report details the company's 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 (NCCG) 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. In view of this, and to ensure high governance standards, our corporate governance framework, which is in line with global best practice, complies with all the requirements of the NCCG. Furthermore, the framework was designed in compliance with the Corporate Affairs Commission, Central Bank of Nigeria, National Insurance Commission, Securities and Exchange Commission, the Nigerian Exchange Limited, and the Financial Reporting Council of Nigeria.

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

Diversity

Through robust policies and procedures, FBNHoldings creates an environment that fosters equal opportunity, diversity, fairness, respect and inclusion. Diversity ensures that the Group assembles a healthy mix 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 innovativeness, the quality of our products and services, and the productivity of our employees. These in turn, positively support the values that we create.

Diversity within FBNHoldings is reflected not only in the gender mix, which aligns 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 sustainable relationships 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 stakeholders' concerns.

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

Introduction

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) scans 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).

Board Composition

There are ten Directors, comprising seven Independent Non-Executive Directors (INED), two Non-Executive Directors (NED) and one Executive Director. The Executive Director is the Group Managing Director. This is in line with global best practices that encourages a higher ratio of Independent Non-Executive Directors to Executive Directors. All Directors are distinguished by their professional ability, integrity and independence of opinion.

Board Changes

In 2021, the following changes were made to the Board:

- On 29 April 2021, the Central Bank of Nigeria pursuant to the powers conferred on the Governor by Section 34 (2)(e) of the BOFIA 2020, dissolved the Board of FBNHoldings and thus determined the tenor of the following Directors: 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, Dr Adesola Adeduntan and U.K. Eke, *MFR*.

- On 30 April 2021, the Central Bank of Nigeria reconstituted the Board of FBNHoldings as follows: Remi Babalola, as the Group Chairman while Dr Alimi Abdul-Razaq, Sir Peter Aliogo, Kofo Dosekun, Dr Abiodun Fatade, Khalifah Imam and Ahmed Modibbo were appointed as Independent Non-Executive Directors, Dr Adesola Adeduntan and U.K. Eke, *MFR* were reappointed as Non-Executive Director and Group Managing Director respectively.

- Remi Babalola, Chairman of the Board of Directors, resigned from the Board on 17 December 2021.

- Alhaji Ahmad Abdullahi was appointed as the new Chairman Board of Directors by the Central Bank of Nigeria on 17 December 2021.

- Julius B. Omodayo-Owotuga was appointed as a Non-Executive Director on 22 December 2021.

- U.K. Eke, *MFR*, the Group Managing Director, retired on 31 December 2021.

- Nnamdi Okonkwo was appointed the Group Managing Director on 1 January 2022.

Details of the profiles of the appointees are in the Leadership section.

Leadership

Board of Directors

Alhaji Ahmad Abdullahi
Group Chairman
Appointed 17 December 2021

Nnamdi Okonkwo
Group Managing Director
Appointed 1 January 2022
BFIC

U.K. Eke *MFR*
Group Managing Director
Retired 31 December 2021
BFIC

Dr Adesola Adeduntan
Non-Executive Director
BFIC

[1]Dr Alimi Abdul-Razaq
Independent Non-Executive Director
BARAC BGNC

[1] Sir Peter Aliogo
Independent Non-Executive Director
BFIC BARAC SAC

[1]Kofo Dosekun
Independent Non-Executive Director
BGNC BARAC

[1]Dr Abiodun Fatade
Independent Non-Executive Director
BFIC BGNC

[1]Khalifa Imam
Independent Non-Executive Director
BFIC BARAC SAC

[1]Ahmed Modibbo
Independent Non-Executive Director
BARAC BGNC

Julius Omodayo-Owotuga
Non-Executive Director
Appointed 22 December 2021
BFIC BGNC

Adewale Arogundade
Acting Company Secretary

BGNC	BARAC	BFIC	SAC
Board Governance and Nomination Committee	Board Audit and Risk Assessment Committee	Board Finance and Investment Committee	Statutory Audit Committee

[1]Appointed 30 April 2021

*NB: Please refer to page 148 for the full list of Directors that served in 2021

FBNHoldings Management

Nnamdi Okonkwo
Group Managing Director
Appointed 1 January 2022

Oyewale Ariyibi
Chief Financial Officer

Idris Shittu
Head, Risk Management and Compliance

Tolulope Oluwole
Head, Investor Relations

Bode Oguntoke
Head, Internal Audit

Opeyemi Okojie
Head, Strategy and Corporate Development

Adewale Arogundade
Acting Company Secretary

Oyinade Kuku
Head, Human Resources

Tunde Lawanson
Head, Marketing and Corporate Communications

Our Direct Subsidiaries

COMMERCIAL BANKING

First Bank of Nigeria Limited

Tunde Hassan-Odukale[1]
Chairman
First Bank of Nigeria Limited

Dr Adesola Adeduntan
Managing Director
First Bank of Nigeria Limited

DIRECTORS

Gbenga Shobo
Deputy Managing Director

Abdullahi Ibrahim
Executive Director, Public Sector

Tosin Adewuyi[2]
Executive Director, Corporate Banking

Olusegun Alebiosu[2]
Executive Director/Chief Risk Officer

Ini Ebong[2]
Executive Director, Treasury and International Banking

Dr Remi Oni[3]
Executive Director, Corporate Banking

Nnamdi Okonkwo[4]
Non-Executive Director

U.K. Eke, MFR[5]
Non-Executive Director

Elijah Dodo[1]
Non-Executive Director

Aderemi Lasaki[1]
Non-Executive Director

Isioma Ogodazi[1]
Non-Executive Director

Ebenezer Olufowose[1]
Non-Executive Director

Uche Nwokedi, SAN[1]
Non-Executive Director

Adekunle Sonola[1]
Non-Executive Director

Tope Omage[6]
Non-Executive Director

MERCHANT BANKING

FBNQuest Merchant Bank Limited

Alhaji Bello Maccido
Chairman
FBNQuest Merchant Bank Limited

Kayode Akinkugbe
Managing Director
FBNQuest Merchant Bank Limited

DIRECTORS

Taiwo Okeowo
Deputy Managing Director

Oluyele Delano, SAN
Independent Non-Executive Director

Dr Omobola Johnson
Non-Executive Director
Resigned 31 December 2021

U.K. Eke, MFR[5]
Non-Executive Director

Akinlolu Osinbajo, SAN
Non-Executive Director

Babatunde Odunayo
Non-Executive Director

Oyinkansade Adewale
Independent Non-Executive Director

Nnamdi Okonkwo
Non-Executive Director
Appointed 14 January 2022

CAPITAL MARKETS

FBNQuest Capital Limited

Oyewale Ariyibi
Chairman
FBNQuest Capital Limited

Tseyi Hammond
Managing Director
FBNQuest Capital Limited

DIRECTORS

Ijeoma Agboti
Non-Executive Director

Ike Onyia
Non-Executive Director

Adekunle Awojobi
Non-Executive Director

Alhaji Abdullahi Gombe MNI
Independent Non-Executive Director
Appointed 14 May 2021

TRUSTEESHIP

FBNQuest Trustees Limited

Seye Kosoko
Chairman
FBNQuest Trustees Limited

Adekunle Awojobi
Managing Director
FBNQuest Trustees Limited

DIRECTORS

Patrick Mgbenwelu
Non-Executive Director

Kemi Adewole[7]
Independent Non-Executive Director

Emmanuel Ajibola Olayinka[7]
Independent Non-Executive Director

INSURANCE BROKERAGE

FBN Insurance Brokers Limited

Olusegun Alebiosu
Chairman
FBN Insurance Brokers Limited
Appointed 1 February 2022

Olumide Ibidapo
Managing Director
FBN Insurance Brokers Limited

DIRECTORS

Folake Ani-Mumuney
Chairman
Resigned 22 December 2021

Oluseyi Oyefeso
Non-Executive Director

Seye Kosoko
Non-Executive Director

[1]Appointed 30 April 2021.
[2]Appointed 29 December 2021.
[3]Retired 9 July 2021.
[4]Appointed 1 January 2022.
[5]Resigned 31 December 2021.
[6]Appointed 21 October 2021.
[7]Appointed 30 December 2021.

Leadership

Alhaji Ahmad Abdullahi
Group Chairman

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

Alhaji Abdullahi started his academic career in 1985 as a Lecturer in the Department of Agricultural Economics & Rural Sociology, 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 the Ibadan, Kano and Katsina branches to becoming a Director and Head of the Banking Supervision Department of CBN where he retired in 2020. He garnered a wealth of experience in business reengineering and performance management, corporate governance, ethics and compliance, supervision of banks and financial institutions.

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

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

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

Leadership

Nnamdi Okonkwo

Group Managing Director
Appointed 1 January 2022

Nnamdi Okonkwo assumed office as the Group Managing Director (GMD) of FBN Holdings Plc on 1 January 2022, bringing more than 30 years of uninterrupted banking experience with Nigerian and international banks. He built a reputation of transformational leadership, business strategy development and visioning, innovative corporate governance, and risk management on those jobs. With a first degree in Agricultural Economics and a graduate degree in Business Administration (MBA), Nnamdi has worked within and outside Nigeria, including Fidelity Bank, UBA in Nigeria, Ghana, and Liberia, GTB, Citizens Bank, Broad Bank, FSB and Merchant Bank of Africa.

Nnamdi is the immediate past Managing Director/CEO of Fidelity Bank Plc, where he served with great results. As CEO, Nnamdi led Fidelity Bank 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.

He 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 is 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, Spain. Nnamdi attended Executive Management and Board training programmes at Harvard Business School, USA, Stanford University, USA, Wharton Business School, USA, IMD Singapore and Lagos Business School, Nigeria.

Leadership

Dr Adesola Adeduntan, *FCIB, FCA*

Non-Executive Director

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

He is the Chief Executive Officer of FirstBank group, the commercial banking arm of FBN Holdings Plc, which comprises First Bank of Nigeria Limited and subsidiaries including FBNBank UK, FBNBank DRC, FBNBank Ghana, FBNBank Senegal, FBNBank Guinea, FBNBank The Gambia, FBNBank Sierra-Leone and First Pension Custodian Nigeria as well as Representative Offices in France and China. He oversees one of the most extensive transformation programmes in the sub-Saharan African financial services industry to reposition FirstBank group to market pre-eminence. He is leading the FirstBank group on the journey to win the most significant emerging business opportunities in the financial services industry by developing and executing a digital-led strategy that has established FirstBank as a major player in digital banking in Nigeria. The FirstBank group's transformation programme, under the leadership of Dr Adeduntan, has enabled the Bank to grow customer accounts from about 10 million in 2015 to more than 36 million (including digital wallets), to become the second-largest issuer of cards in Africa with more than 11.7 million cards, onboard more than 18 million active customers on FirstBank's digital banking platforms, and initiate and grow the most expansive bank-led Agent Banking network in Africa with more than 167,000[1] agents.

Dr Adeduntan is currently on the Boards of the Africa Finance Corporation (AFC), FBN Holdings Plc, FBNBank UK Limited, Shared Agent Network Expansion Facilities Limited (SANEF), and Nigeria Interbank Settlement System (NIBSS). He was previously an Executive Director and Chief Financial Officer (CFO) of FirstBank. 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', culminating in the Corporation being assigned an A3 international credit rating by Moody's, making it the second highest-rated lending entity in Africa. Dr Adeduntan also served as a Senior Vice-President and 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 School of Management Cranfield University, UK; Distinguished Alumnus Award by the University of Ibadan, Nigeria; African Banking Personality of the Year by African Leadership Magazine, Bank CEO of the Year by the AES Excellence Club and several other awards.

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

A philanthropist per excellence, Dr Adeduntan 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 the tertiary education system in Nigeria, a member of the Steering Committee of the Private Sector Coalition Against COVID-19 (CACOVID) in Nigeria, a member of the Governing Council of CIBN, the Chairman of CIBN's Committee on the Establishment of the Banking Museum, the Vice Chairman of CIBN's Body of Banks' Chief Executive Officers and a member of the Board of Lagos State Security Trust Fund. He holds the traditional title of 'Apesinola' of Ibadanland, Oyo State. Dr Adeduntan is married with children and enjoys listening to music, especially African folklore music.

[1]As at 31 March 2022.

Leadership

Dr Alimi Abdul-Razaq

Independent Non-Executive Director

Dr Alimi Abdul-Razaq was appointed to the Board of Directors of FBN Holdings Plc on 30 April 2021.

He brings to the Board his skill set as a Regulator and Lawyer with over 42 years of post-call experience.

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

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

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

Leadership

Sir Peter Aliogo

Independent Non-Executive Director

Sir Peter Aliogo was appointed to the Board of Directors of FBN Holdings Plc on 30 April 2021. He brings to the Board his vast experience and expertise spanning over three decades in banking, finance management, hospitality, manufacturing, real estate and insurance. Before joining the Board of FBN Holdings Plc, he served 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.

He 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). He 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 Lagos Business School, Nigeria; Harvard Business School, Boston, USA; and Fudan University, Shangai, China.

Sir Peter Aliogo is currently the Vice Chairman/CEO of Dorchester International Insurance Brokers Limited and Ban Kapital Plc, a Banking and Finance Relationship Management Consultancy Company.

Kofo Dosekun

Independent Non-Executive Director

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

Kofo's expertise in project finance, mergers and acquisitions has been recognised by prestigious legal directories. The Legal 500 (2017) recognised 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), she was the pioneer Company Secretary/Legal Advisor, Nigerian International Bank (Affiliate of Citibank, N.A.), and Assistant General Manager Corporate Finance and Financial Institutions, Credit and Marketing. Kofo has an LLB (Honours) from the University of Ife, Nigeria and an LLM from King's College London, UK.

Leadership

Dr Abiodun Fatade

Independent Non-Executive Director

Dr Abiodun Fatade was appointed to the Board of Directors of FBN Holdings Plc on 30 April 2021. He is a renowned Radiologist and medical practitioner with over three decades of experience in the healthcare industry. He is the MD/CEO of Crestview Radiology Limited, a 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. He served as a Board member of Gulf Bank of Nigeria and various Board committees.

A distinguished graduate of the College of Medicine, University of Lagos, Nigeria (Class of 1985), he proceeded to the University College Hospital, Ibadan, Nigeria and subsequently the Toronto Hospital, Canada, for postgraduate studies and training.

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

Dr Fatade 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 30 April 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 sits on the Board of Axelerate Consulting Services Limited and he is an advisory Board member of 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, and Intel Corporation to deliver Internet Technologies, e-government solutions and Enterprise Management Systems.

Khalifa attended the Ahmadu Bello University, Zaria, Nigeria and SMU University of Switzerland virtual programme. He has also attended several foreign and local training programmes. He is 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.

Leadership

Ahmed Modibbo

Independent Non-Executive Director

Ahmed Modibbo was appointed to the Board of FBN Holdings Plc on 30 April 2021. A lawyer with over 30 years 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 a core investor in an Electricity Distribution Company. Modibbo spent most of his working career at the Nigerian Export-Import Bank, with the last ten 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 administrative matters of the bank's operations including its interventions in the manufacturing, agriculture/agro-allied, solid minerals and services sectors.

He also served as the Secretary to the Board of 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, Ahmed had a stint in private legal practice as Managing Partner of Sterling Legal LP, a corporate and commercial law firm located in Abuja, Nigeria.

Ahmed graduated in 1990 with a law degree (LLB) from Ahmadu Bello University, Zaria, Nigeria (ABU) and was called to the Nigerian Bar in 1991. He also holds international practice diplomas focusing 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 England and Wales. In March 2007, Ahmed became the first Nigerian to attain the status of a fellow of the International Bar Association in International Legal Practice. He obtained 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.

Ahmed has 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 Realisation 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.

Leadership

Julius B. Omodayo-Owotuga

Non-Executive Director

Julius B. Omodayo-Owotuga (JB) was appointed to the Board of FBN Holdings Plc on 22 December 2021. He is an accomplished professional with extensive experience spanning oil & gas, banking, audit and consulting. He is presently the Group Executive Director and Deputy Chief Executive Officer 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). A year into the 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 as well as driving the financial evaluation aspect of the local bank's expansion while in the group's project management function.

JB joined the Africa Finance Corporation (AFC) as the pioneer Finance Manager and was responsible for setting up the corporation's financial operation and control functions. 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 amounting to several millions of US dollars.

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 BSc in Accounting from the University of Lagos, Nigeria 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, UK, where he went through studies in the Advanced Management and Leadership Programme. He also underwent related studies in several other globally acclaimed business schools, including the Harvard Business School, USA.

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 extremely volatile and complex 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 world-view experience and exposure. The Board as presently constituted comprises well rounded, knowledgeable and experienced individuals with diverse backgrounds and expertise. Hence, the Board is able to adopt and apply the relevant set of appropriate Governance codes that engender proper devolution of powers, efficient deployment and utilisation of resources and performance monitoring processes towards enhancing shareholders' value.

The Independent Non-Executive Directors and Non-Executive Directors outnumber the Executive Directors by 9:1, demonstrating the Board's independence from the management of the Company. This complies with the Nigerian Code of Corporate Governance and global best practices.

Training of Directors

Directors participated in executive education programmes in 2021 to hone their decision-making skills. The Board approved an annual training plan and 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 trainings virtually.

Effectiveness

2021 Board Trainings Attended

S/N	Name	Course	Institution/Location	Date
1.	All Non-Executive Directors	Board Induction	FBN Holdings Plc/ Online	30 June 2021
2.	Dr Abiodun Fatade	Understanding and Interpreting Financial Statements for Non-Finance Directors	Society for Corporate Governance of Nigeria/Online	5 August 2021
		Board Oversight of ESG Sustainability and Reporting for Long-Term Value Creation	Financial Institution Training Center/Online	26 -27 August 2021
		The Future of Board and Governance; Reporting, Supervising and Risk Management in a Disruptive Era	Financial Institution Training Center/Online	29 -30 August 2021
3.	Kofo Dosekun	The Future of Board and Governance; Reporting, Supervising and Risk Management in a Disruptive Era	Financial Institution Training Center/Online	29 -30 August 2021
4.	Ahmed Modibbo	Understanding and Interpreting Financial Statements for Non-Finance Directors	Society for Corporate Governance of Nigeria/Online	5 August 2021
		The Future of Board and Governance; Reporting, Supervising and Risk Management in a Disruptive Era	Financial Institution Training Center/Online	29 -30 August 2021

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 31 December 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 compliance 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 same to the Board in a detailed report.

Effectiveness

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 year.

Board Responsibilities

The Board's primary mission is to create and deliver long-term shareholder value. The Board sets policy and strategic directions and supervises their implementation. The Board seeks to ensure that Management achieves both long-term and short-term goals while balancing both. In establishing and monitoring the execution of the strategy, it considers the impact of those decisions on the Group's obligations to various stakeholders such as; 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 divestments, Board membership, financial performance, governance issues, and the approval of the corporate governance structure.

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

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

Effectiveness

The Role of the Group Chairman

The Group Chairman and the Group Managing Director (GMD) roles are distinct and not performed by one individual. The principal function of the Group Chairman is to manage and provide leadership to the Board of Directors of FBNHoldings. The Group Chairman is accountable to shareholders and responsible for the effective and orderly conduct of 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 Management;
- Ensure the Directors are properly informed and have sufficient information to make appropriate decisions;
- Develop and set the agenda for Board meetings;
- Assess and make recommendations to the Board annually on the effectiveness of the Board, its Committees, and individual Directors; and
- Ensure that upon completion of the ordinary business of a Board meeting, the Directors hold discussions regularly without members of Management present.

The Role of 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 in line with its strategy;
- Ensure appropriate organisation and staffing of the Company as well as to hire, motivate, retain and exit staff as deemed necessary to enable the Company to achieve its goals and strategic objectives;
- Ensure the Group has appropriate systems to conduct its activities both lawfully and ethically;
- Ensure the Company maintains a high standard of corporate citizenship and social responsibility wherever it does business;
- Act as a liaison between 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 take informed decisions;
- Abide by specific internally established control systems and authorities, 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, implement the plan in its entirety.

Effectiveness

The Role of the Company Secretary

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

- Attending meetings of the Company, Board of Directors and Board Committees, rendering all necessary secretarial services in respect of such meetings, and advising on compliance and regulatory issues;
- Setting the agenda of the meetings through consultations with the Group Chairman and the GMD;
- Maintaining statutory registers and other records of the Company;
- Rendering proper and timely returns as required under 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 duly authorised by the Board of Directors, exercising any powers vested in the Directors.

Leadership Appointments Across the Operating Entities

1. On 29 April 2021, the Central Bank of Nigeria dissolved the Board of First Bank of Nigeria Limited tenure of the following Directors thus ending:
   Ibukun Awosika; Dr Adesola Adeduntan; Abdullahi Ibrahim; Gbenga Shobo; Obafemi Otudeko, Dr Remi Oni; Sola Oworu; U. K. Eke, MFR; Ado Wanka; Dr Ijeoma Jidenma; Lawal Kankia Ibrahim; Oluwande Muoyo and Lateef Bakare.

2. On 30 April 2021, the Central Bank of Nigeria reconstituted the Board of First Bank of Nigeria Limited as follows:
   Tunde Hassan-Odukale; Dr Adesola Adeduntan; Gbenga Shobo; Abdullahi Ibrahim; Dr Remi Oni[1]; Uche Nwokedi; Elijah Dodo; Isioma Ogodazi; Remi Lasaki; Ebenezer Olufowose; U. K. Eke, MFR[2] and Tokunbo Martins[3].

3. The Board approved the nomination of Tope Omage for appointment as a Non-Executive Director of First Bank of Nigeria Limited with effect from 21 October 2021.

4. On 30 December 2021, the Board approved the nomination of Kemi Adewole and Emmanuel Ajibola Olayinka as Independent Non-Executive Directors of FBNQuest Trustees Limited, subject to regulatory approvals.

5. On 1 February 2022, the Board approved the nomination of Olusegun Alebiosu for appointment as a Non-Executive Director and Chairman of FBN Insurance Brokers Limited.

6. On 29 December 2021, the Board approved the nomination of Oluwatosin Adewuyi, Olusegun Alebiosu and Ini Ebong for appointments as Executive Directors of First Bank of Nigeria Limited.

[1]Retired 9 July 2021.

[2]Retired 31 December 2021.

[3]Appointment declined by the appointee.

Effectiveness

MAKING BOARD MEETINGS EFFECTIVE

How FBNHoldings Board Meetings Work:

- The Board meets quarterly and as necessary.
- The annual calendar of Board meetings is approved in advance at the last Board meeting of the preceding year.
- 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 and such resolutions will be ratified by the Board at the next Board meeting.
- The Company Secretariat 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 Secretariat provides Directors with an agenda and meeting papers in advance of each meeting. It transmits Board memoranda in advance to enable Directors have adequate time to review and prepare for meetings.
- The agenda i.e. number of issues identified for deliberation and, more importantly, their complexity are significant factors in determining the duration of the meetings. However, the Board devotes sufficient time and rigour to deal with all matters scheduled for deliberations.
- Any Director may request the consideration of a topic at meetings. In addition, any Director may raise any issue deemed deserving of discussion; members usually consider this under the 'Any Other Business' item on the agenda.
- The Company requires all Directors to declare their interest in any item slated for Board consideration before the commencement of each meeting.

Board Discussion

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 31 December 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.
- Risk Management processes and decisions.
- Review of Brand positioning.
- Consideration of Board Appointments and renewals across the Group.
- Consideration of regulatory updates.
- Consideration of updates on workforce engagement.

Effectiveness

Attendance at Board Meetings

The Board of FBNHoldings met eleven times in 2021.

NAMES	28 JANUARY	9 MARCH	23 APRIL	26 APRIL	11 MAY	24 JUNE	29 JULY	27 OCTOBER	4 NOVEMBER	3 DECEMBER	22 DECEMBER
Alhaji Ahmad Abdullahi[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓
Nnamdi Okonkwo[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr Alimi Abdul-Razaq[3]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Ahmed Modibbo[3]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade[3]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Kofo Dosekun[3]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Khalifah Imam[3]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Sir Peter Aliogo[3]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓
Dr Adesola Adeduntan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Julius B. Omodayo-Owotuga[4]	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*[5]	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Remi Babalola[3, 6]	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*[7]	✓	✓	✓	✓	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
Juliet Anammah[7]	N/A	N/A	✓	✓	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
Otu Hughes[7]	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1]Alhaji Ahmad Abdullahi was appointed 17 December 2021.

[2]Nnamdi Okonkwo was appointed the Group Managing Director effective 1 January 2022.

[3]Remi Babalola; Dr Alimi Abdul-Razaq; Ahmed Modibbo; Dr Abiodun Fatade; Kofo Dosekun; Khalifah Imam and Sir Peter Aliogo were appointed 30 April 2021.

[4]Julius B. Omodayo-Owotuga was appointed 22 December 2021.

[5]Retired 31 December 2021.

[6]Remi Babalola resigned from the Board 17 December 2021.

[7]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 and Otu Hughes tenure ended 29 April 2021.

Effectiveness

BOARD COMMITTEES

The Board operates 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 practices, the Chairman of the Board is not a member and does not sit on any of the committees.

FBNHoldings has the following Board Committees:

Board Governance and Nomination Committee (BGNC)

Membership

- Kofo Dosekun – Chairman
- Dr Alimi Abdul-Razaq
- Ahmed Modibbo
- Dr Abiodun Fatade
- Julius B. Omodayo-Owotuga
- 'Debola Osibogun
- Dr Hamza Wuro Bokki
- Omatseyin Ayida

Attendance at the Board Governance and Nomination Committee Meetings

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

NAMES	27 JANUARY	21 APRIL	17 JUNE	26 JULY	30 AUGUST	2 SEPTEMBER	16 SEPTEMBER	22 SEPTEMBER	18 OCTOBER	22 NOVEMBER	9 DECEMBER
Kofo Dosekun[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Alimi Abdul-Razaq[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Modibbo[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Julius B. Omodayo-Owotuga[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
'Debola Osibogun[2]	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr Hamza Wuro-Bokki[2]	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Omatseyin Ayida[2]	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1]Kofo Dosekun, Dr Alimi Abdul-Razaq, Ahmed Modibbo, Dr Abiodun Fatade were appointed 30 April 2021.
[2]'Debola Osibogun, Dr Hamza Wuro-Bokki and Omatseyin Ayida's tenure ended 29 April 2021.
[3]Julius B. Omodayo-Owotuga was appointed 22 December 2021.

Effectiveness

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 critical Management staff across the Group;
- Nominate and endorse individuals for 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 CAMA;
- Make recommendations on the amount and structure of the remuneration of the Group Chairman and other Non-Executive Directors to the Board for approval;
- Review and make recommendations to the Board on all retirement and termination payment plans of the Executive Directors;
- Ensure 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. This review or assessment covers all aspects of the Board's structure, composition, responsibilities, individual competencies, operations, role in strategy setting, oversight of corporate culture, evaluation of Management's performance, and stewardship towards shareholders;
- 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 Board appraisal as it deems fit. The evaluation process will be in line with the Group's Evaluation Policy;
- Perform such other functions relating to the operations of the Group as may be expressly 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 CBN, FRCN, the guidelines of SEC and global best practices on corporate governance.

Effectiveness

Board Audit and Risk Assessment Committee (BARAC)

Membership

- Dr Alimi Abdul-Razaq – Chairman
- Kofo Dosekun
- Sir Peter Aliogo
- Khalifa Imam
- Ahmed Modibbo
- Omatseyin Ayida
- ‘Debola Osibogun
- Chidi Anya

Attendance at the Board Audit and Risk Assessment Committee Meetings

The Board Audit and Risk Assessment Committee met nine times in 2021.

NAMES	22 JANUARY	26 JANUARY	8 MARCH	15 APRIL	17 JUNE	8 JULY	27 JULY	22 OCTOBER	25 OCTOBER
Dr Alimi Abdul-Razaq[1]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓
Kofo Dosekun[1]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓
Sir Peter Aliogo[1]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓
Khalifa Imam[1]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓
Ahmed Modibbo[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Omatseyin Ayida[3]	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
‘Debola Osibogun[3]	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Chidi Anya[2]	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A

[1]Dr Alimi-Abdul-Razaq, Kofo Dosekun, Sir Peter Aliogo and Khalifa Imam were appointed 30 April 2021.
[2]Ahmed Modibbo became a member 27 April 2022.
[3]Omatseyin Ayida, ‘Debola Osibogun and Chidi Anya tenure ended 29 April 2021.

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 vulnerabilities, and Management’s views on the acceptable and appropriate levels of those risk exposures;
- Review the independence and authority of the risk management function;
- Receive the recommendations 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. It submits this assessment report to the Board and the Statutory Audit Committee.

Effectiveness

Board Finance and Investment Committee (BFIC)

Membership

- Sir Peter Aliogo - Chairman
- Dr Abiodun Fatade
- Khalifa Imam
- Dr Adesola Adeduntan
- U.K. Eke, *MFR*
- Nnamdi Okonkwo
- Julius B. Omodayo-Owutuga
- Oye Hassan-Odukale, *MFR*
- Cecilia Akintomide, *OON*
- Dr Hamza Wuro Bokki

Attendance at the Board Finance and Investment Committee Meetings

The Board Finance and Investment Committee met thirteen times in 2021.

NAMES	25 JANUARY	14 APRIL	16 JUNE	26 JULY	13 AUGUST	2 SEPTEMBER	6 SEPTEMBER	16 SEPTEMBER	20 OCTOBER	14 DECEMBER	15 DECEMBER	20 DECEMBER	21 DECEMBER
Sir Peter Aliogo[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Khalifa Imam[1]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Adesola Adeduntan[2]	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
U.K. Eke, *MFR*[3]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nnamdi Okonkwo[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Julius B. Omodayo-Owotuga[5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Oye Hassan-Odukale, *MFR*[6]	✓	✓	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*[6]	✓	✓	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[6]	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1]Sir Peter Aliogo, Dr Abiodun Fatade and Khalifa Imam were appointed 30 April 2021.

[2]Dr Adesola Adeduntan became a member of the Committee in May 2021.

[3]Retired 31 December 2021.

[4]Appointed Effective 1 January 2022.

[5]Julius B. Omodayo-Owotuga was appointed 22 December 2021.

[6]Oye Hassan-Odukale, *MFR*, Cecilia Akintomide, *OON* and Dr Hamza Wuro-Bokki tenure ended 29 April 2021.

Effectiveness

Key Responsibilities

The Responsibilities of the Committee are to:

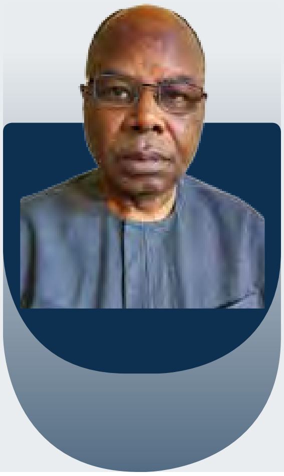
- Understand, identify and discuss with Management the key issues, assumptions, risks and opportunities relating to the development and implementation of the Group's strategy;
- Liaise with the Management in planning the annual strategy retreat for the Board and ensuring the Board retains sufficient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

STATUTORY AUDIT COMMITTEE (SAC)

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

Shareholder Representative Profile

Nnamdi Okwuadigbo, *FCA*,
Shareholder Representative - Chairman



Nnamdi Okwuadigbo, *FCA*, was re-elected as Shareholder Representative on the SAC on 27 April 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 experience, having worked with Gearhart Nigeria Limited as the Financial Controller of the then Barclays Bank (now Union Bank of Nigeria Limited).

He is a fellow (FCA) and 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.

Effectiveness

Fuad Umar

Fuad Umar was re-elected as Shareholder Representative on the SAC on 27 April 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 and recognitions.

In 2012, while studying at AUN, his outstanding academic performance earned him a place at the Kogod Business School in Washington DC for a year-long exchange 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 Shareholder Representative on the SAC on 27 April 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 GlaxoSmithKline Consumer Nigeria Plc (GSK) Audit Committee and a member of Total Energies Marketing Nigeria Plc Audit Committee. Taiwo is married with children.

Effectiveness

Audit Committee Members

S/N	Name	Role	Status	Educational Qualifications
1.	Nnamdi Okwuadigbo, *FCA*	Chairman	Shareholder representative	FCA, BSc (Accounting)
2.	Fuad Umar	Member	Shareholder representative	BSc Management Information System MBA
3.	Kashimawo Taiwo, *FCA*	Member	Shareholder representative	FCA, ACTI
4.	Sir Peter Aliogo	Member	Independent Non-Executive Director	HND (Marketing), MBA (Banking & Finance), ACII, ANIM
5.	Khalifa Imam	Member	Independent Non-Executive Director	BSc Information Technology

Independence of the Statutory Audit Committee (SAC)

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

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

Attendance at Statutory Audit Committee Meetings

The Statutory Audit Committee met five times in 2021.

NAMES	8 MARCH	29 JUNE	21 SEPTEMBER	22 NOVEMBER	6 DECEMBER
Nnamdi Okwuadigbo	✓	✓	✓	✓	X
Fuad Umar	✓	✓	✓	✓	✓
Kashimawo Taiwo[1]	N/A	✓	✓	✓	✓
Sir Peter Aliogo[2]	N/A	✓	✓	✓	X
Khalifa Imam[2]	N/A	✓	✓	✓	✓

[1]Kashimawo Taiwo was elected at the Annual General Meeting of 27 April 2021.
[2]Sir Peter Aliogo and Khalifa Imam were appointed 30 April 2021.

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;
- Keep under review the effectiveness of the Company's system of accounting and internal control;

Effectiveness

- Make recommendations to the Board regarding the appointment, remuneration and removal of the external auditor of the Company, ensuring the independence and objectivity of the external auditor and ensuring there is no conflict of interest, which could impair the independent judgement of the external auditor;
- Authorise the internal auditor to carry out investigations into any activity of the Company that may be of interest or concern to the Committee; and
- Assist in the oversight of the integrity of the Company's financial statements and the establishment and development of the internal audit function.

Group Executive Committee (GEC)

The GEC is a Group 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 2021.

Membership

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

- MD/CEO, First Bank of Nigeria Limited
- MD/CEO, FBNQuest Merchant Bank Limited
- MD/CEO, FBNQuest Capital Limited
- MD/CEO, FBNQuest Trustees Limited
- MD/CEO, FBN Insurance Brokers Limited
- 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 Limited
- Chief Risk Officer, First Bank of Nigeria Limited

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 the Group's synergy realisation initiatives and make recommendations;
- Discuss and monitor compliance of Group's policies such as risk management, internal audit and others; and
- Review and recommend modifications to Group's policies.

Effectiveness

Management Committee (MANCO)

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

Membership

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

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

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; and
- Make proposals to the Board and Board Committees on significant policies and decisions relating to staff compensation, major capital expenditure, organisational structure, and other issues related to the business.

Going Concern

On SAC's recommendation, the Board annually considers, assesses and 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 complied with the CBN and FRCN codes in its appointment of the external auditor in the 2021 financial year and retention thereafter.

2021 Audit Fees

The audit fee paid by FBNHoldings (the Company) to the external auditor for the 2021 statutory audit was ₦25mn.

Effectiveness

Prohibition of Insider Dealings

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

Succession Planning

The Board Governance and Nomination Committee (BGNC) is responsible for the Group's succession planning process. The Committee identifies critical positions on the Board and 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 competencies necessary for each position as well as the ethics, values, and character. The Committee considers the Group's future needs and strategic objectives when determining the competencies needed. In addition, these 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 required 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 is continually updated on significant issues, risks or challenges encountered during strategy implementation across the Group and the controls developed to mitigate these risks.

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

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

Peer benchmarking, which compares FBNHoldings' performance to competitors', is also a regular part of Board meetings.

Effectiveness

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

Executive Remuneration

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.

Effectiveness

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 incentive schemes.

Remuneration for Executive Directors

Remuneration for Executive Directors is performance-driven and restricted to base salaries, allowances, and performance bonuses. Executive Directors are not entitled to sitting allowances in the company of primary employment.

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

Please refer to Note 45 of FBNHoldings' 2021 Financial Statements for more details on remuneration.

Statement of Compliance

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

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

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

Adewale Arogundade
Acting Company Secretary

Alhaji Ahmad Abdullahi
Group Chairman

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

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

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

Adewale Arogundade
Acting Company Secretary

Alhaji Ahmad Abdullahi
Group Chairman

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

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

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

Adewale Arogundade
Acting Company Secretary

Alhaji Ahmad Abdullahi
Group Chairman

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

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

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

Adewale Arogundade
Acting Company Secretary

Alhaji Ahmad Abdullahi
Group Chairman

Whistleblowing Procedures

FBN Holdings Plc Code of Conduct emphasises its commitment to the highest standards of behaviour, ethics, and responsible business practices. This is enshrined in one of our core values, which is integrity. The Board maintains oversight on Management's efforts to promote and drive acceptable ways of doing things within the Group and receives regular reports from senior management.

The Group has established a formal channel for all stakeholders, including the general public, to report and express concerns about suspected financial or ethical irregularities. All concerns raised through the Whistleblowing channel are thoroughly and independently investigated. Reports are forwarded to the appropriate authorities, including the Chairman, Board Audit and Risk Assessment Committee, where appropriate corrective, disciplinary actions including dismissal are taken, and changes to policies and internal controls are developed, reviewed and approved.

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

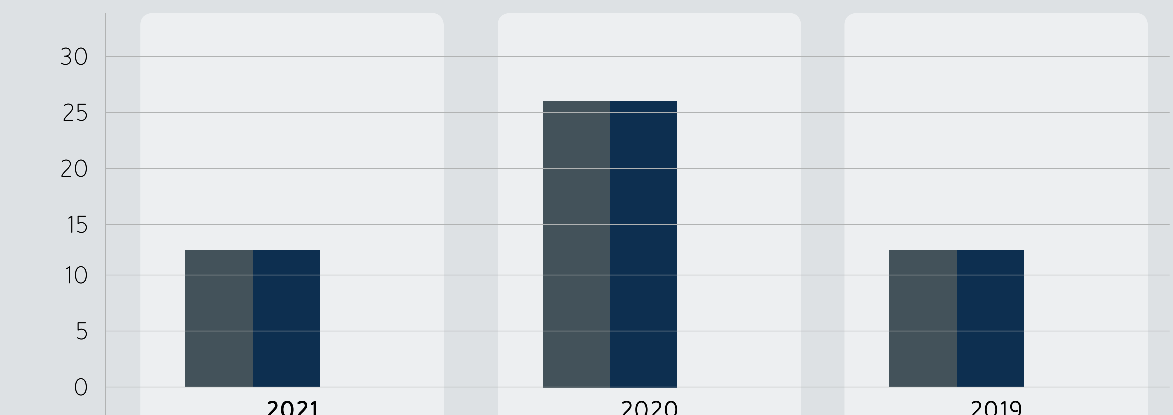
- A formal letter to the Group Managing Director, FBN Holdings Plc and/or Head, Internal Audit FBN Holdings Plc;
- A telephone call to the dedicated phone number 0817 597 8505; or
- An email to the dedicated email address: FBNHoldingsWhistleBlowing@fbnholdings.com.

Issues raised should include all relevant background information (including dates) and detailed concerns of the whistleblower.

The full version of the Group's Whistleblowing Policy can be accessed on the website: www.fbnholdings.com/whistle-blowing/.

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

SUMMARY OF REPORTED CASES OVER THREE YEARS



	2021	2020	2019
TOTAL NUMBER REPORTED	13	26	13
TOTAL ADDRESSED	13	26	13
TOTAL OUTSTANDING	0	0	0

Directors' Report

The Directors present their report on the affairs of FBN Holdings Plc ('the Company') together with the financial statements and auditor's report for the year ended 31 December 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 (formerly known as the Nigerian Stock Exchange) on 26 November 2012, after the shares of the erstwhile First Bank of Nigeria Plc were delisted on 23 November 2012.

b. Principal Activity and Business Review

The Company's principal activity is raising and allocation of capital and resources.

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

c. Operating Results

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

	GROUP		COMPANY	
	31 DEC 2021 ₦ 'mn	31 DEC 2020 ₦ 'mn	31 DEC 2021 ₦ 'mn	31 DEC 2020 ₦ 'mn
Gross earnings	757,296	590,663	17,136	38,601
Profit before 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 discontinued operations	(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
Earnings per share (kobo) - 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 ₦0.35 kobo per ordinary share of 50 kobo each, amounting to ₦12,563,352,477.00 (2020: ₦16,152,881,755.95). Withholding tax will be deducted at the time of payment.

Directors' Report

e. Directors' Shareholding

The direct and indirect interests of Directors in the issued share capital of the Company as at 31 December 2021 as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purposes of Sections 301 and 302 of CAMA 2020 and the listing requirements of the Nigerian Exchange Limited are noted as follows:

	31 DECEMBER 2021		31 DECEMBER 2020	
	DIRECT	INDIRECT	DIRECT	INDIRECT
Alhaji Ahmad Abdullahi	-	-	-	-
Kofo 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	-

[1]Appointed with effect from 22 December 2021.
[2]Retired with effect from 31 December 2021.

f. Shareholding Analysis

FBN HOLDINGS PLC - RANGE ANALYSIS AS AT 31 DECEMBER 2021

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

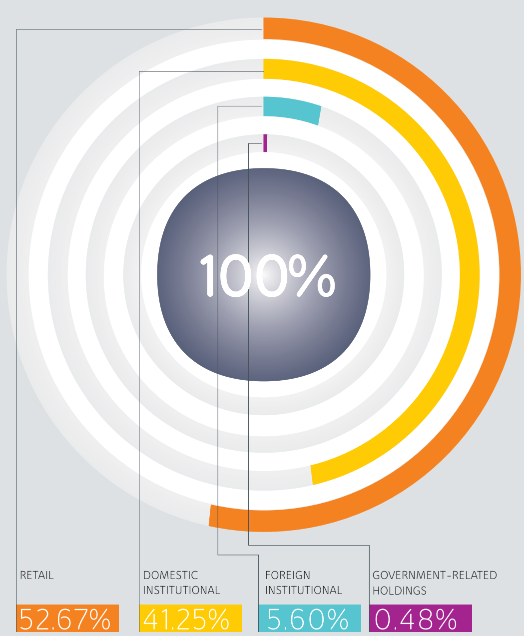
Directors' Report

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

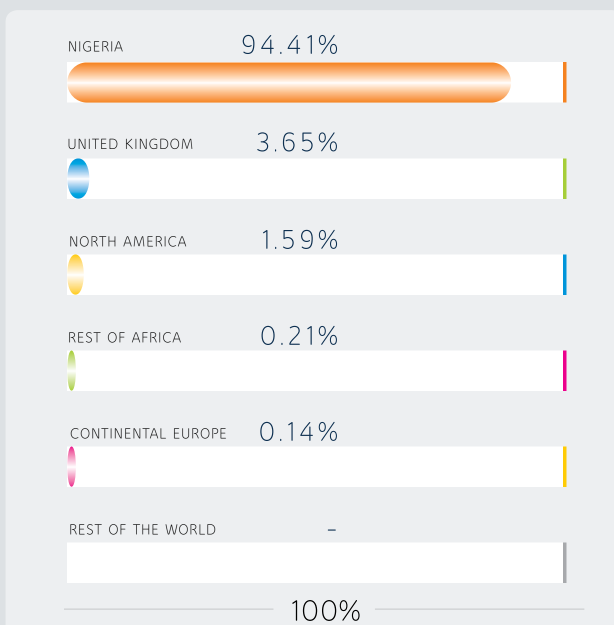
RANGE			No. of Holders	% Holders	Units	% Units
1	-	1,000	292,365	24.33	212,776,599	0.59
1,001	-	5,000	491,819	40.94	1,182,644,697	3.29
5,001	-	10,000	170,414	14.18	1,171,659,435	3.26
10,001	-	50,000	204,022	16.98	4,144,495,378	11.55
50,001	-	100,000	20,922	1.74	1,458,108,857	4.06
100,001	-	500,000	17,401	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	100.00	35,895,292,791	100.00

SHAREHOLDING ANALYSIS AS AT 31 DECEMBER 2021

BREAKDOWN OF SHAREHOLDERS BY TYPE



GEOGRAPHICAL BREAKDOWN OF SHAREHOLDERS



Directors' Report

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

According to the Register of Members as at 31 December 2021, the details of the substantial shareholders are 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 section 303 of the Companies and Allied Matters Act (CAMA) 2020, none of the Directors had a direct or indirect interest in contracts or proposed contracts with the Company during the year.

i. Donations and Charitable Gifts

As a non-operating financial holding company, the Company did not make any donation during the year ended 31 December 2021. However, the subsidiaries of the Company made donations to various worthy causes as operating entities.

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. Post Balance Sheet Events

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

l. Human Resources Policy

Recruitment

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

Employment of Physically Challenged Persons

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

If staff members become disabled, efforts will be made to ensure their employment with the Company continues. Appropriate training will be arranged to ensure that they fit into the Bank's working environment.

Employee Involvement and Training

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

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

Directors' Report

Health, Safety and Welfare at Work

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

The Company provides comprehensive health insurance coverage for staff and their immediate family members.

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

The Company operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance cover and makes Employee Compensation Act contributions for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act of 2004 (amended in 2014).

Gender Analysis

The number and percentage of men and women employed as at 31 December 2021 vis-à-vis the total workforce are as follows:

	MALE	FEMALE	MALE	FEMALE
	NUMBER		%	
Employees	22	12	65	35

Gender analysis within the Board and Top Management as at 31 December 2021 is as follows:

	MALE	FEMALE	TOTAL	MALE	FEMALE
	NUMBER			%	
Board	9	1	10	90	10
Management	7	2	9	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
Acting Company Secretary
FRC/2014/NBA/00000006810
27 April 2022
Lagos, Nigeria.

Summary Report on the Outcome of the Board Evaluation

for the year ended 31 December 2021

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of FBN Holdings Plc ("the Client") or ("the Company") or ("FBN HoldCo") as required by Principle 14 of the Nigerian Code of Corporate Governance (NCCG) and SEC Corporate Governance Guidelines (SCGG) for the year ended 31 December 2021.

Our responsibility is to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our Letter dated 24 January 2022. In carrying out the evaluation, we have relied on representations made by members of the Board and Management and on the documents provided for our review.

The Board has complied significantly with the provisions of the Codes. Areas of compliance include review of quarterly reports presented by the Group Managing Director with the aim of ensuring collaboration and efficient management of the Company's resources, oversight of financial performance, risk and compliance as well as ensuring the preservation of auditor's independence. In addition, the Board during the year-maintained oversight of the implementation of the Company's strategy.

Details of our other findings are contained in our Report.

Yours faithfully,
for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659

pwc

Summary Report on the Outcome of the Corporate Governance Evaluation

for the year ended 31 December 2021

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the the corporate governance practices of FBN Holdings Plc ("the Client") or ("the Company") or ("FBN HoldCo") as required by Principle 14 of the Nigerian Code of Corporate Governance (NCCG) and SEC Corporate Governance Guidelines (SCGG) for the year ended 31 December 2021.

Our responsibility was to reach a conclusion on the effectiveness of the governance standards, practices and processes of FBN Holdings Plc., based on work carried out within the scope of our engagement as contained in our Letter dated 24 January 2022. In carrying out the evaluation, we have relied on representations made by members of the Board and Management and on the documents provided for our review.

FBN Holdings Plc has complied significantly with the principles set forth in the Nigerian Code of Corporate Governance, and the provisions of the SEC Corporate Governance Guidelines. Areas of compliance include the Board's oversight of the Company's financial performance, oversight and implementation of the Company's strategy by the Board and oversight of the Company's risk appetite.

Details of our other findings are contained in our Report.

Yours faithfully,
for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659

Risk Overview

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

Risk Summary

The COVID-19 pandemic remained a dominant issue in 2021 and continued to pose major threats to businesses and economies despite the positive news of vaccine rollout and Nigeria exiting recession in the last quarter of 2020. The discovery of new virus variants, vaccine inequity and slow vaccine adoption rates challenged the pace of recovery. Countries with higher vaccination rates, fiscal stimulus support and better economic conditions recorded higher recovery rates compared to others.

New regulations such as the Basel III implementation guidelines, the circular prohibiting dealing in cryptocurrencies and facilitating payment for cryptocurrency exchanges, and guidelines on the e-Naira, which launched the country's first digital currency, were introduced.

The Group introduced a number of actions to address these risks. For instance, in response to the CBN circular on cryptocurrency, the Group raised a team to identify and monitor cryptographer-related transactions. In addition, the Group complied with the National Information Technology Development Agency's (NITDA) regulation on Data Privacy in handling customer data and records.

Compliance standards were harmonised across the Group, and relevant stakeholders engaged and informed of recent security threats and mitigation actions. FBNHoldings is well positioned to contend and respond to changes in the global cybersecurity landscape.

There were significant cybersecurity breaches and attacks nationally and globally, which could negatively impact our operations but were mitigated. These included zero-day exploits, ransomware attacks, data breaches, cyberespionage, supply chain attacks on key national infrastructures, phishing emails, scams and other advanced persistent threats. Internally, threats of employee fraud remain and require constant surveillance of our internal systems.

Despite the high inflation rate in 2021, CBN retained some of its monetary policy rates. The MPR remained at 11.5%. The asymmetric corridor was retained at +100/-700 basis points, while the CRR and LR stood at 27.5% and 30.0%, respectively.

The foreign exchange administration came under severe scrutiny, with demand for foreign exchange outstripping supply due to low export earnings and dwindling reserves.

As a result, the CBN eliminated the official spot rate of ₦379.00/US$1.00 from its website in May 2021 and replaced it with the NAFEX rate of ₦410.50/US$1.00, effectively re-adjusting the local currency's value against the US$.

“Compliance standards were harmonised across the Group, and relevant stakeholders engaged and informed of recent security threats and mitigation actions. FBNHoldings is well positioned to contend and respond to changes in the global cybersecurity landscape.”

Credit risk persisted throughout the year. High inflation and job losses ensured families had little disposable income. Businesses struggled with the weak fiscal/monetary policies in place. Scarcity of foreign exchange, the attendant depreciation of the Naira, and supply chain distortion were other risks faced by the Group. The Group focused on high-quality risk assets and credit management in line with our risk appetite. Our clients' default rate remained stable throughout the year.

The Group's operational risk profile was moderate throughout the year, while operational risk losses were within approved limits.

The Group ensures robust operational risk management processes are emplaced in the entire value chain so that risks inherent in its activities, products, and services are understood, identified, and mitigated. Periodic enterprise risk assessments of the top operational risks, including cybersecurity, regulatory compliance, physical security, and system risks are undertaken.

The Group also reviewed the effectiveness of existing controls and mitigating strategies to keep pace with changes in the operating environment.

Risk Summary

Emerging Risks

At FBNHoldings, we are proactive in identifying emerging enterprise risks on an ongoing basis. A mechanism was emplaced to periodically identify new risks closely linked to the Group's strategy. Key among these are cybersecurity, environmental and social responsibility, regulatory compliance, foreign exchange volatility and business continuity management.

Many novel cyber attacks and challenges were witnessed in the cybersecurity landscape in 2021 due to digital transformation initiated during the lockdown and the hybrid work arrangements that were implemented to manage/mitigate the spread of the corona virus.

Given the importance of trust in a business relationship at FBNHoldings, safeguarding our brand and reputation remains key to delivering our core objectives. Protecting our technology assets from cybercriminals is at the heart of our strategy and business. Our operations, driven by world-class technology across our geographic footprints, face diverse cyberthreats.

To ensure long-term viability and growth, FBNHoldings is constantly seeking interventions and support in critical operational areas such as threat intelligence, vulnerability management, patch management, standardisation, security certifications, world-class security operations centre, capacity management, network optimisation, staff and customer cybersecurity awareness training, etc.

As part of the Group's strategy, our cybersecurity controls and practices will continue to be strengthened by implementing a layered security control, threat intelligence gathering and 24-hour monitoring, all of which provide a holistic defence mechanism against cyberthreats and attacks.

Increasing environmental sustainability risks have emerged in recent years, with extreme weather conditions and environmental degradation caused by deforestation, flooding, oil spillage, and an increase in carbon emissions among the most prominent. Additionally, there has been a decline in biodiversity; as a result, agricultural systems are under stress, and air and sea pollution have become a growing threat to human health.

The Group pursued environmental sustainability in a two-pronged approach, focusing on the impact of business operations and customers on the environment. To mitigate the direct impact of business operations on the environment, we aim to reduce our carbon footprint through increased energy efficiency and paper reduction, promote wildlife and biodiversity conservation or preservation in collaboration with the Nigerian Conservation Foundation. We are mindful of our lending activities to ensure our customers' businesses are environmentally friendly.

Nigeria's banking sector is the country's very important and heavily regulated industry. As a result, CBN has consistently implemented policies to strengthen the sector, promote stability, and promote financial inclusion in the economy.

We have created an in-house compliance team with all the necessary resources to drive and implement the Group's compliance framework. Using the latest technological architecture, we have established a robust process to identify, monitor, and reflect on new and amended regulatory requirements in the Group's process and rule book. One of the Group's main goals is to train and retrain its employees, exposing them to the latest regulatory and compliance information. We also ensure that regulatory reports are submitted timely.

The Group was also exposed to various risks resulting from currency volatility, including transaction risk, conversion risk, credit risk, interest rate risk, and inflation risk, all of which affected the Group's profitability during the period.

However, the Group's policy is to match the currency of assets to the currency of liabilities and the currency of shareholders' equity to the currency of required capital. Where assets and liabilities do not match, the capital ratios are matched using forward contracts and currency swaps.

As the world grappled with living with the COVID-19 virus, employee wellbeing moved to the top of our priority list. In 2021, many of our employees across multiple geographies were enabled to work remotely.

Risk Summary

Across the Group, mental health awareness programmes were organised for all staff. We leveraged the Telemedicine Apps provided by the Health Maintenance Organisation (HMO) for online counselling and advisory to staff members. We worked closely with our HMO providers to identify and swiftly counsel any staff experiencing COVID-19 imposed challenges.

Over the past few years, global regulators and central banks have been driving international efforts to reform interbank offer rates (IBORs), the key benchmark interest rates and indices used extensively for valuation, risk measurement and performance benchmarking. As a result, there is a transition from IBOR including London interbank offer rate (LIBOR) to risk-free alternative rates.

The uncertainties surrounding the transition expose the Group to execution risks and increased financial and non-financial risks such as legal, conduct, pricing, operational, third party, market, and accounting risks.

Major Risks that Increased in 2021 and the Associated Mitigants

RISK TYPE	RISK DEFINITION AND DRIVERS	MITIGANTS
Cybersecurity Risk	• The probability of exposure or loss resulting from a cyber attack or data breach.	• Continued to reinforce its implementation of globally acclaimed security initiatives and practices to predict, identify, detect, prevent, protect, respond, and recover from cyber-attacks across the subsidiaries. • Revamped and upgraded ageing infrastructure and acquired new technology and practices to fortify the business's security. • Enhanced the Group's capacity to obtain advanced cyber threat intelligence and promptly act on it.
People Risk	• Risk that people do not adhere to the organisation's procedures, practices and/or rules, thereby deviating from the expected behaviour that could be detrimental to the business's performance and reputation. People risk remained elevated in 2021 as some staff continued to work remotely throughout the year.	• Training and development of the employees. • Across the Group, increased staff awareness and activities, especially on phishing. • The Group VPN was monitored 24 hours per day by the cyber security division.
Technology Risk	• Loss arising from system failure that could result in service outages and disrupt business operations. • Increased online transactions as customers adapt and onboard different payment platforms. This resulted in high utilisation of the IT infrastructure.	• Regular technology and application testing to identify and rectify potential weaknesses resulting in downtime or system glitch. • Recruitment of quality talent into our IT department within and outside the country.

Risk Summary

RISK TYPE	RISK DEFINITION AND DRIVERS	MITIGANTS
Regulatory and Compliance Risk	• Loss arising from non-compliance with circulars, guidelines, or codes applicable to the financial services industry.	• Group has robust compliance risk assessment. • Sound corporate governance practices and effective monitoring of all directives and disclosures.
Third-Party Risk	• Loss arising from vendors or suppliers reneging on contractual obligations.	• Engagement of reputable service providers with proven pedigree. • Established appropriate insurance policies against identified contractual risks.
Credit Risk	• Loss due to a borrower or counterparty's inability or unwillingness to fulfil its payment obligations.	• Strong supervision of risk assets by the Credit Committees across the Group. • Regular monitoring and review of all credits.
Employee wellbeing	• Employee wellbeing refers to mental and emotional health, a positive attitude, and contentment at work. Employees who embody wellbeing hold a bright and optimistic perception of their work lives.	• Organised mental health awareness programmes for our staff. • Leveraged telemedicine applications provided by our HMO for online counselling and advisory to staff members.

2022 Focus Areas

Cyber Security Risk

The Group will continue to safeguard customers' and other stakeholders' information and periodically sensitise them by:

- Driving risk consciousness and creating security awareness among our employees, contractors and customers.
- Providing innovative solutions to combat insider-related fraud and compromises.
- Improving the metrics across different cyber security indices.
- Providing updates on emerging trends in cybersecurity and its threats.

Credit Risk

The Group will continue to promote risk management practices by:

- Carefully selecting risk assets across target sectors.
- Close monitoring of all credits, with special focus on sectors still struggling to come off the pandemic.
- Strict adherence to the target market and Risk Acceptance Criteria in line with the Group's risk appetite.

Risk Summary

Compliance Risk

Through the integration of a compliance culture across the Group, FBNHoldings will position compliance as a strategic tool for accelerating value preservation, profitability and growth. Specifically, the Group will:

- Digitalise processes and improve monitoring tools through cutting-edge technology in line with strategic objectives.
- Improve and implement a multifaceted approach to learning and awareness.
- Proactively identify emerging trends and risk typologies.
- Continuous engagement with regulators.
- Collaborate with industry stakeholders.

Market Risk

- The Group will continue to manage trading and non-trading market risk exposures within its risk appetite and tolerance level.
- Utmost attention will be given to monitoring and managing market risk factors such as monetary policy decision.

Operational Risk

- The Group will continue to adopt a pragmatic approach in managing operational risks. It will ensure all material risks, including emerging risks are identified and effectively managed.
- Operational risk management remains a top priority in the coming year.
- Self-assessment and reporting using all available toolkits will continue to be promoted.
- The Integrated Governance, Risk, and Compliance (IGRC) solution will continue to be deployed across the Group.
- The Group is also committed to managing operational risk within a set appetite.

Business Continuity Management Risk

- The Group will continue to take proactive measures to ensure the safety of employees and assets while delighting customers, meeting key stakeholders' expectations and strengthening operational resilience.
- The Incident Management and COVID-19 response teams will continue to monitor developments on the pandemic and other disruptive incidents, escalate any major incident to the Management, and propose remedial or mitigating actions where necessary.

Risk Management

Introduction

The Group ensures its risk appetite is consistent with its strategic goals, including safeguarding customers' funds while generating profit for shareholders. The Group manages risk and returns across its operating entities using a holistic and integrated Enterprise Risk Management (ERM) approach.

The Group sets a high standard for risk management. Our Risk Directorate shares this vision and has cultivated the required skillsets. While the Board sets the overall risk policies for all material risks, each operating entity's Management oversees the implementation of the policies and the overall risk management.

The Enterprise Risk Management framework establishes a systematic process of implementing risk-taking and risk management activities across the Group, supporting the long-term revenue, earnings, and capital growth strategy.

Risk policies and standards are created to ensure strategies are designed and implemented consistently. Through a three-pronged line of defence risk management model, the Group's entities are primarily responsible for the risk they undertake.

Each business process and activity is entrenched with the appropriate controls. At the same time, the independent risk function provides proactive support and constructive challenges to the first-line risk owners to deliver sustainable growth within the Group's risk appetite.

The Group's Risk Policies and Standards Cover....

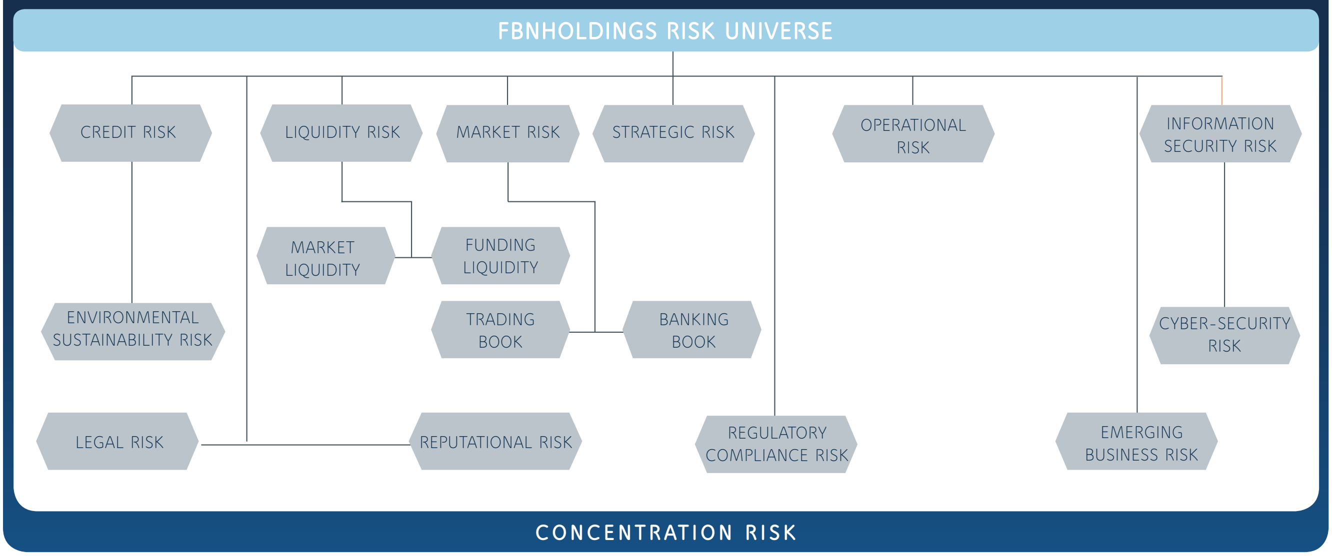
- A clear definition of the three-pronged line of defence management framework and the assignment of accountability as well as delegation of authority for risk oversight and management
- Alignment of various types and levels of risks with its strategic plan and risk appetite
- Risk identification, measurement, assessment and mitigation methodologies that enable effective management and monitoring of risks
- Internal Audit independent overview, providing reasonable assurance that the Management processes and controls embedded across the various policies align with the Group risk profile

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

Risk Management

The Group's Risk Profile

The diversity of the Group is associated with some key risks, as highlighted in this diagram:



Risk Management Model: Three Lines of Defence

The Group manages risk using a 'three lines of defence' model, which clearly defines roles and responsibilities and ensures effective independent oversight and assurance that key decision-making activities are in place.

This framework offers a comprehensive risk management system that implants risk management responsibilities at every organisational level.

Risk decisions are made by business units and other risk owners in the first line of defence. They must ensure their business units comply with the policies, procedures, and regulatory requirements while maintaining risk management skills, mechanisms, and toolkits within the Board-approved risk appetite parameters set by the Group.

The second line of defence ensures continuous monitoring and evaluation of internal control systems designed in accordance with various risk management policies and processes approved by the Board.

It strategically links the control systems to all the activities of the first line of defence on an enterprise-wide basis, providing guidance and coordination among all monitoring participants (risk management, compliance and legal divisions, etc.), initiating changes where and when necessary, and providing additional monitoring processes for emerging threats and vulnerabilities.

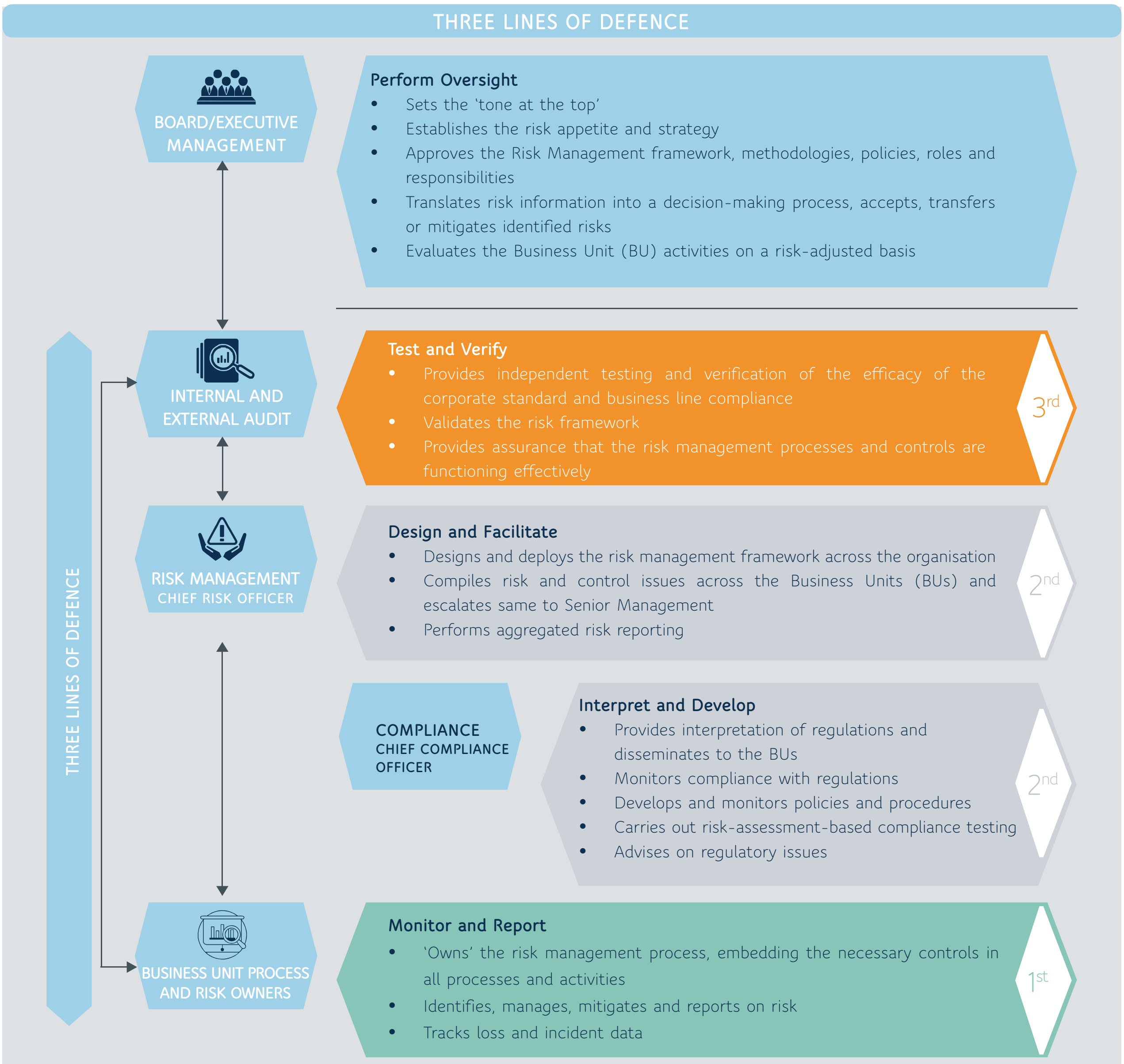
The third line of defence is responsible for assessing and providing independent guarantees on the existence, adequacy, appropriateness, and effectiveness of the Group's overall risk management and framework.

It also provides reliable feedback on the overall control structure and assesses the controls' adequacy and effectiveness. This line of defence is responsible for conducting periodic reviews that allow risk assessment and governance reporting, overseeing risk management practices, and reporting to the Board Audit and Risk Assessment Committee (BARAC) and the Board of Directors on the state of the control environment and any gaps.

The Board Audit and Risk Assessment Committee assesses the processes for identifying, monitoring and managing key risk areas, and also evaluates the capability of the Group's risk management systems and control environment.

The Management Committee develops risk policies, monitors their implementation, reviews risk reports for the Board and Board Committees, and implements Board decisions across the Group.

Risk Management



Risk Governance

Our risk appetite and strategy are reviewed annually by the Board of Directors through BARAC. A sound and consistent Group-wide risk culture is developed based on clear understanding of the Group's risk exposure and how to manage risks.

The Board delegates risk governance effectively across the Group via the Management hierarchy, aided by a committee structure at both the Board and Management levels. Risk management responsibilities are delegated across the Group in such a way that decisions are ratified at the appropriate level in accordance with business objectives, and subject to rigorous and effective review. Strategic business decisions are

Risk Management

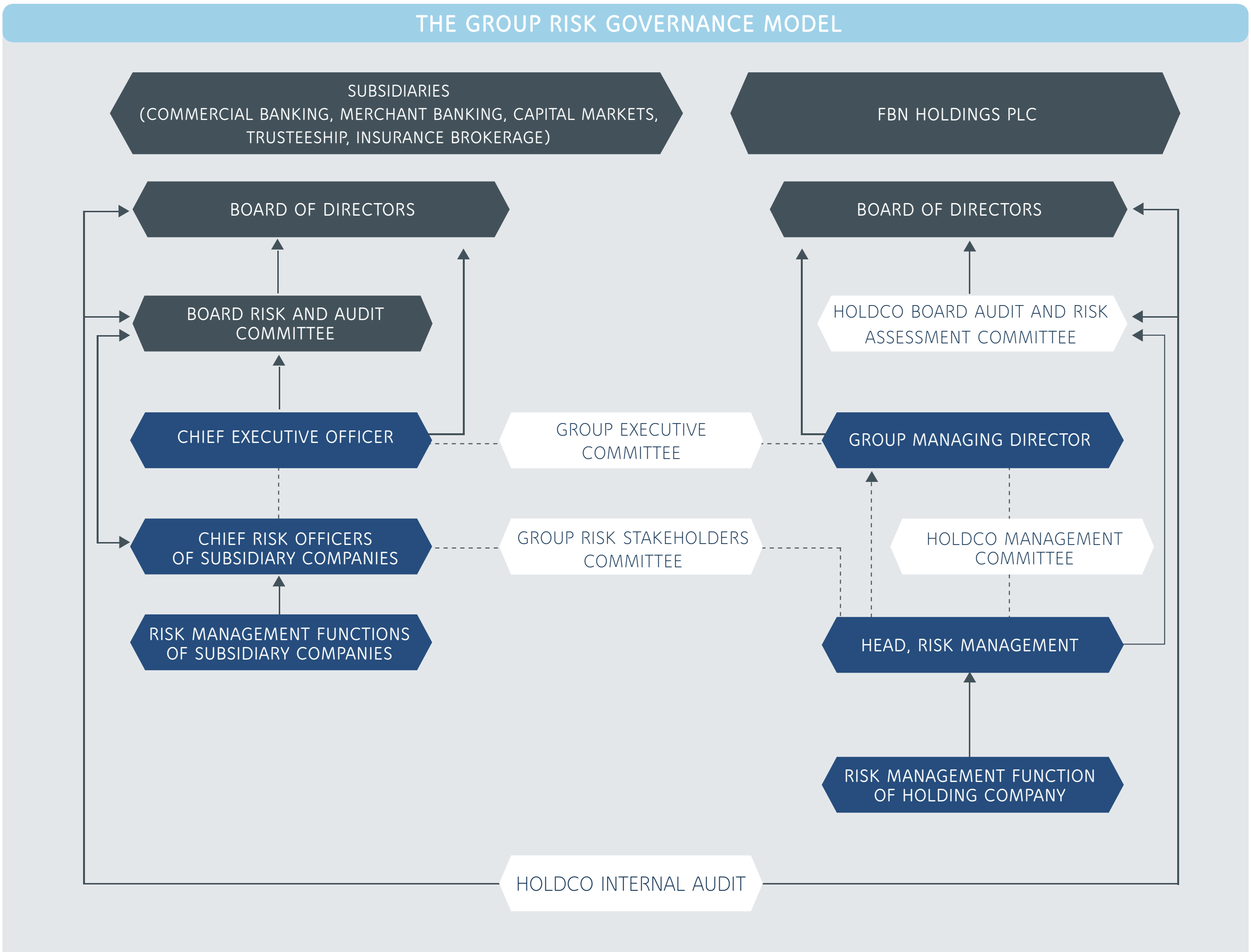
made within the parameters established by the Board, with the Executives and Risk Committees carefully monitoring risk profiles in relation to the risk appetite.

The Group Risk Stakeholders Committee comprises the following:

- Chief Risk Officers
- Heads of Department of the Risk Directorates
- Chief Compliance Officers
- Chief Internal Auditors of the Operating Entities
- Head, Risk Management and Compliance FBN Holdings Plc
- Head, Internal Audit FBN Holdings Plc

The Committee meets every quarter to deliberate on the various risks exposed to the Group.

The Group continues to modify and enhance its risk management policies and systems to reflect changes across markets, products, and global best practices. Risk management across the Group is a joint responsibility, as demonstrated in the Group Risk Governance Model.



Risk Management

Risk Appetite

Given the Group's business objectives and obligations to stakeholders, risk appetite refers to the quantum and type of risk the Group is willing to undertake in its interactions and business activities. Risk appetite is expressed quantitatively and qualitatively and considers extreme conditions, events, and outcomes.

Furthermore, the impact of risk appetite is reflected on the quality of earnings, capital, funding and liquidity.

Risk Appetite Statement

This is the maximum level of risk the business is willing to undertake across the major risk exposures in the pursuit of its strategic objectives. The Group accepts moderate risks in every activity to achieve its strategic goals.

Risk Tolerance

Risk tolerance is the quantitative threshold that allocates the Group's risk appetite to specific risk types, business units, products, customer segments and other levels. Risk tolerances are the parameters within which a Group (or business unit or function) must operate to achieve its risk appetite. Certain risk tolerances are regulatory limits, such as NPL Ratio, that will not be exceeded except under extraordinary circumstances. In contrast, other risk tolerances that are not regulatory are guideposts or triggers for risk review and mitigation. The risk appetite is a strategic determination based on long-term objectives, while risk tolerance is a tactical readiness to bear a specific risk within established parameters. The enterprise-wide strategic risk appetite is translated into tactical risk tolerance that constrains risk-acceptance activities at the business level.

Once established, these parameters are communicated across the Group to provide clear guidelines to stakeholders and provide feedback when exceeded.

Risk Culture

Three lines of defence are in place to effectively manage risks across the Group.

The Enterprise Risk Management Framework of the Group is bolstered by an inherent culture and shared attitudes that are guided by values that clearly define acceptable behaviour and practice. Furthermore, the Group has a strong risk culture and uses a common risk language.

Additionally, the Group has a defined risk appetite, business strategy, and risk mitigation mechanisms across its operating entities.

To reinforce the importance of the culture, the Whistleblowing Policy has been established with a dedicated phone number and email address through which staff can confidentially report matters of concern. All the businesses across the Group maintain whistleblowing policies with well-defined escalation processes for timely investigation.

A number of Management decisions, such as the tone at the top, accountability, effective communication, and appropriate performance incentives, have been implemented to constantly reinforce the risk culture. The Management has built a work environment that encourages employees to speak up when things are not going well and always to do the right thing.

Emerging Risk

Global and local economic factors influence market conditions. These, together with geopolitical developments, can impact the Group's businesses and operations. These conditions can affect the Group's businesses and operational outcomes, financial position, and future growth prospects.

Across the Group, we constantly examine our environment for vulnerabilities and threats to identify emerging risks. Once new risks are identified, procedures are put in place to avert the occurrence or mitigate the impact. In 2021, the emerging risks encountered by the Group and the mitigating strategies are outlined.

REGULATORY AND COMPLIANCE RISKS

The Nigerian financial services industry continues to evolve with the associated policy circulars from various regulatory bodies.

In 2021, forty-three circulars and regulations that impacted the financial sector were issued by various regulators.

The special circulars were:

- Basel III Implementation by Deposit Money Banks in Nigeria. Basel III is a set of international banking regulations developed for international settlements to promote stability in the international financial system. The CBN, in September 2021, issued 7 Basel III Guidelines/Reporting Templates for implementation. They include guidelines for regulatory capital, leverage ratio, liquidity coverage ratio, liquidity monitoring tool, large exposures, liquidity risk management and revised guidelines on the supervisory review process of the internal capital adequacy assessment process (ICAP).
- Regulatory guidelines on the e-naira.
- The prohibition of cryptocurrency transactions.
- Revised regulatory framework for the bank verification number operations and watch-list for the Nigerian banking industry.

Key Mitigating Strategies

- Identify, analyse, reflect and monitor all new and revised regulatory requirements in the Group's rule book with controls implemented to bridge compliance gaps.
- Ensure the Group's compliance framework is driven and implemented by competent and experienced compliance teams.
- Effective monitoring of the Group's compliance with laws and regulations, its code of conduct and corporate governance practices.
- Ensure operational procedures are kept up-to-date and regulatory requirements are incorporated.
- Prompt submission of regulatory reports.
- Promote sound corporate governance practices and leadership by example in complying with regulatory requirements across the subsidiaries.

Emerging Risk

INFORMATION AND CYBER-SECURITY RISKS

At the beginning of the COVID-19 pandemic, cyber-attacks on individuals, organisations and governments increased significantly, and this risk persisted in 2021.

Remote work enabled the use of personal digital devices for official duties. A few of the changes made by organisations aided the escalation of cyber-attacks and increased the activities of cyberthreat actors. These include; an expansion of business applications used over the internet, VPN access from personnel devices, and a lack of end-user knowledge of basic internet hygiene practices. Cybercriminals continue to exploit factors like convenience, anonymity, and internet speed to execute their criminal activities, evade the law, and cause massive damage to law-abiding citizens and organisations.

Key Mitigating Strategies

- The Group successfully enhanced its cyber-security capabilities and practices.
- Increased the Group's ability to receive advanced cyber-threat intelligence and act on it.
- Using a proven risk assessment methodology to undertake continuous risk evaluations, key risk areas were identified and the controls required to reduce these risks to an acceptable level were recommended.
- Documented and standardised the processes within the Group while building appropriate controls.
- Classified information assets with appropriate priorities, assigning ownership and ensuring assets were handled in line with the documented handling procedures.
- An independent security assessment company was hired to conduct a group-wide security risk assessment and recommend appropriate safeguards.
- Appropriate vendor due diligence and interconnection with third-party customers.
- Continued implementation of Group-wide awareness programme and policy implementation.
- Aligned the Group's processes to international standards and best practices such as the ISO27001 and PCI DSS.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RISKS

Environmental sustainability risks have increased in recent years due to extreme weather events and environmental degradation caused by deforestation, flooding, oil spillage, and an increase in carbon emissions.

Additionally, there has been a decline in biodiversity; as a result, agricultural systems have been strained, and air and sea pollution have become a growing threat to human and marine health.

Key Mitigating Strategies

- The Group pursued environmental sustainability in a two-pronged manner, focusing on the impact of business operations and customers on the environment.
- The Nigerian Conservation Foundation is partnering with the company to reduce the direct impact of business operations on the environment by increasing energy efficiency and reducing paper use, promoting wildlife and biodiversity conservation and preservation.
- Across the Group, we are conscious of our lending activities, making sure that our customers' business activities are environmentally friendly.

Emerging Risk

FOREIGN EXCHANGE VOLATILITY RISK

Although crude oil traded at a higher rate than the 2021 budget benchmark, government's foreign earnings were significantly reduced in real terms, thereby increasing foreign exchange risk for the Group. This was due to a number of factors, including the devaluation of the naira and declining foreign investments.

Key Mitigating Strategies

- The Group has the policy to match the currency of its assets against the currency of its liabilities and the currency of the assets in the shareholders' equity account against the currency of the required capital.
- Where assets and liabilities do not match, there is a need to stabilise the capital ratios using forward contracts and currency swaps.
- Daily monitoring of foreign exchange trading positions against risk limits.
- Daily reporting of foreign exchange exposures to the Executive Management.
- Executing a hedging policy.
- Regular review of the Group's currency exposures and limiting transactions to approved counterparties.

EMPLOYEE WELL-BEING

As a Group, we understand that our employees face various physical and mental health challenges both on and off the job. This was more pronounced in 2021 as the restrictions imposed by the federal government in the wake of the COVID-19 pandemic exacted huge emotional and physical strain.

Many of the employees worked remotely for a significant part of the year and encountered various challenges associated with remote working. These challenges include distractions from family members and the absence of the right work environment and tools.

Key Mitigating Strategies

- Organised mental health awareness programmes for the staff.
- Staff members leveraged the Telemedicine Apps provided by our HMO for online counselling and advisory.
- Regular check up of staff isolated as a result of the COVID-19 virus by supervisors and HODs.

Emerging Risk

IBOR TRANSITION RISK

Over the past few years, global regulators and central banks have been driving international efforts to reform interbank offer rates (IBORs), the key benchmark interest rates and indices used extensively for valuation, risk measurement and performance benchmarking.

As a result, there is a transition from interbank offer rates (IBORs), including LIBOR to risk-free alternative rates.

The Group was exposed to execution risks due to the transition uncertainty which increased some financial and non-financial risks.

LEGAL RISK

This is the likelihood of financial or reputational loss resulting from non-compliance with the government laws, rules and regulations, and other statutory bodies that control businesses. The following constituted the legal risks encountered:

- Conduct risk
- Pricing risk
- Operational risk
- Third-Party risk
- Market risk
- Accounting risk

Key Mitigating Strategies

- The Group collaborated with a reputable financial advisory consultant for a smooth transition tailored to the business area, product and individual customer demands.
- Established IBOR Transition workstreams and appointed an IBOR Transition project sponsor.
- Conducted an impact analysis to establish the Bank's LIBOR linked exposures and the likely impact of the transition.
- Implemented an internal communication strategy to create awareness and ensure availability of the correct work tools and training.
- Developed a communication strategy for our customers to better understand the risks and outcomes they may encounter from transition.
- Developed an implementation strategy for new and legacy products, considering market developments and the lead times for product, process and system change.
- The continued orderly transition from IBORs remains the LIBOR Committee's key objective.

Principal Risks

The Group is a well-diversified financial institution with a wide range of risk exposures across its operating entities. All principal risks are reported regularly to the Boards of the subsidiaries and the Board of FBN Holdings Plc.

CREDIT RISKS

The risk of loss due to a borrower or counterparty's inability or unwillingness to fulfil its payment obligations. Credit risks can be default or counterparty risks, performance risks, payment risks, diversion risks and managerial risks. The Group's credit risks are in form of direct and contingent lending risks as well as counterparty risk.

Potential Impacts on Business

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

Credit Risk Mitigating Strategies

- A credit committee is set up to oversee the Group's credit risk management. As part of its function, the committee supervises or monitors the quality and diversification of the credit portfolio, and sets criteria for obligor and counterparties selection including derivative counterparties. The policies establish exposure limits for single or connected borrowers, corporate connections, quality ratings, industry and geographic regions that govern the usage of credit derivatives. The large exposure policy governs the corporate connection limits.

- There is a defined evaluation process that guides credit-granting operating entities in providing an objective assessment of credit proposals. A risk rating is assigned based on a detailed examination of the borrower, including a review of the business strategy, market competitiveness, industry trends, financial strength, access to funds and other risk exposures.

- Delegated credit approval authorities at the Management level are established to make credit decisions on a case-by-case basis.

- The Credit Monitoring Department regularly reviews and monitors the various credit portfolios, identifies credit quality changes, and take corrective action early to reduce or mitigate credit risk.

Credit Risk Measurement

The Group's lending entities have a clearly defined risk rating system and model for countries, industries, products, and obligors as well as scoring models for retail customers to measure and manage related risks. The Credit Risk Management department in collaboration with other risk management strategic units within each lending company, is responsible for developing the overall risk rating process.

Principal Risks

COLLATERAL COVER RISKS

The risk of loss arising from errors in the nature, quantity, pricing or collateral characteristics of a loan or credit. As an institution that actively accepts and delivers collaterals, the Group encounters collateral risks when it cannot manage the process accurately and becomes susceptible to loss.

Potential Impact on Business

These could include loss of revenue, weak legal position in recovery efforts, increase in litigation and reputational risk.

Collateral Cover Risk Mitigating Strategies

- Thorough and experienced credit proposal reviews.
- Engagement of independent experts for asset valuations.
- Conducting due diligence on the security of assets.
- Quality and legal documentation to protect the Group's security interests.
- Engagement of expert solicitors for end-to-end perfection exercises.
- Effective and proactive credit monitoring.

MARKET RISKS

The risk that the value of a trading or investment portfolio may decrease due to changes in the market risk factors, such as interest rates, stock prices, foreign exchange rates and commodity prices.

This could negatively impact the balance sheet or income statement resulting from adverse changes in the value of financial instruments due to movements in certain market variables and implied volatilities.

Potential Impacts on Business

This could result in significant financial loss due to a decline in income and impairment of interest-rate-sensitive instruments, such as fixed and floating-rate debt securities and similar instruments of non-convertible preference shares.

Market Risk Mitigating Strategies

Market risk is managed by each operating entity's Assets and Liabilities Management Committee, which oversees the overall market and liquidity risk programme. The Group's overall market risk management strategy includes several component strategies, each aimed at managing one or more of the market risks arising from the businesses. These strategies are intended to manage the Group's aggregate exposures to market risks against economic or regulatory capital and earnings at risk.

Foreign Exchange Mitigating Strategies

The Group's policy on foreign exchange is to match the currency of the assets against the currency of the liabilities and the currency of the assets in the shareholders' equity account against the currency of the required capital. Where assets and liabilities do not match, there is a need to stabilise the capital ratios using forward contracts and currency swaps.

Other strategies are:

- Daily monitoring of foreign exchange trading position against risk limits.
- Daily reporting of all foreign exchange exposures to the Executive Management.
- Executing an hedging policy.
- Conducting regular reviews of the Group's currency exposures and limiting transactions to approved counterparties.

Principal Risks

INVESTMENT RISKS

The probability that the actual return of an investment will be lower than the estimated return.

Potential Impacts on Business

This could reduce the value of the investments with its attendant impact on capital.

Investment Risk Mitigating Strategies

- Board approval for significant investments and Management Committee approval for nominal investments.
- Executive Management and Board approval for counterparties investments.
- Advice on strategic investments is administered by highly experienced professionals in the strategy unit.
- Close supervision by the parent Company's appointed Board of operating entities.
- Portfolio selection and administration of diversification strategies.

LIQUIDITY RISKS

The Holding Company and the operating entities are exposed to liquidity risk. Expected cash and collateral demands in the operating companies arise daily from customer request to fund withdrawals, derivative instrument settlements and collateral pledging, expenses, investment, and hedging activities.

Potential Impact on Business

This could lead to insolvency and eventual reputational risk.

Liquidity Risk Mitigating Strategies

The asset mix on the balance sheet takes into account the need to keep enough unencumbered and appropriate liquid assets to meet the demands of customers and other conditions such as stress testing scenarios and liquidity ratios.

Other strategies include:

- Business diversification across products, markets, geographical regions and funding sources.
- Develop and implement investment strategies that match assets to liabilities.
- Daily forecast and monitoring of liquidity and cash movements in the operating entities to maintain a good balance between liquidity retention and cash optimatisation.
- Control risk-taking by setting appropriate portfolios and risk limits.
- Strict adherence to approved risk limit for the treasury portfolios.
- Execute the contingency plans to address possible liquidity challenges.
- Maintain sufficient buffer of liquid assets which can be liquidated without significant losses.
- Back testing of net surplus or funding requirement at the operating entities by monitoring the cashflow from all assets and liabilities. Asset limits will be set for tenure in relation to the estimated liquidity requirement.

Principal Risks

STRATEGIC RISKS

The loss resulting from the inability to adequately plan or implement an appropriate business strategy or adapt to external business changes.

Potential Impact on Business

This could lead to loss of market share and, in extreme cases, business failure.

Strategic Risk Measurement

Strategic risk is measured through risk-adjusted return on capital and economic capital.

Strategic Risk Mitigating Strategies

The operating entities' Executive Committees are responsible for establishing and overseeing the execution of their business strategies, and identifying and managing the associated risks.

Other mitigating strategies include:

- Group wide review by the Board of Directors and Executive Committees of the operating entities to review and analyse previous strategies and development of new business risk and capital planning.
- Review of key business performances and their alignment with established key risk indicators by the Management and annual reviews by the Board of Directors.

Strategic Risk Monitoring

The Management and Board of the operating entities establish Key Performance Indicators (KPIs), Key Risk Indicators (KRIs), and tolerance levels to monitor strategic risks. These are monitored regularly to mitigate strategic risks and take advantage of unexpected opportunities.

Principal Risks

OPERATIONAL RISKS

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

Having recognised the significance of the operational risk inherent in the business and the operating environment, the Group's operational risk profile was moderate. Resultantly the Group's operating risk losses in 2021 was within the approved limit of 0.7% of gross earnings.

Furthermore, the Group maintains a robust operational risk process throughout the value chain, making sure that the risks associated with the Group's activities, products, and services are understood, identified, and mitigated. To keep up with the dynamic changes in the operating environment, the Group conducts periodic enterprise risk assessments of the top operational risk sub-types, such as cyber security, regulatory compliance risk, physical security risk, and system risk, among others, in addition to reviewing the effectiveness of existing controls and the articulation of additional mitigating strategies by the Management.

The Group sustained the adoption of the three lines of defence governance model in managing operational risks. The model defines the organisational roles and responsibilities for an integrated approach to operational risk management, which ensures prompt identification and resolution of significant and emerging operational risks.

The Group is focused on managing and controlling the cost of operational risk effectively and consistently within its risk appetite as shown in the strategic initiatives which yielded results in 2021 and ongoing. These initiatives are monitored at enterprise risk levels for accountability and timely completion. The implementation of the Integrated Governance Risk & Compliance (IGRC) Solution, an enterprise platform, provides the Bank with an avenue to manage its risk and assurance activities from a central point.

Mitigating Strategies

Given the significance of operational risks, the Group will continue to ensure a watertight control of the risk environment in 2022. In addition, the implementation of effective mitigating strategies and close monitoring resolution of agreed actions will be sustained. These include the following:

- Enterprise-wide proactive risk identification and assessment, evaluation of related controls, and effective monitoring to avert avoidable losses.
- Appropriate approvals for risk owners to accept high residual operational risks and extend closure timelines for high-risk issues.
- Implementation of governance, risk, and compliance solutions across the organisation for effective operational risk management.
- Regular horizon scanning/external events analysis to identify emerging risks and provide insights and key lessons.
- Defined accountability structures, escalation paths and governance for operational risk management and business disruptions.
- Capacity building and heightened operational risk, security and business continuity awareness drive and training across the enterprise.
- Enhanced due diligence and monitoring of third-party/outsourced arrangements through enforcement of the relevant clauses of the Group outsourcing policy.
- Development and implementation of a robust operational resilience framework.

Principal Risks

REPUTATIONAL RISKS

The risk that an organisation's reputation may be damaged by one or more events as a result of negative publicity. The event may relate to the organisation's business practices, conduct or financial condition. The risk arises when such events can materially influence the public and stakeholders' perceived trust and confidence in an organisation. It may be seen in a broader sense as falling short of the expectations of an organisation's stakeholders.

The Group considers its reputation a critical intangible asset that reflects its relative success in meeting stakeholders' expectations. Hence, the Group is committed to protecting its franchise from reputational damage by making sure that its business activities are thoroughly assessed and managed by qualified personnel with appropriate governance oversight.

It continuously assesses its exposure to reputational risks/damages that may arise as a result of complexities and expectations and its ability to respond appropriately.

Potential Impacts of Reputational Risks

The potential impacts of reputational risk to an organisation can be severe and significantly diminish brand equity. These include the following:

- Loss of earnings resulting from reputational damage;
- Loss of public confidence;
- Loss of existing and potential customers;
- Regulatory penalties;
- Litigation;
- Decline in share price and investors' confidence;
- Negative brand perception; and
- Loss of staff and increased cost of hiring.

Mitigating Strategies

In line with best practices, the Group established an effective and holistic process to deal with reputational risk events which include the establishment of an action plan for escalation of breaches of tolerance level. This allows it to respond quickly to reputational risk events and report such to the Board. As a result, any potential risk exposure to the Group's reputation is adequately mitigated through:

- A review of the control process for effective risk identification, assessment and evaluation.
- Continuous engagement of relevant stakeholders through effective communication and disclosure for prompt provision of required information.
- Adoption of a risk-based approach to vendor management.
- Implementation of a robust incident response structure equipped with emergency response plans.
- An effective and efficient complaints management system that ensures complaints are resolved promptly and feedback forwarded to the customer and or regulators or stakeholders.
- Awareness and training on reputational risk across the Group.
- Details of customers' changing expectations and actions, prompt risk.
- Implementation of best practice in accordance with regulatory requirements and under the supervision of an effective Board.
- Constant review and update of policies for effectiveness.

Principal Risks

SUSTAINABILITY RISKS

The risk that the financial services provided by the Group to its customers will negatively impact the environment or people.

Potential Impact on Business

This could jeopardise the Group's reputation and result in regulatory sanctions. When assessing the impact of this risk, it is critical to consider the long-term viability of the counterparties business or the customer's activities.

Sustainability Risk Mitigating Strategies

At FBNHoldings, the operating entities ensure sustainability risk is reduced to its barest minimum by:

- Measuring and assessing the potential environmental impact of a customer's activities and assigning a sustainability risk rating to all high-risk transactions.
- Monitoring the operating companies on a monthly and quarterly basis. This is done by the Group Risk Management team
- Sustainability risk management using risk policies, covering project finance lending and sector-based sustainability policies for sectors with potentially large environmental or social impacts.

REGULATORY COMPLIANCE RISKS

Regulatory compliance risk is the risk associated with non-compliance to governing laws and regulations. Regulatory compliance is designed to promote compliance with regulatory guidelines across the Group's business entities and create awareness within the operating entities of the laws and regulations that affect the Group and the risks associated with non-compliance.

Causes of regulatory compliance risk can be stated as:

- Lack of understanding of laws and regulations.
- Misinterpretation of the law.
- Lack of awareness of the regulatory updates.
- Failure to communicate changes to relevant stakeholders.
- Inadequate controls to meet requirements.
- Failure to monitor procedural effectiveness.

Potential Impact on Business

This risk may result in financial loss as a result of fines and penalties, revenue loss as a result of temporary suspension or prohibition from certain market activities, or a possible decline in share price and negative investor perception as a result of disclosure of regulatory infractions in the Annual Report or license revocation.

Regulatory and Compliance Risk Mitigating Strategies

- Ensure the Group's compliance framework is driven and implemented by a full-fledged compliance team.
- Strict compliance with relevant laws and regulations and the Group's code of conduct and corporate governance standards.
- Ensure processes are in place to identify, monitor, and reflect new and amended regulatory requirements in the Group's processes and rule book.
- Ensure regulatory requirements are incorporated in the operational procedure manual where appropriate.
- Prompt submission of regulatory reports.
- Sound corporate governance practices and setting the right tone at the top regarding regulatory issues.
- Robust due diligence and transaction monitoring processes.
- Robust compliance risk assessment.
- Sound corporate governance practices and effective monitoring of all directives and disclosures.

Principal Risks

LEGAL RISKS

The possibility of loss or imposition of penalties, damages, or fines as a result of the Group's failure to comply with its legal obligations, including regulatory or contractual requirements.

Potential Impact on Business

This risk may lead to increased cost through litigation, increased court charges, revenue loss, intellectual property abuse or loss, distraction, negative brand equity, strained relationships with customers, employees, service providers, investors, regulators, and other stakeholders as well as the possibility of disruption in business activity.

Legal Risk Mitigating Strategies

- Consistent application of professional standards.
- Availability of a well-resourced legal department operated by senior and competent resources with vast experience.
- Transparency and fairness while transacting business.
- Bespoke documentation and clarity to reduce areas of possible conflict.
- Availability of a dependable record retention system.
- Protection of intellectual property through licensing.
- Hiring an external counsel with demonstrated competence in prosecuting the Group's claims against third parties, conducting its defence, and exploring alternative dispute resolution mechanisms, among other things.

Principal Risks

CYBER SECURITY RISKS

The probability of exposure or loss from a cyber-attack or data breach on an organisation. It is also the potential loss or harm related to technical infrastructure, use of technology or reputation of an organisation.

Since the inception of COVID-19, cyber-attacks on individuals, organisations, and governments have increased significantly.

Cybercriminals continue to exploit opportunities such as convenience, anonymity, and internet speed to perpetuate their malicious acts, evade detection, and cause massive damage to law-abiding organisations and citizens.

Remote working necessitated the use of personal digital devices for official business, increased reliance on email for business interactions, an extension of business applications via the internet, VPN access from personnel devices, and a lack of end-user awareness of basic internet hygiene practices exposed organisations to cyber-attacks.

Potential Impacts on Business

Basic methods of information compromise could result in severe damages. Cybercriminals and terrorist groups could result in financial losses and widespread economic damage on organisations and nations.

Data security and privacy are critical in the fight against cyber spying. The increasing sophistication of cyber-attacks and their impact remain a concern.

Unauthorised and undetected access to computer networks may lead to data breach.

One of the most recent cybersecurity exploits is the 'Log4Shell' vulnerability, which has taken the cyber world by storm because it affects the critical infrastructure of the Apache Log4 software library, upon which most web platforms are built.

Organisations across the world are exposed to cyber-attacks directed at critical networks, databases, applications, systems, infrastructure, and people. Recent trends indicate the increasing use of artificial intelligence in launching sophisticated attacks with a high probability of success. Business Email Compromise (BEC) attacks are increasing post-pandemic as heightened panic and uncertainty contributed immensely to individuals and corporate entities falling prey to related phishing attacks directed in their thousands in multiple orchestrated attacks. These attacks continue to threaten the organisation's operations, staff and customers.

Cyber Security Risk Mitigation Strategies

- Through its Sustain-Intelligence-Resilience-Automation/Efficiency strategic security initiatives, the Group reinforces its implementation of globally acclaimed security initiatives and practices to sustain and protect its enterprise from cyber-attacks across the subsidiaries. It is a top priority for organisations across the globe.
- Revamp and update ageing infrastructure while acquiring new technology and practices to secure the business operations.
- The Group's cybersecurity approach focuses on three key implementations, which include the adoption of reliable solutions and revamping of existing solutions, making them more effective, expanding the current capability of our multi-faceted security operations centre with capabilities for full depth and breadth visibility of the Group's IT infrastructure layout and transactional activities across the enterprise.
- Improve the Group's capacity to obtain advanced cyber threat intelligence and action.
- The banking subsidiary PR1MUS initiative continues to deliver innovative products within the digital space focused at various population segments, focusing on delivering value to our customers in Nigeria and across our subsidiaries. Through the operational risk governance and compliance management, we enhance the centralisation of key regulations, policies, processes, risks and controls with continuous operationalised issue log and corrective action plans tracking, monitoring, escalation, reporting and resolution, which has added measurable value in overall service offering to customers.

Principal Risks

INFORMATION SECURITY RISKS

This is an action that has a negative impact on information assets, such as unauthorised access, use, disclosure, modification, perusal, inspection, recording, or destruction of information assets, which could result in the Group's operations being disrupted or degraded.

In accordance with its governance, risk management, and compliance practices, the Group prioritises strengthening its subsidiaries' overall information security maturity to mitigate cyber-attacks against its infrastructure and customers.

The Group has created structures for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving its documented Information Security Management Systems in light of its overall business risks.

Our risk indicators have significantly improved due to structured security investments. This includes a 98.9% reduction in successful phishing email delivery to customers, expedited removal of cloned websites and applications, and 98% availability of the Bank's internet infrastructure.

In line with the Group's strategy, stakeholders have been kept abreast of recent security trends across the world with consistent security awareness communication on global security trends and best practices to ensure the safety of our customers and the public. The Group has complied with the National Information Technology Development Agency (NITDA) regulation on Data Privacy in handling customers' data and records, given our customers' important role in our operation. The Group will continue to reinvent and re-innovate to respond to changes in the global cybersecurity landscape with future-ready initiatives to safeguard the institution and its stakeholders.

Overall, we will continue to update our information security infrastructure through enhanced technology, automated governance practices, and the adoption of a robust, internationally recognised security structure with future-ready capabilities. The Group is well-positioned to respond to and address emerging cybersecurity threats and challenges.

Potential Impacts on Business

The Group's information assets are critical to its operations and effective and efficient service delivery to its customers. Disruption of these assets may have a catastrophic effect on our business.

Information Security Risk Mitigating Strategies

- Continued risk evaluation using a proven risk assessment methodology to identify key risk areas and prescribe necessary controls to reduce the risk.
- Document and standardise the Group's processes and mechanisms while incorporating appropriate controls.
- Assign ownership to all information assets, classify them with appropriate priorities, and ensure they are handled in accordance with the documented handling procedures.
- Group wide security risk assessment conducted by an independent security assessment company to determine the Group's security risk posture and recommend appropriate safeguards for its information assets.
- Proper due diligence assessment for vendors and interconnection with third party customers.
- Continued implementation of a group-wide awareness programme and policy implementation.
- Align the Group's processes to international standards and best practices such as the ISO27001 and PCI DSS.
- Secure the Group's information assets and comply with applicable laws.

Financial Statements

Our Separate and Consolidated Audited Financial Statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, as well as the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Directors and Advisors

DIRECTORS	
Alhaji Ahmad Abdullahi	Non-Executive Director (Group Chairman) - with effect from 17 December 2021
Remi Babalola	Non-Executive Director (Group Chairman) - 30 April - 16 December 2021
U. K. Eke, MFR	Group Managing Director - retired 31 December 2021
Nnamdi Okonkwo	Group Managing Director - with effect from 1 January 2022
Dr Adesola Adeduntan	Non-Executive Director
Dr Abiodun Fatade	Non-Executive Director - with effect from 30 April 2021
Dr Alimi Abdul-Razaq	Non-Executive Director - "
Sir Peter Aliogo	Non-Executive Director - "
Ahmed Modibbo	Non-Executive Director - "
Kofo Dosekun	Non-Executive Director - "
Khalifa Imam	Non-Executive Director - "
Julius B. Omodayo-Owotuga	Non-Executive Director - with effect from 22 December 2021
Oba Otudeko, CFR	Non-Executive Director (Group Chairman) - until 29 April 2021
Oye Hassan-Odukale, MFR	Non-Executive Director - until 29 April 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	Samuel Asabia House 35, Marina Lagos
AUDITOR	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, Lagos Telephone: +234 271 8955 Website: www.kpmg.com/ng
REGISTRAR	Meristem Registrars & Probate Services Limited 213 Herbert Macaulay Way Yaba Lagos
BANKERS	First Bank of Nigeria Limited 35, Marina Lagos FBNQuest Merchant Bank Limited 10, Keffi Street, Ikoyi Lagos
TAX IDENTIFICATION NUMBER:	15562790-0001

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:

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

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

Statement of Corporate Responsibility for the Financial Statements

For the year ended 31 December 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 31 December 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 31 December 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 audit.

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

v. That we have disclosed to the 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
27 April 2022

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

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

Adewale Arogundade
Ag. Company Secretary
FRC/2014/NBA/00000006810
27 April 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 31 December 2021 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion.

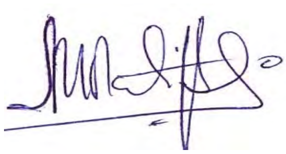
2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.

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 27 April 2022



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

Members of the Committee

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

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

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.

Independent Auditor's Report to the Members of FBN Holdings Plc

KPMG

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; and

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.

Independent Auditor's Report to the Members of FBN Holdings Plc

KPMG

- 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 probabilityweighted 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; and

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

Independent Auditor's Report
to the Members of FBN Holdings Plc

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.

Independent Auditor's Report to the Members of FBN Holdings Plc

KPMG

Auditor's Responsibilities for the Audit of the Separate and consolidated FinancialStatements

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.

Independent Auditor's Report to the Members of FBN Holdings Plc

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

Separate and Consolidated Statement of Profit or Loss

For the year ended 31 Decemeber 2021

	Note	GROUP		COMPANY	
		31 December 2021 ₦'million	Restated 31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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		-	0.39	-	-
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.

Separate and Consolidated Statement of Other Comprehensive Income

For the year ended 31 Decemeber 2021

	Note	GROUP		COMPANY	
		31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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.

Separate and Consolidated Statement of Financial Position

As at 31 Decemeber 2021

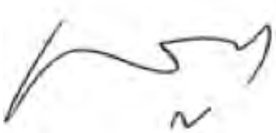
	Note	GROUP		COMPANY	
		31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
ASSETS					
Cash and balances with central banks	19	**1,586,769**	1,631,730	**-**	-
Loans and advances to banks	21	**1,015,122**	1,016,823	**16,477**	11,240
Loans and advances 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**

Separate and Consolidated Statement of Financial Position

As at 31 Decemeber 2021

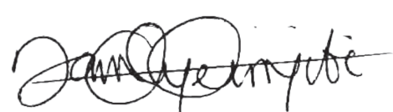
	Note	GROUP		COMPANY	
		31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
EQUITY					
Share capital	38	**17,948**	17,948	17,948	17,948
Share premium	39	**233,392**	233,392	233,392	233,392
Retained earnings	39	**311,877**	132,421	32,494	35,599
Statutory 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 financial statements were approved and authorised for issue by the Board of Directors on 27 April 2022 and signed on its behalf by:



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

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



Oyewale Ariyibi
Chief Financial Officer
FRC/2013/ICAN/00000001251

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

Consolidated Statement of Changes in Equity

For the year ended 31 Decemeber 2021

	Attributable to equity holders of the parent											
	Share premium ₦'million	Retained earnings ₦'million	Capital reserve ₦'million	Statutory reserve ₦'million	Small scale investments reserve ₦'million	Fair value reserve ₦'million	Contingency reserve ₦'million	Regulatory risk reserve ₦'million	Foreign currency translation reserve ₦'million	Total ₦'million	Non-controlling interest ₦'million	Total equity ₦'million
Balance at 1 January 2020	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	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	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	233,392	311,877	1,223	135,372	6,076	87,964	-	3,240	72,359	869,451	10,405	879,856

Separate Statement of Changes in Equity

For the year ended 31 Decemeber 2021

	Attributable to equity holders of the parent					
	Share capital ₦'million	Share premium ₦'million	Retained earnings ₦'million	Capital reserve ₦'million	Fair value reserve ₦'million	Total ₦'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)**	**266,843**
Profit for the year	**-**	**-**	**13,048**	**-**	**-**	**13,048**
Other comprehensive income						
Fair value movements on financial assets	**-**	**-**	**-**	**-**	**(1,474)**	**(1,474)**
Total comprehensive income	**-**	**-**	**13,048**	**-**	**(1,474)**	**11,574**
Transactions with owners						
Dividends	**-**	**-**	**(16,153)**	**-**	**-**	**(16,153)**
Total transactions with Owners	**-**	**-**	**(16,153)**	**-**	**-**	**(16,153)**
At 31 December 2021	**17,948**	**233,392**	**32,494**	**10**	**(1,558)**	**282,286**

Separate and Consolidated Statement of Cash Flows

For the year ended 31 Decemeber 2021

	Note	GROUP		COMPANY	
		31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
Operating activities					
Cash flow generated from/(used in) 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/(used in) 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(xiv)	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 (used in)/generated from 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

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

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 recognised as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- 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:

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 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 USD2.358mn (₦1bn) 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.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

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.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

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.

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

The 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.

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

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 realised through settlement.

2.9.1 Financial Assets

Classification and measurement

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

- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)
- 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 categorised into one of the following models:

- **Hold-to-collect contractual cash flows:** Financial assets held with the sole objective to collect contractual cashflows;

- **Hold-to-collect contractual cash flows and sell:** Financial assets held with the objective to both collect contractual cashflows and sell;

- **Fair value through profit or loss (FVTPL) business model:** Financial assets held with neither of the objectives mentioned in the two categories above. They are basically financial assets held with the sole objective to trade and realise fair value changes.

Cash flow characteristics assessment

The assessment aims to identify whether the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement.

The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information.

'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;

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- 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 recognises expected credit losses ("ECL") on forward-looking basis for its financial assets measured at amortised cost, lease receivables, debt instrument at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss.

No impairment is recognised on equity investments. This is because the fair value changes would incorporate impairment gains or losses if any.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

f. Modification and renegotiation of financial assets

Where the terms of a financial asset are modified, the Group assesses whether the new terms are substantially different to the original terms. If the terms are substantially different, the Group derecognises the original financial assets and recognises a new asset at fair value and recalculates the effective interest rate.

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

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

g. Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

h. Reclassifications

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

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would create or enlarge an accounting mismatch, the Group assesses whether it expects the effect of the change in the liability's credit risk to be offset in profit or loss by a change in fair value of another financial instrument, such as when the fair value of an asset is linked to the fair value of the liability. If such a mismatch does arise, the Group will be required to present all fair value changes of the liability in profit or loss.

b. Financial liabilities at amortised cost

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method. Financial liabilities measured at amortised costs are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

c. Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.9.3 Determination of Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, the Nigerian Exchange Limited (NGX) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on other comprehensive income of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in Note 3.6.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

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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 asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(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

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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 and commission charged by the banking subsidiaries on electronic transactions carried out by its customers e.g. USSD income, agency banking commission. The nature of this income is such that the performance obligation of the Group is the provision of the platform for the execution of the transactions. Income is earned when these transactions have been successfully executed on these platforms. Income from electronic banking is satisfied at a point in time.

Money transfer commission: This represents commission earned on local and foreign money transfers initiated by the Group's customers. The nature of this income is such that the performance obligation of the Group is the delivery of transferred monies to the intended beneficiaries. Income on money transfers is satisfied at a "point in time". This is because commission is recognised only when the transferred sums have been delivered to their intended recipients.

Commission on Bonds and Guarantees: This represents commission earned on bond and guarantees contracts. It includes commissions earned on advanced payment guarantees, performance bonds, bid bonds etc. This fee is earned over the tenor of the bond and guarantee.

Funds transfer and intermediation fees: This is principally made of commission on collections. The Group acts as a collecting agent for corporate bodies or government organisations; thus, earns commissions on these collection services. The Group's performance obligation is the collection of funds on behalf of the customer. Income from funds transfer and intermediation is satisfied at a point in time as the commissioned earned is deducted and recognised when remitting these funds to the respective customer.

Account maintenance fees: This represents the fee charged by banking subsidiaries within the Group on current accounts maintained by customers. This fee is charged with respect to customer induced debit transactions to third parties as well as debit transfers/lodgements to customer's account in another bank. This was introduced by the CBN to replace COT which was abolished by the regulator in 2016. The performance obligation required from the Group in the maintenance/safe keeping of the customers' fund. Income earned from account maintenance is satisfied at a point in time.

Brokerage and intermediation fees: This represents fees charged by the Group in order to execute transactions or provide specialised services as requested by customers. Such transaction/services include execution of primary and secondary market transaction on behalf of customers. Income from brokerage and intermediation services are satisfied at a point in time as they are earned and recognised when such services have been executed on behalf of customers.

Custodian fees: This represents commission earned by the Group while rendering custodian services to its customers. This custodian services are to a large extent the safe keeping of financial assets. Income earned on custodian services 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

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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.

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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.

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Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than ₦1mn when new e.g, small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has applied the low value lease exemption for leases of printers as they are less than ₦1mn when new.

Extension and termination options

Extension and termination options are included in all of the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and the lessors and some of the termination options held are exercisable only by the Group.

b The Group is the lessor

(i) Operating lease

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

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method which allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2.15 Property and Equipment

All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Asset Class	Depreciation rate
Improvement and buildings	2%
Motor Vehicles	25%
Office Equipment	20%
Computer Equipment	33.33%
Plant and Equipment	20%
Furniture and Fittings	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.

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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

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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

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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 equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in 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 "regulatory risk 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

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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 guaranteee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guaranteee 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 FBNHoldings, we promote a culture where risk management is everyone's business from board level down to risk owners and units across the Group.

Our approach to risk is supported by a robust Enterprise Risk Management framework (ERM) and a strong risk culture to identify, measure, monitor and control risks thereby promoting accountability at all levels across the group. Objectives of the ERM framework are communicated through risk policies and standards which are intended to provide consistent design and execution of strategies across the organisation.

The risks arising from financial instruments to which the Group is exposed are financial risks, which includes Credit risk, Liquidity risk and Market risk. Other material risks impacting activities of the Group include, Operational, Legal, Compliance, Strategic, Reputational, Information security, Environmental and Social risk.

3.1.1 Risk Management Philosophy

The key elements of the risk management philosophy are the following:

- The Group considers sound risk management to be the foundation of a long-lasting financial institution.
- The Group continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.
- Risk officers are empowered to perform their duties professionally and independently without undue interference.
- Risk management is governed by well-defined policies that are clearly communicated across the Group.
- Risk management is a shared responsibility. Therefore, the Group aims to build a shared perspective on risks that is grounded in consensus.
- The Group's risk management governance structure is clearly defined.
- There is a clear segregation of duties between market-facing business units and risk management functions.
- Risk-related issues are taken into consideration in all business decisions. The Group shall continue to strive to maintain a conservative balance between risk and revenue considerations.
- Risk officers work as allies and thought partners to other stakeholders within and outside the Group and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties
- Risks are reported openly and fully to the appropriate levels once they are identified; and
- All subsidiaries are guided by the principles enshrined in the risk management policies of the Group.

3.1.2 Risk Appetite

Risk appetite is the level and type of risk the Group is willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through quantitative and qualitative means and considers extreme conditions, events and outcomes. In addition, risk appetite reflects potential impact on earnings, capital and funding / liquidity.

The Group's risk appetite is the amount of risk 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 review 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 rationalised and systematised 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:

- Standardise credit policies, give employees clear and consistent direction for the creation of risk exposures across all asset creating business units;
- Provide a comprehensive guide and framework in creating

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and managing risk assets;

- Ensure prompt identification of problem credits and prudent management of decline in credit quality;
- Outline the requirements for administration and reporting of individual exposures and the overall risk asset portfolio; and
- Provide a framework for the on-going maintenance of the risk management policies and processes.

Credit risk management policies and procedures are articulated by the Risk Management function of each subsidiary.

3.2.2 Risk limit Control and Mitigation Policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and counterparty are set by the Board of Directors on the recommendation of the Chief Risk Officer.

(a) Portfolio limits

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine appropriate portfolio and sub-portfolio limits.

The Group's Portfolio limit includes:

- Maintain aggregate large exposure of not more than 400% of shareholders' funds.
- Maintain minimum weighted average obligor risk rating (obligor-WARR) of 'Ba2'
- Maintain minimum weighted average facility risk rating (facility-WARR) of 'Ba2'
- The Group adopts industry/economic sector limits on its loan portfolio, in line with the following policies:
- The Group would strive to limit its exposure to any single industry to not more than 20% of its loan portfolio and such industry must be rated 'Baa3' or better.
- No more than 15% of the Group's portfolio would be in any industry rated 'Ba3' or worse.
- No more than 10% of the Group's portfolio in any single industry rated 'B3' or worse

(b) Geographical limits

Presently, the Group's exposures outside Nigeria are taken by its subsidiaries in the United Kingdom and other African countries, which operate within country limits defined by their Boards of Directors. In addition, the Group has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

(c) Single obligor limits

The Group as a matter of policy does not lend above the regulatory lending limit in each of the jurisdiction in which it operates. Internal guidance limits are also set to create a prudent buffer.

For all retail borrowers, limits are kept low and graduated with credit scoring, forecast cash flow and realisable value of collateral. The group shall apply the granularity criterion on its retail credit portfolio:

- No single retail loan should amount to more than 0.2% of total retail portfolio.

The Group also sets internal credit approval limits for various levels in the credit process.

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

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

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loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The principal collateral types for loans and advances are:

- Cash/Treasury bill/Government securities
- Legal Mortgage over residential properties, business real estates in prime locations
- Charge over business fixed and floating assets as well as inventory
- Guarantee from acceptable corporates
- Equitable Mortgage on real estates in prime locations
- Negative Pledge
- Domiciliation of receivables from acceptable corporates.

Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the Company's undertaking on one or more of its assets and keyman insurance.

No loan allowance is recognised for the portion of the Group's financial assets which are fully collateralised by cash in the same currency in accordance with the Group's expected credit loss model. The carrying amount of such financial assets is ₦118.9bn as at 31 December 2021 (2020: ₦137.6bn).

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group takes physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable to settle indebtedness. Any surplus funds realised from such disposal are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. The assets in such cases are not carried on the Group's balance sheet.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. The repossessed assets are sold as soon as practicable, with proceeds realised from the sale used to reduce the outstanding indebtedness of the customers. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

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GROUP	Gross exposure ₦'million	Impairment allowance ₦'million	Carrying amount ₦'million	Fair value of collateral held ₦'million
December 2021				
Credit-Impaired assets				
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
December 2020				
Credit-Impaired assets				
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.

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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 ₦37.3bn (2020: ₦60.2bn). 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. The Group monitors the subsequent performance of modified assets.

The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more (for non-specialised assets) and six consecutive months or more (for specialised assets).

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

3.2.9 Governance structure around the ECL model

The governance around ECL model centers on oversight functions of primary stakeholders.

Oversight function is provided over the following:

i. Obligor ratings

ii. Loss Given Default

iii. Derivation of Credit Conversion Factor (CCF), Exposure at Default (EAD), scenarios and the use of forward looking estimates. Data utilised in deriving these estimates are sourced from credible sources. However, a team of IT experts still carry out periodic checks for system vulnerability, performance and deficiency.

Overall, review of completeness and accuracy is jointly carried out by credit risk team, internal control on regular basis and by internal audit periodically.

3.2.10 Grouping of Instruments for Losses Measured on Collective Basis

To estimate credit losses for retail portfolio, the Group adopts a model which groups loans with similar or homogeneous characteristics together and this mainly based on the product types. Products are segmented into 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.

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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 3.2.12(a) for a description of how the Group determines when a significant increase in credit risk has occurred.

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- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to note 3.2.12(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 3.2.12(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 3.2.12(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 to Note 3.2.11 on 21 rating scale adopted by the Group.

Qualitative Criteria:

If the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:

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 below.

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 3.2.12(d) for further information) and is performed on a periodic basis at a counterparty level for all financial instruments held by the Group.

Backstop

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

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experienced significant increase in credit risk if the borrower is more than 90 days past due on its contractual repayment. Specialised facilities include lending for Project/Object finance and Commercial Real Estate.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 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 specialised lending for project, object and commercial real estate where a borrower is required to be more than 180 days past due to be considered in default).

Qualitative criteria

The following qualitative criteria indicates that a borrower is in significant financial difficulty:

- long-term forbearance
- Deceased borrower
- Insolvency or Bankruptcy
- Breach of financial covenant(s)
- Disappearance of an active market for a financial asset due to financial difficulties
- Concessions made by the lender in relation to the borrower's financial difficulty

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

Cure Criteria

- An exposure will move from stage 2 to 1 where probationary period of 90 days is met subject to all payments being up to date with the customer demonstrating ability to maintain future repayments.
- An Exposure will move from Stage 3 to 2 where probationary period of 180 days is met and there is consistency in repayment of obligations as and when due.

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 3.2.12(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 3.2.12(a)). 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.

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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 (FirstBank) as at 31 December 2021. FirstBank contributes 97% of the total loans and advances to customers of the Group, therefore the table is a representative for the Group.

Corporate Portfolio, Investment Securities and Placements with financial institutions

		2022	2023	2024	2025	2026
Gross Domestic Product (NGN'billion)	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'billion)	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
	Upturn	36,300	39,489	40,892	42,017	44,054
	Downturn	27,619	26,404	30,114	33,637	36,981
Oil price (USD per barrel)	Base	52	58	63	64	66
	Upturn	57	65	70	71	73
	Downturn	34	28	42	50	55

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In current year, FirstBank adopted the Gaussian distribution method of probability distribution to determine the weights of each of its selected scenarios. Expert judgement was applied for other entities. The weightings assigned to each economic scenario are as follows:

DECEMBER 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%.

Corporate portfolios

December 2021		Oil Price		
		(-10%)	No change	+10%
		₦'million	₦'million	₦'million
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		
		(-10%)	No change	+10%
		₦'million	₦'million	₦'million
GDP	+10%	55,675	55,675	55,898
	No Change	55,970	55,970	55,970
	(-10%)	55,970	55,970	55,970

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3.2.15 Measurement Basis of Financial Assets and Liabilities

GROUP	Fair value through profit or loss ₦'million	Fair value through OCI ₦'million	Amortised cost ₦'million	Total ₦'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 profit or loss ₦'million	Amortised cost ₦'million	Total ₦'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

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3.2.15 Measurement Basis of Financial Assets and Liabilities (continued)

GROUP	Fair value through profit or loss ₦'million	Fair value through OCI ₦'million	Amortised cost ₦'million	Total ₦'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**

	Fair value through profit or loss ₦'million	Amortised cost ₦'million	Total ₦'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**

3.2.15 Measurement Basis of Financial Assets and Liabilities (continued)

COMPANY	Fair value through profit or loss ₦'million	Fair value through OCI ₦'million	Amortised cost ₦'million	Total ₦'million
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 profit or loss ₦'million	Amortised cost ₦'million	Total ₦'million
Financial liabilities			
Other liabilities	-	16,192	16,192
Total Financial Liabilities	-	16,192	16,192

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3.2.15 Measurement Basis of Financial Assets and Liabilities (continued)

COMPANY	Fair value through profit or loss ₦'million	Fair value through OCI ₦'million	Amortised cost ₦'million	Total ₦'million
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 profit or loss ₦'million	Amortised cost ₦'million	Total ₦'million
Financial liabilities			
Other liabilities	-	13,544	13,544
Total Financial Liabilities	**-**	**13,544**	**13,544**

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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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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

3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued)

GROUP

	Loans and Advances to Customers - Corporate Portfolio 31 Dec 2021				
	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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

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3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued)

GROUP	Assets Pledged as Collateral 31 Dec 2021				
	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'millions	Total ₦'million
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 ₦'million
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 (FirstBank) as at 31 December 2021. FirstBank 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%

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For the year ended 31 December 2021

3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued)

GROUP

Balances with Central Banks 31 Dec 2020	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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**

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For the year ended 31 December 2021

3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued)

GROUP					
	Loans and Advances to Customers - Corporate Portfolio				
	31 Dec 2020				
	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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**

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued)

GROUP					
	Assets Pledged as Collateral				
	31 Dec 2020				
	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million
Other assets	240,341
ECL	(19,084)
Carrying amount	**221,257**

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3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued).

COMPANY

	Loans and Advances to Banks 31 Dec 2021				
	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million
Other assets	13,304
ECL	-
Carrying amount	13,304

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3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued).

COMPANY

	Loans and Advances to Banks 31 Dec 2020				
	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Purchased Credit-Impaired ₦'million	Total ₦'million
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 ₦'million
Other assets	14,214
ECL	-
Carrying Amount	**14,214**

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3.2.16 Maximum Exposure to Credit Risk before Collateral Held or Credit Enhancements (continued).

(b) Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
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 ₦'million	Southern Nigeria ₦'million	Northern Nigeria ₦'million	Africa ₦'million	Europe ₦'million	America ₦'million	Total ₦'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	298,578	-	-	1,803	2,403	-	302,784
Investment securities							
- FVOCI Investments	657,798	737	431	2,054	-	-	661,020
- Amortised cost investments	215,484	54	-	220,212	159,174	573,626	1,168,550
Asset pledged as collateral	707,742	-	-	10,920	-	-	718,662
Other assets	105,165	10,696	2,936	16,490	393	-	135,680
31 December 2021	5,545,016	544,494	134,123	718,682	678,205	728,819	8,349,339
Credit risk exposure relating to off balance sheet items are as follows							
Loan commitments	63,560	22,575	1,251	14,909	-	-	102,295
Letters of credit and other credit related obligations	912,139	69,379	28,303	105,584	156,980	-	1,272,385
31 December 2021	975,699	91,955	29,554	120,493	156,980	-	1,374,680

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3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

(a) Geographical sectors (continued)

GROUP	Lagos ₦'million	Southern Nigeria ₦'million	Northern Nigeria ₦'million	Africa ₦'million	Europe ₦'million	America ₦'million	Total ₦'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	-	-	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							
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**

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3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

(a) Geographical sectors (continued)

COMPANY	Lagos ₦'million	Southern Nigeria ₦'million	Northern Nigeria ₦'million	Africa ₦'million	Europe ₦'million	America ₦'million	Total ₦'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**

COMPANY	Lagos ₦'million	Southern Nigeria ₦'million	Northern Nigeria ₦'million	Africa ₦'million	Europe ₦'million	America ₦'million	Total ₦'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**

3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

b) Industry sectors

The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets at fair value through profit or loss analysed below excludes investments in equity instruments..

GROUP	Balances with Central Banks ₦'million	Loans and advances to banks ₦'million	Financial assets at fair value through profit or loss ₦'million	Investment Securities -FVOCI ₦'million	Investment Securities - Amortised cost ₦'million	Asset pledged as collateral ₦'million	Other assets ₦'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

	Loans and advances to customers - Retail Portfolio				
	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'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

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For the year ended 31 December 2021

3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

b) Industry sectors (continued)

	Loans and advances to customers - Corporate Portfolio			
	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'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

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3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

b) Industry sectors (continued)

GROUP	Balances with Central Banks ₦'million	Loans and advances to banks ₦'million	Financial assets at fair value through profit or loss ₦'million	Investment Securities -FVOCI ₦'million	Investment Securities - Amortised cost ₦'million	Asset pledged as collateral ₦'million	Other assets ₦'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**

	Loans and advances to customers - Retail Portfolio				
	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'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**

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3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

b) Industry sectors (continued)

	Loans and advances to customers - Corporate Portfolio			
	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'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**

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3.2.17 Concentration of Risks of Financial Assets with Credit Risk Exposure (continued)

b) Industry sectors (continued)

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

GROUP	Loan commitments 31 Dec 2021 ₦'million	Letter of credit and other related obligations 31 Dec 2021 ₦'million	Loan commitments 31 Dec 2020 ₦'million	Letter of credit and other related obligations 31 Dec 2020 ₦'million
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

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3.2.18 Loans and advances to customers

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

GROUP	Loans and advances to customers				
	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
December 2021					
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

GROUP	Loans and advances to customers			
	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
December 2021				
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

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For the year ended 31 December 2021

3.2.18 Loans and Advances to Customers (continued)

GROUP					
	Loans and advances to customers				
	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
December 2020					
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 22)	(7,086)	(4,212)	(26)	(484)	(11,808)
Net	**12,829**	**121,099**	**1,921**	**40,561**	**176,411**
Lifetime ECL (see Note 22)	4,773	1,199	11	413	6,396
12-months' ECL (see Note 22)	2,313	3,013	15	71	5,412
Total	**7,086**	**4,212**	**26**	**484**	**11,808**

GROUP				
	Loans and advances to customers			
	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
December 2020				
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 22)	(12,282)	(34,285)	(15,902)	(62,469)
Net	**310,968**	**1,385,260**	**344,627**	**2,040,856**
Lifetime ECL (see Note 22)	11,569	29,082	15,697	56,348
12-months' ECL (see Note 22)	713	5,203	205	6,121
Total	**12,282**	**34,285**	**15,902**	**62,469**

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

3.2.18 Loans and Advances to Customers (continued)

COMPANY	Term loans ₦'million	Total ₦'million
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 ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
Grades:					
A	1	193	-	-	194
Baa	3,374	23,511	54	277	27,216
Ba	18,595	108,950	2,451	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

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

3.2.18 Loans and Advances to Customers (continued)

(b) Loans and advances - Stage 2

	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
Past due up to 30 days	37	653	-	-	690
Past due by 30 - 60 days	93	22	-	45	160
Past due 60-90 days	891	258	-	429	1,578
Gross amount	1,021	933	-	474	2,428

(c) Loans and advances - Stage 3

	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
Gross amount	5,610	2,196	81	1,597	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 ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'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

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

3.2.18 Loans and Advances to Customers (continued)

(b) Loans and advances - Stage 2

	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
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

	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
Gross amount	27,560	92,281	72,417	192,258
Life time ECL- credit impaired	(9,308)	(27,333)	(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 ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'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
	13,590	**120,173**	**1,863**	**34,840**	**170,467**

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

3.2.18 Loans and Advances to Customers (continued)

(b) Loans and advances - Stage 2

	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
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**	**5**	**5,067**	**7,604**

(c) Loans and advances - Stage 3

	Overdraft ₦'million	Term loans ₦'million	Credit cards ₦'million	Mortgage ₦'million	Total ₦'million
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**

GROUP

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 3.2.11 for an explanation of the internal rating system).

	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
Grades:				
Aaa	-	-	-	-
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	**912,586**	**275,422**	**1,389,890**

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For the year ended 31 December 2021

3.2.18 Loans and Advances to Customers (continued)

(b) Loans and advances - Stage 2

	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
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	-	35,932	-	35,933
Gross amount	**87,723**	**424,288**	**19,287**	**531,298**

(c) Loans and advances - Stage 3

	Overdraft ₦'million	Term loans ₦'million	Project finance ₦'million	Total ₦'million
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 Collateralised Assets

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset. The effect of collateral at 31 December 2021 and 31 December 2020 are as shown below

GROUP	Collateralised assets		Under-collateralised assets	
	Carrying value of the assets ₦'million	Fair value of collateral held ₦'million	Carrying value of the assets ₦'million	Fair value of collateral held ₦'million
31 December 2021				
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	702,128	8,574
31 December 2020				
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**	**949,292**	**390,352**

COMPANY	Under-collateralised assets	
	Carrying value of the assets ₦'million	Fair value of collateral held ₦'million
31 December 2021		
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	-
31 December 2020		
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 collateralised:		
Cash and balances with Central Banks		
Investment securities:		
- Investment securities at fair value through other comprehensive income		
- Amortised cost investments		
Asset pledged as collateral		
Other assets		

The Group's investment in risk-free government securities and its Cash and balances with Central Banks are not considered to require collaterals given their sovereign nature.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

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 30(b) for maturity analysis of leases.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

GROUP

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

	0 - 30 days ₦'million	31 - 90 days ₦'million	91 - 180 days ₦'million	181 - 365 days ₦'million	Over 1 year but less than 5 yrs ₦'million	Over 5 years ₦'million	Total ₦'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

COMPANY

	0 - 30 days ₦'million	31 - 90 days ₦'million	91 - 180 days ₦'million	181 - 365 days ₦'million	Over 1 year but less than 5 yrs ₦'million	Over 5 years ₦'million	Total ₦'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

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For the year ended 31 December 2021

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

Notes to the Separate and Consolidated Financial Statements

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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 put options and the foreign exchange (FX) contract will be settled on a net basis.

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month ₦'million	1-3 months ₦'million	3-6 months ₦'million	6 - 12 months ₦'million	1-5 years ₦'million	Over 5 years ₦'million	Total ₦'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	-	-	-	-	-	-	-
	(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

3.3.5 Derivative Liabilities (continued)

(b) Derivatives settled on a gross basis.

The Group's derivatives that will be settled on a gross basis are foreign exchange derivatives. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cashflows on all derivatives including derivatives classified as 'liabilities held for trading'. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month	1-3 months	3-6 months	6 - 12 months	1-5 years	Over 5 years	Total
At 31 December 2021 (₦'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
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
	95,669	324,420	228,475	153,915	-	-	802,479
At 31 December 2020 (₦'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
	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 3.4.4 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.

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3.4.2 Market Risk Measurement Techniques (continued)

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 year.

The assets included in the VAR analaysis are the held for trading assets.

The Fixed Income portfolio (Interest Rate Risk) trading VaR is ₦1.57bn 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 ₦30.77mn as at 31 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	-
Interest rate risk	2,314	4,603	17
Total VAR	2,325	4,635	17

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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 2021 and 31 December 2020. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP	Naira ₦'million	USD ₦'million	GBP ₦'million	Euro ₦'million	Others ₦'million	Total ₦'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	229,442	765,713	-	-	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
	5,152,648	2,763,618	168,039	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

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3.4.3 Foreign Exchange Risk (continued)

GROUP	Naira ₦'million	USD ₦'million	GBP ₦'million	Euro ₦'million	Others ₦'million	Total ₦'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
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**
	3,187,038	**1,769,060**	**317,698**	**50,464**	**103,708**	**5,427,968**

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3.4.3 Foreign Exchange Risk (continued)

COMPANY	Naira ₦'million	USD ₦'million	GBP ₦'million	Euro ₦'million	Others ₦'million	Total ₦'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
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**

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3.4.3 Foreign Exchange Risk (continued)

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 ₦'million	31 Dec 2020 ₦'million
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%)		
(Loss)/profit	**(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%)		
(Loss)/profit	**(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%)		
(Loss)/profit	**(17,140)**	(11,698)

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3.4.4 Interest Rate Risk

Interest rate risk is the risk of loss in income or portfolio value as a result of changes in market interest rates. The Group is exposed to interest rate risk in its fixed income securities portfolio, as well as on the interest sensitive assets and liabilities in the course of banking and or trading. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Asset and Liability Committee.

The table below summarises the Group's interest rate gap position showing its exposure to interest rate risks. Value at risk exposure is disclosed in Note 3.4.2.

GROUP	Carrying amount ₦'million	Variable interest ₦'million	Fixed interest ₦'million	Non-interest-bearing ₦'million
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	-
- Term loans	154,838	137,315	17,523	-
- Credit cards	2,338	2,338	-	-
- Mortgage	43,036	43,012	24	-
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	-	-
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)

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3.4.4 Interest Rate Risk (continued)

GROUP	Carrying amount ₦'million	Variable interest ₦'million	Fixed interest ₦'million	Non-interest-bearing ₦'million
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	-	-
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
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**

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3.4.4 Interest Rate Risk (continued)

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

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3.4.5 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

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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 ₦10.90bn (2020: ₦2.92bn). 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 ₦1.23bn.

The Group holds a number of investments in unquoted securities with a market value of ₦165bn (2020: ₦227bn) 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 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total ₦'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

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3.6.1 Financial Instruments Measured at Fair Value – Fair Value Hierarchy (continued)

GROUP	Level 1 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total ₦'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	-	-	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 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total ₦'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

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

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 gains recognised through profit/loss	4,022
Total gains recognised through OCI	9,680
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.

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3.6.1 Financial Instruments Measured at Fair Value (continued)

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**

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 31 December 2021 is as shown in the below table:

Description	Valuation technique	Assumption	Fair Values ₦'million
NIBSS PLC	P/E MULTIPLES	Base	10,954
		Sensitivity of +2.5%	11,228
		Sensitivity of -2.5%	10,680
AFREXIM BANK LIMITED	P/B MULTIPLES	Base	2,179
		Sensitivity of +2.5%	2,233
		Sensitivity of -2.5%	2,124
CAPITAL ALLIANCE PROPERTY INVESTMENT COMPANY (CAPIC)	NET ASSET VALUATION	Base	1,337
		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

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For the year ended 31 December 2021

3.6.1 Financial Instruments Measured at Fair Value (continued)

EV/EBITDA, P/B valuation or P/E valuation multiple - the Group determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The Group then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the enterprise value of the comparable company by its earning before interest, tax, depreciation and amortisation (EBITDA), or dividing the quoted price of the comparable company by its net income (P/E). The trading multiple is then adjusted for discounts/premiums with regards to such consideration as illiquidity and other differences, advantages and disadvantages between the Group's investee company and the comparable public companies based on company-specific facts and circumstances.

Income approach (discounted cashflow) - the Group determines the free cash flow of the investee company, and discounts these cashflows using the relevant cost of equity. The cost of equity is derived by adjusting the yield on the risk free 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 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total Fair Value ₦'million	Total Carrying Amount ₦'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
Financial liabilities					
Borrowing	-	405,304	-	405,304	405,304

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

3.6.3 Financial Instruments not Measured at Fair Value (continued)

(b) Table below shows the carrying value of other financial assets not measured at fair value (continued).

GROUP	Level 1 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total Fair Value ₦'million	Total Carrying Amount ₦'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
Amortised cost investments	1,032,955	-	13,061	1,046,016	1,046,016
Asset pledged as collateral	122,141	-	-	122,141	122,141
Financial liabilities					
Borrowing	-	-	379,484	379,484	379,484

COMPANY	Level 1 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total Fair Value ₦'million	Total Carrying Amount ₦'million
31 December 2021					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	49	49	49

COMPANY	Level 1 ₦'million	Level 2 ₦'million	Level 3 ₦'million	Total Fair Value ₦'million	Total Carrying Amount ₦'million
31 December 2020					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	61	61	61

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

3.6.3 Financial Instruments not Measured at Fair Value (continued)

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

GROUP				
	31 December 2021		31 December 2020	
	Carrying value ₦'million	Fair value ₦'million	Carrying value ₦'million	Fair value ₦'million
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.

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4. Capital Management

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the regulators (Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission etc), (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve the current regulatory capital requirement of FBN Holdings Plc. and its subsidiaries. The regulatory capital requirement for entities within the Group is as follows:

Name of Entity	Primary Regulator	Regulatory Requirement
FBN Holdings Plc	Central Bank of Nigeria	Paid up capital in excess of the aggregate of the proportionate share of the subsidiaries' minimum paid-up capital
First Bank of Nigeria Limited	Central Bank of Nigeria	₦50bn Capital; and 15% Capital Adequacy Ratio
FBNQuest Merchant Bank Limited	Central Bank of Nigeria	₦15bn Capital; and 10% Capital Adequacy Ratio
FBNQuest Capital Limited	Securities and Exchange Commission	Issuing House: ₦150mn; Broker-Dealer: ₦300mn; Underwriter: ₦200mn; and Fund Manager: ₦150mn
FBNQuest Trustees Limited	Seurities and Exchange Commission	Trustee: ₦300mn
FBN Insurance Brokers Limited	National Insurance Commission	₦5mn Capital

The Group's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors. The Group has an Internal Capital Adequacy Assessment Process which proactively evaluates capital needs vis-a-vis business growth and the operating environment. It also guides the capital allocation among the subsidiaries and the business units. The Group's internal capital adequacy assessment entails periodic review of risk management processes, monitoring of levels of risk and strategic business focus through a system of internal controls that provides assurance to those charged with governance on risk management models and processes.

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:

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

4. Capital Management (continued)

i. FBN Holdings Plc

Subsidiary	Proportion of shares held 31 December 2021 (%)	31 December 2020 (%)	FBN Holdings Plc's share of minimum paid up capital 31 December 2021 ₦'million	31 December 2020 ₦'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 and 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 these years, First Bank of Nigeria Limited and FBNQuest Merchant Bank complied with all the regulatory capital requirements to which they are subjected.

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4. Capital Management (continued)

ii. First Bank of Nigeria Limited and FBNQuest Merchant Bank Limited (continued)

	FBNQUEST MERCHANT BANK LIMITED		FIRST BANK OF NIGERIA LIMITED	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 amortisation 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

4. Capital Management (continued)

iii. Other Regulated Subsidiaries

	31 December 2021			31 December 2020	
	Regulatory capital ₦'million	Shareholders fund ₦'million	Excess/ (Shortfall) ₦'million	Shareholders fund ₦'million	Excess/ (Shortfall) ₦'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 Note 3.2.

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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 categorised into levels within a fair value hierarchy based on the nature of the valuation inputs (Level 1, 2 or 3). Fair value is based on unadjusted quoted prices in an active market for the same instrument, where available (Level 1). If active market prices or quotes are not available for an instrument, fair value is then based on valuation models in which the significant inputs are observable (Level 2) or in which one or more of the significant inputs are non-observable (Level 3). Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available. For instruments valued using internally developed models that use significant non-observable market inputs and are therefore classified within Level 3 of the hierarchy, the judgment used to estimate fair value is more significant than when estimating the fair value of instruments classified within Levels 1 and 2. To ensure that valuations are appropriate, a number of policies and controls are in place. Valuation inputs are verified to external sources such as exchange quotes, broker quotes or other management-approved independent pricing sources.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. All fair values are on a recurring basis. Refer to Note 3.6 for additional sensitivity information for financial instruments.

c Retirement benefit obligation

The Group recognises its obligations to its employees on the gratuity scheme at the period end, less the fair value of the plan assets after performing actuarial valuation of the obligation. The scheme's obligations are calculated using the projected unit credit method. Plan assets are stated at fair value as at the period end. Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

The measurement of the Group's benefit obligation and net periodic pension cost/(income) requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. See note 37, "Retirement benefits obligations," 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 31 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.

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The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

f Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profit, together with future tax planning strategies. In determining the timing and level of future taxable profit together with future tax planning strategies, the Group assessed the probability of expected future taxable profit based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in Note 32.

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.

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6 Segment Information (continued)

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

	Commercial Banking Group ₦'million	MBAM Group ₦'million	Others ₦'million	Total ₦'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	20,344	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)
Loss for the year from discontinued operations	-		(68)	(68)
Depreciation	(19,289)	(502)	(230)	(20,022)

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6 Segment Information (continued)

	Commercial Banking Group ₦'million	MBAM Group ₦'million	Others ₦'million	Total ₦'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)
Profit 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

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For the year ended 31 December 2021

6 Segment Information (continued)

Geographical information	31 Dec 2021 ₦'million	31 Dec 2020 ₦'million
Revenue		
Nigeria	**699,857**	505,996
Outside Nigeria	**57,439**	84,667
Total	**757,296**	**590,663**
Non-current asset		
Property and equipment:		
Nigeria	**89,810**	93,798
Outside Nigeria	**26,177**	20,236
Total	115,987	**114,034**

7 Interest Income

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 amortised cost	**52,025**	34,693	**-**	-
Loans and advances to banks	**21,854**	24,590	**976**	350
Total interest income calculated using effective interest income	**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 ₦5.7bn on (2020: ₦6.9bn) 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 ₦842mn income earned on unclaimed dividend fund.

8 Interest Expense

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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

Notes to the Separate and Consolidated Financial Statements

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9 Impairment Charge for Losses

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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

Notes to the Separate and Consolidated Financial Statements

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10a Fee and Commission Income

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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 Fee and Commission Expense

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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.

Notes to the Separate and Consolidated Financial Statements
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11 Foreign Exchange Income

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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)

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14 Dividend Income

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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	-	-	(246)	(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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 Limited loan, which was previously written-off. The amount recognised is net of expenses incurred in relation to the recovery.

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16 Personnel Expenses

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 year was as follows:

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 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:

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Below ₦2,000,000	224	282	4	4
₦2,000,001 - ₦2,800,000	63	64	-	-
₦2,800,001 - ₦3,500,000	20	59	-	-
₦3,500,001 - ₦4,000,000	1,533	1,385	-	-
₦4,000,001 - ₦5,500,000	72	112	4	4
₦5,500,001 - ₦6,500,000	913	920	1	1
₦6,500,001 - ₦7,800,000	1,664	1,984	2	2
₦7,800,001 - ₦9,000,000	71	62	1	1
₦9,000,001 and above	3,618	3,473	24	24
	8,178	8,341	36	36

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17 Operating Expenses

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 and subscriptions	4,350	2,286	24	24
Stationery and 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	246	311	-	-
Fines and penalties	632	226	1	3
Other operating expenses[2]	11,729	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.

Notes to the Separate and Consolidated Financial Statements

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18 Taxation - Income Tax Expense and Liability

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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	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%
(Under)/over 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%

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

18 Taxation - Income Tax Expense and Liability (continued)

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
The movement in the current income tax liability is as follows:				
At start of the year	11,247	13,778	214	12
Tax paid	(8,111)	(8,297)	(163)	-
Withholding tax credit utilised	(1,296)	(1,199)	(49)	(11)
Prior years 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 end of year	17,741	11,247	7	214
Current	17,741	11,247	7	214

Notes to the Separate and Consolidated Financial Statements
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19 Cash and Balances with Central Banks

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦1,296.73bn and ₦38.12bn respectively with Central Bank of Nigeria (CBN) as at 31 December 2021 (December 2020: ₦1,271.81bn and ₦39.37bn). This balance includes CBN cash reserve requirement and Special Intervention Reserve. FBN Bank Ghana and FBN Bank Guinea also had restricted balances of ₦5.47bn and ₦5.09bn (December 2020: ₦4.87bn and ₦4.99bn) respectively with their respective central banks. The balance of ₦2.66bn (December 2020: ₦1.40bn) 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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 and 24.2)	**300,076**	777,759	**-**	-
Effect of exchange rate fluctuations (Note 19 and 21)	**3,142**	4,871	**24**	34
	1,456,967	1,932,893	**16,477**	11,240

Notes to the Separate and Consolidated Financial Statements
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21 Loans and Advances to Banks

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦111.6bn for Group (31 December 2020: ₦175.6bn) which does not qualify as cash and cash equivalent. Also included in the Group's Loans and advances to banks is the sum of ₦305.6bn (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 related transactions. All other loans to banks are due within 3 months.
Also, included in placements with banks is the sum of ₦7.9bn relating to unclaimed dividend fund.

Reconciliation of impairment account

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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)	**-**	-

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22 Loans and Advances to Customers

GROUP	Gross amount ₦'million	Stage 1 12 months ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total impairment ₦'million	Carrying amount ₦'million
31 December 2021						
Corporate						
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
Retail						
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	Gross amount ₦'million	Stage 1 12 months ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total impairment ₦'million	Carrying amount ₦'million
31 December 2020						
Corporate						
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						
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

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22 Loans and Advances to Customers (continued)

COMPANY	Gross amount ₦'million	Stage 1 12 months ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total impairment ₦'million	Carrying amount ₦'million
31 December 2021						
Term loans	49	-	-	-	-	49
	49	-	-	-	-	49

COMPANY	Gross amount ₦'million	Stage 1 12 months ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total impairment ₦'million	Carrying amount ₦'million
31 December 2020						
Term loans	61	-	-	-	-	61
	61	-	-	-	-	61

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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

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22 Loans and Advances to Customers (continued)

Reconciliation of impairment allowance on loans and advances to customers:

GROUP	Corporate ₦'million	Retail ₦'million	Total ₦'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

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22 Loans and Advances to Customers (continued)

Reconciliation of impairment allowance on loans and advances to customers:

GROUP	Corporate ₦'million	Retail ₦'million	Total ₦'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**

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22 Loans and Advances to Customers (continued)

Nature of security in respect of loans and advances:

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	1,526,692	1,324,048	-	-
Guarantee/Receivables of Investment Grade Banks and State Government.	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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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.

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

a Derivatives

	GROUP		
	31 December 2021		
	Notional contract amount ₦'million	Fair values	
		Asset ₦'million	Liability ₦'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 December 2020		
	Notional contract amount ₦'million	Fair values	
		Asset ₦'million	Liability ₦'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	-
Put options	-	4,194	-
	971,380	72,234	(7,464)
Current	971,380	72,234	(7,464)
Non-current	-	-	-
	971,380	72,234	(7,464)

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24 Investment Securities

24.1 Investment Securities at FVOCI

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

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24.2 Investment Securities at Amortised Cost

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

Notes to the Separate and Consolidated Financial Statements

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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 ₦'million	31 December 2020 ₦'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

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'million
- Treasury bills	365,708	240,335
- Bonds	12,626	-
	378,334	240,335

25.2 Debt Securities at Amortised Cost

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'million
- Treasury bills	4,910	42,114
- Bonds	74,194	80,027
	79,104	122,141

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25.3 Debt Securities at FVTPL

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'million
– 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 ₦40.5bn for the Group in December 2021 (2020: ₦64.8bn) for which there is no related liability.

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'million
Current	636,973	568,218
Non-current	81,689	67,695
	718,662	635,913

All assets pledged as collateral are stage 1 assets.

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26 Other Assets

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦61.80bn (2020: ₦78.89bn) comprises of assets recovered from default loan customers.

Total impairment on other assets

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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	-	-

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26 Other Assets (continued)

Reconciliation of impairment account

	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 & Valuers	FRC/2013/NIESV/00000002389
Boye Komolafe & Co	FRC/2013/0000000000613
Jide Taiwo & Co	FRC/2012/0000000000254
Ubosi Eleh & Co	FRC/2014/NIESV/00000003997

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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 Exchange Limited. The unit price of the fund as at reporting date was ₦187.68 (Cost: ₦100). 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 ₦'million	31 December 2020 ₦'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

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28 Investment in Subsidiaries

28.1 Principal Subsidiary Undertakings

	COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million
DIRECT SUBSIDIARIES OF FBN HOLDINGS PLC		
First Bank of Nigeria Limited	230,557	230,557
FBNQuest Capital Limited	5,812	5,812
FBN Insurance Brokers Limited	25	25
New Villa Limited (Rainbow Town Development Limited)	-	-
FBNQuest Merchant Bank Limited	17,206	17,206
FBNQuest Trustees Limited	4,521	4,521
	258,121	258,121
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC		
FBNQuest Funds Limited	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: ₦5bn; Total Impairment: ₦5bn).

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 ₦10.41bn (2020: ₦9.09bn).

28 Investment in Subsidiaries (continued)

28.1 Principal Subsidiary Undertakings (continued)

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 general 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.

Notes to the Separate and Consolidated Financial Statements
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28.2 Condensed Results of Consolidated Entities from Continuing Operations

31 December 2021	FBN Holdings Plc ₦'million	FBN Limited ₦'million	FBNQuest Capital Limited ₦'million	FBNQuest Trustees Limited ₦'million	FBNQuest Merchant Bank Limited ₦'million	FBN Insurance Brokers Limited ₦'million	Rainbow Town Development Limited ₦'million	Total ₦'million	Adjustments ₦'million	Group ₦'million
Summarised Income Statement										
Operating income	17,135	567,875	7,366	4,561	14,557	863	-	612,357	(19,544)	592,813
Operating expenses	(4,082)	(313,922)	(2,088)	(1,888)	(11,552)	(408)	-	(333,940)	(242)	(334,182)
Impairment charge for credit losses	-	(123,080)	(679)	259	(525)	-	-	(124,025)	32,314	(91,711)
Operating profit	13,053	130,873	4,599	2,932	2,480	455	-	154,392	12,528	166,920
Associate	-	-	(258)	-	-	-	-	(258)	-	(258)
Profit before tax	13,053	130,873	4,341	2,932	2,480	455	-	154,134	12,528	166,662
Tax	(5)	(13,033)	(441)	(962)	(921)	(153)	-	(15,515)	-	(15,515)
Profit/(Loss) for the year from continuing operations	13,048	117,840	3,900	1,970	1,559	302	-	138,619	12,528	151,147
Loss for the year from discontinued operations	-	-	-	-	-	-	(3,207)	(3,207)	3,139	(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	(3,207)	115,221	15,618	130,839
Total comprehensive income allocated to non controlling interest	-	1,400	-	-	-	-	(30)	1,370	-	1,370
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-
Summarised Financial Position										
Assets										
Cash and balances with Central Bank	-	1,548,649	-	-	38,120	-	-	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	-	718,662
Other assets	13,344	205,734	6,367	1,077	5,355	28	-	231,905	(13,267)	218,638
Investment in associates accounted for using the equity method	-	-	1,154	-	-	-	-	1,154	(145)	1,009
Investment in subsidiaries	262,672	-	-	-	-	-	-	262,672	(262,672)	-
Property, plant and equipment	397	113,400	91	133	1,590	26	-	115,637	350	115,987
Intangible assets	-	18,645	17	1	338	17	-	19,018	-	19,018
Deferred tax assets	-	18,394	918	-	9,363	35	-	28,710	-	28,710
Assets held-for-sale	-	329	-	-	-	-	45,464	45,793	(7,876)	37,918
	298,486	8,542,372	166,997	9,435	209,073	1,184	45,464	9,273,011	(340,638)	8,932,373

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28.2 Condensed Results of Consolidated Entities from Continuing Operations (continued)

31 December 2021	FBN Holdings Plc ₦'million	FBN Limited ₦'million	FBNQuest Capital Limited ₦'million	FBNQuest Trustees Limited ₦'million	FBNQuest Merchant Bank Limited ₦'million	FBN Insurance Brokers Limited ₦'million	Rainbow Town Development Limited ₦'million	Total ₦'million	Adjust-ments ₦'million	Group ₦'million
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	-	-	-	-	-	-	70,550	70,550	(68,428)	2,122
	16,197	7,748,066	149,695	3,116	172,312	1,018	70,550	8,160,955	(108,437)	8,052,517
Equity and reserves	282,289	794,306	17,302	6,319	36,761	166	(25,085)	1,112,057	(232,201)	879,856
Summarised Cash Flows										
Operating activities										
Interest received	934	284,833	4,228	2,285	10,944	45	-	303,268	(6,868)	296,401
Interest paid	-	(88,324)	(4,348)	-	(8,220)	-	-	(100,892)	8	(100,884)
Income tax paid	(163)	(6,558)	(20)	(552)	(670)	(147)	-	(8,111)	-	(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	-	(741,214)	(34,161)	(775,374)
Net cash used in financing activities	(16,153)	(21,358)	16,272	(1,426)	(1,094)	(61)	-	(23,820)	(24,231)	(48,051)
Increase in cash and cash equivalents	5,213	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(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	-	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

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28.2 Condensed Results of Consolidated Entities from Continuing Operations (continued)

31 December 2020	FBN Holdings Plc ₦'million	FBN Limited ₦'million	FBNQuest Capital Limited ₦'million	FBNQuest Trustees Limited ₦'million	FBNQuest Merchant Bank Limited ₦'million	FBN Insurance Limited ₦'million	FBN Insurance Brokers Limited ₦'million	Rainbow Town Development Limited ₦'million	Total ₦'million	Adjustments ₦'million	Group ₦'million
Summarised Income Statement											
Summarised 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
Summarised Financial Position											
Assets											
Cash and balances with central bank	-	1,588,039	-	-	43,691	-	-	-	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	-	-	-	-	-	45,532	45,869	(7,876)	37,993
	300,623	7,367,465	142,225	8,029	198,476	-	900	45,532	8,063,249	(374,221)	7,689,028

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28.2 Condensed Results of Consolidated Entities from Continuing Operations (continued)

31 December 2020	FBN Holdings Plc ₦'million	FBN Limited ₦'million	FBNQuest Capital Limited ₦'million	FBNQuest Trustees Limited ₦'million	FBNQuest Merchant Bank Limited ₦'million	FBN Insurance Limited ₦'million	FBN Insurance Brokers Limited ₦'million	Rainbow Town Development Limited ₦'million	Total ₦'million	Adjustments ₦'million	Group ₦'million
Financed by											
Deposits from banks	-	1,017,077	-	-	28,476	-	-	-	1,045,553	(6,333)	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	-	-	-	73	-	-	28	-	101	-	101
Liabilities held-for-sale	-	-	-	-	-	-	-	67,411	67,411	(65,032)	2,379
	13,755	6,662,142	125,023	2,609	161,846	-	782	67,411	7,033,567	(109,710)	6,923,857
Equity and Reserves	286,868	705,324	17,202	5,420	36,631	-	118	(21,879)	1,029,683	(264,513)	765,171
Summarised 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

Notes to the Separate and Consolidated Financial Statements

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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 ₦'million	31 December 2020 ₦'million
Assets classified as held-for-sale		
Other assets	1,242	1,310
Inventory	36,337	36,337
Property 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

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

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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**

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	GROUP		COMPANY	
	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
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 Limited and Twin Peaks Nig. Limited	-	**10,793**	-	**19,890**

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

29.4 Non-current asset held-for-sale

FBNBank 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 ₦'million	31 December 2020 ₦'million
Property, plant and equipment	329	337
Total Assets classified as held-for-sale	**37,918**	**37,993**

Notes to the Separate and Consolidated Financial Statements
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30 Property and Equipment

GROUP

	Improvement and buildings ₦'million	Land ₦'million	Motor vehicles ₦'million	Office equipment ₦'million	Computer equipment ₦'million	Furniture and fittings ₦'million	Machinery ₦'million	Work in progress* ₦'million	Right-of-Use Asset ₦'million	Total ₦'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**	**-**	**9,422**	**15,203**	**114,034**

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30 Property and Equipment

GROUP

	Improvement and buildings ₦'million	Land ₦'million	Motor vehicles ₦'million	Office equipment ₦'million	Computer equipment ₦'million	Furniture and fittings ₦'million	Machinery ₦'million	Work in progress* ₦'million	Right-of-Use Asset ₦'million	Total ₦'million
Cost										
At 1 January 2021	46,339	24,243	16,555	62,373	37,312	11,867	21	9,422	21,255	**229,385**
Additions	1,695	738	5,054	5,715	6,387	519	11	1,541	831	**22,491**
Reclassifications	8	(9)	140	70	175	32	-	(415)	-	**-**
Disposals	-	-	(3,836)	(16,577)	(6,319)	(2,874)	(4)	(53)	-	**(29,663)**
Write Offs	-	-	(108)	-	-	-	-	-	(205)	**(313)**
Transfers	-	-	-	1,476	-	-	-	(1,476)	-	**-**
Exchange difference	1,023	139	91	69	201	(30)	94	25	28	**1,641**
At 31 December 2021	49,064	25,112	17,896	53,127	37,756	9,514	121	9,044	21,909	**223,541**
Accumulated depreciation										
At 1 January 2021	12,738	469	9,685	48,086	28,010	10,290	21	-	6,051	**115,351**
Charge for the year	1,113	2	2,970	5,745	6,790	555	12	-	2,834	**20,022**
Reclassifications	(40)	-	17	45	2	(25)	-	-	-	**-**
Disposals	-	-	(3,090)	(16,548)	(6,345)	(2,873)	(3)	-	-	**(28,859)**
Write-offs	-	-	(108)	-	-	-	-	-	(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 depreciated.

No capitalised borrowing cost relates to the acquisition of property, plant and equipment during the year.

Exchange Difference on Property and Equipment
These exchange difference on property and equipment occurs as a result of translation of balances relating to the foreign entities of the group as at reporting date.

Right-of-Use-Asset
See note 30b for additional disclosure on right of use assets.

Notes to the Separate and Consolidated Financial Statements
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30 Property and Equipment

COMPANY

	Improvement and buildings ₦'million	Motor vehicles ₦'million	Machinery ₦'million	Office equipment ₦'million	Computer equipment ₦'million	Furniture and fittings ₦'million	Right-of-use-asset ₦'million	Total ₦'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.

Notes to the Separate and Consolidated Financial Statements
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30(b) Leases

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

(i) Right-of-Use Assets

	GROUP			COMPANY	
	Buildings ₦'million	Land ₦'million	Total ₦'million	Buildings ₦'million	Total ₦'million
Opening balance at 1 January 2021	20,966	289	21,255	206	206
Additions for the year	831	-	831	-	-
Derecognition	(205)	-	(205)	(50)	(50)
Exchange difference	28	-	28	-	-
Closing balance as at 31 December 2021	21,620	289	21,909	156	156
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)	(35)	(35)
Closing balance as at 31 December 2021	8,666	76	8,742	(142)	(142)
Net book value as at 31 December 2021	**12,954**	**213**	**13,167**	**14**	**14**
Opening balance at 1 January 2020	18,746	252	18,998	206	206
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**

Notes to the Separate and Consolidated Financial Statements
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30(b) Leases (continued)

(ii) Lease liabilities

	GROUP ₦'million	COMPANY ₦'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	7,283	-
	10,353	75
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

Notes to the Separate and Consolidated Financial Statements
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30(b) Leases (continued)

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

	GROUP ₦'million	COMPANY ₦'million
31 December 2021		
Depreciation charge of right-of-use assets	2,834	33
Interest expense	598	1
Lease expense (short-term)	-	-
31 December 2020		
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 ₦'million	COMPANY ₦'million
31 December 2021		
Total cash outflow for leases	3,063	-
31 December 2020		
Total cash outflow for leases	1,777	60

Notes to the Separate and Consolidated Financial Statements
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30(b) Leases (continued)

Liquidity risk (maturity analysis of lease liabilities)

GROUP	0-30 days ₦'million	31-90 days ₦'million	91-180 days ₦'million	181-365 days ₦'million	Over 1 year but less than 5 years ₦'million	Over 5 years ₦'million	Total ₦'million
31 December 2021							
Lease liability	214	825	341	1,293	3,126	4,554	**10,353**
31 December 2020							
Lease liability	256	845	418	1,459	3,380	5,748	**12,106**

COMPANY	0-30 days ₦'million	31-90 days ₦'million	91-180 days ₦'million	181-365 days ₦'million	Over 1 year but less than 5 years ₦'million	Over 5 years ₦'million	Total ₦'million
31 December 2021							
Lease liability	75	-	-	-	-	-	**75**
31 December 2020							
Lease liability	75	-	15	-	-	-	**90**

Notes to the Separate and Consolidated Financial Statements
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31 Intangible Assets

	GROUP			
	Goodwill ₦'million	Computer Software ₦'million	Work in Progress ₦'million	Total ₦'million
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.

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31 Intangible Assets (continued)

Impairment Tests for Goodwill

Goodwill is monitored at the operating segment level. The entity to which the goodwill relates is recognised as a cash generating unit (CGU) and segmented as part of the Commercial Banking Business, see analysis by segment below.

Each CGU to which goodwill is allocated for impairment testing purposes reflects the lowest level at which goodwill is monitored for internal management purposes.The carrying value of goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets.

Goodwill is reviewed annually for impairment, or more 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.

Impairment Testing on Cash Generating Units containing Goodwill

Analysis of Goodwill Balances

	31 December 2021 ₦'million	31 December 2020 ₦'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

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31 Intangible Assets (continued)

Impairment Testing on Cash Generating Units containing Goodwill (continued)

Analysis of Goodwill Balances (continued)

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

	2021		2020	
	FBNBank DRC	FBNBank Ghana	FBNBank DRC	FBNBank 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: (₦'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 ₦27.3bn and ₦68.43bn respectively, while if it had been lower by 0.5% the recoverable amount (VIU) would have been higher than the carrying amount by ₦28.42bn and ₦70.62bn respectively.

If the terminal growth rate had been higher by 0.5% the recoverable amount would have been higher than the carrying amount by ₦27.9bn and ₦69.64bn respectively, while if lower by 0.5% the recoverable amount would have been higher by ₦27.81bn and ₦69.38bn rexpectively.

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

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31 Intangible Assets (continued)

Goodwill Sensitivity Analysis

	% Change	Recoverable amount ₦'million	Excess of recoverable amount over carrying amount ₦'million
FBNBank DRC			
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 ₦'million	FBN Bank Ghana ₦'million	FBN Bank DRC ₦'million	FBN Bank Ghana ₦'million
Goodwill	**552**	**3,154**	552	3,105
Net Asset	**21,285**	**40,904**	15,734	35,799
Total carrying amount	**21,837**	**44,058**	16,286	38,904
Excess of recoverable amount over carrying amount	**69,511**	**27,854**	6,649	27,864

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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 ₦'million	31 December 2020 ₦'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
Fair value adjustment	(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

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32 Deferred Tax Assets and Liabilities (continued)

GROUP	1 January 2021 ₦'million	Recognised in Profi and Loss ₦'million	Recognised in OCI ₦'million	31 December 2021 ₦'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 January 2020 ₦'million	Recognised in Profit and Loss ₦'million	Recognised in OCI ₦'million	31 December 2020 ₦'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)	-	488
Effect of changes in exchange rate	(415)	1,288	1,413	873
	25,010	1,196	1,413	27,619

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32 Deferred Tax Assets and Liabilities (continued)

GROUP	1 January 2021 ₦'million	Recognised in Profit and Loss ₦'million	Effect of discontinued operations ₦'million	31 December 2021 ₦'million
Movements in Deferred tax liabilities during the year:				
Property and equipment	62	20	-	81
Other assets	39	245	-	285
	101	265	-	366

GROUP	1 January 2020 ₦'million	Recognised in profit and loss ₦'million	Effect of discontinued operations ₦'million	31 December 2020 ₦'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 ₦90.90bn (2020: ₦87.58bn).

Temporary difference relating to the Group's investment in subsidiaries is ₦136.4bn (2020: ₦123.4bn). 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 profit against which the tax losses, from which deferred tax asset has been recognised, can be utilised.

33 Deposits from Banks

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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.

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34 Deposits from Customers

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 balances	**76,181**	28,243	**3,805**	3,541
	649,917	549,789	**16,192**	13,544
Non financial liabilities:				
Impairment 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

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35 Other Liabilities (continued)

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 ₦2.329bn 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 Items

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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:

Opening balance at 1 January	28,445	2,817
(Reversal)/additions	(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

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35 Other Liabilities (continued)

35a Long Service Awards

Included in other credit balances is long service award. Long service award amounted to ₦2.67bn (December 2020: ₦3.49bn). 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 during the year is as follows:

GROUP	Present value of the obligation ₦'million	Fair value of plan assets ₦'million	Total ₦'million
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	-	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 ₦'million	31 December 2020 ₦'million
Defined Benefit Obligation (DBO)	**2,671**	3,492
Fair value of plan assets	**-**	-
Funded Status	**2,671**	3,492

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36 Borrowings

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'million
Long-term borrowings 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
Borrowings 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 ₦82.49bn (US $194.5mn) relates to subordinated debt of $194.5mn. 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.

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36 Borrowings (continued)

(iii) Proparco:

Facility represents the outstanding balance of the credit facility of US $65mn 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 unsecured.

(iv) International Finance Corporation:

The amount of ₦53.05bn (USD125mn) represents the outstanding balance of the credit facility of USD125mn 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 ₦200bn debenture stock to be issued by the Bank of Industry (BOI), which would be applied to the re-financing/restructuring of bank's loans to the manufacturing sector. During the year, there was no additional disbursement (2020: ₦102mn) 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 ₦2bn (2020: ₦12.6bn) 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.

(vii) Surbodinated Unsecured Debt:

This represents series 1 and 2 fixed rate unsecured bond of ₦5bn (series 1) and ₦8bn (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 ₦10.65bn at 31 December 2021 (31 Dec 2020: ₦14.1bn) which was obtained in 2016 and repayable in May 2024. The credit facility agreement ("Agreement") contains seven financial covenants that, among other things, require the Group to maintain ratios within defined thresholds. These covenants relate to capital adequacy, open assets exposure ratio, aggregate large exposures ratio, related party lending ratio, liquidity coverage ratio, individual and aggregate unhedged open foreign currency. During the year, there were no defaults on principal, interest or redemption terms of loan payable.

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

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37 Retirement Benefit Obligations

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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.

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) during the year is as follows:

GROUP	Present value of the obligation ₦'million	Fair value of plan assets ₦'million	Net ₦'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
- 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 ₦860mn (2020: ₦183mn).

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37 Retirement Benefit Obligations (continued)

Composition of Plan assets

	GROUP					
	2021			2020		
	₦'million Quoted	₦'million Unquoted	₦'million Total	₦'million Quoted	₦'million Unquoted	₦'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	124	-	124	938	-	938
Others	-	-	-	(55)	-	(55)
Total	5,948	-	5,948	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(s) spent.

37 Retirement Benefit Obligations (continued)

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

	GROUP		
	Present value of the obligation ₦'million	Fair value of plan assets ₦'million	Net ₦'million
Defined benefit pension obligations at 1 January 2020	961	(22)	939
Foreign exchange difference	230	2	232
Interest expense/(income)	110	-	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)	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 minimise these risks.

Changes In Bond Yields: A decrease in Federal bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

37 Retirement Benefit Obligations (continued)

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 Group ensures that the investment positions are managed within the Asset-liability matching (ALM) framework that has been developed to achieve long-term investment that are in line with the obligations under the pension schemes. Within this ALM framework, the objective is to match assets to the pension obligation by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investment are matching the expected cash outflows arising from the pension obligation. There is no regulatory framework guiding the operation of the plan assets.

	31 December 2021 ₦'million	31 December 2020 ₦'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

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

	Assumption	Defined Benefit Obligation ₦'million	Impact on Liability
Discount rate	13.0%	10,500	0.0%
	14.0%	10,011	-4.7%
	12.0%	11,042	5.2%
Mortality experience	Base	10,500	0.0%
	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 year.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

37 Retirement Benefit Obligations (continued)

The below table shows the maturity profile of the defined obligation.

Maturity Profile on Defined Benefit Obligation	
Years	Amount (₦'million)
2022	1,533
2023	1,491
2024	1,455
2025	1,417
2026	1,378
2027 - 2031	6,245

Defined benefit cost, charged to income statement (refer Note 16)

	GROUP	
	31 December 2021 ₦'million	31 December 2020 ₦'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:	First Bank of Nigeria 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

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38 Share Capital

	31 December 2021 ₦'million	31 December 2020 ₦'million
Authorised		
50 billion ordinary shares of 50k each (2020: 50 billion)	**25,000**	25,000
Issued and fully paid		
Movement during the year	**Number of shares ₦'million**	**Ordinary shares ₦'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 profit 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.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

39 Share Premium and Reserves (continued)

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 during the year is shown below.

	31 December 2021 ₦'million	31 December 2020 ₦'million
Opening balance	9,085	15,516
Share of profit	1,370	1,744
Share of other comprehensive (loss)/income	(50)	247
Non-controlling interests disposed (see Note 29.3)	-	(7,824)
Dividends	-	(598)
	10,405	9,085

Notes to the Separate and Consolidated Financial Statements
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41 Cashflow Workings

a Reconciliation of profit before tax to cash generated from operations

	Notes	GROUP 31 December 2021 ₦'million	GROUP 31 December 2020 ₦'million	COMPANY 31 December 2021 ₦'million	COMPANY 31 December 2020 ₦'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)/loss 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 generated from/(used in) from operations		156,952	857,277	(1,201)	60

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

41 Cashflow Workings (continued)

b Cashflow workings

		GROUP		COMPANY	
	Notes	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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)

Notes to the Separate and Consolidated Financial Statements
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41 Cashflow Workings (continued)

b Cashflow workings (continued)

	Notes	GROUP 31 December 2021 ₦'million	GROUP 31 December 2020 ₦'million	COMPANY 31 December 2021 ₦'million	COMPANY 31 December 2020 ₦'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 securities					
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	**-**	-

Notes to the Separate and Consolidated Financial Statements
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41 Cashflow Workings (continued)

b Cashflow workings (continued)

		GROUP		COMPANY	
	Notes	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'million
(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	34	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	-	-

Notes to the Separate and Consolidated Financial Statements
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41 Cashflow Workings (continued)

b Cashflow workings (continued)

	Notes	GROUP 31 December 2021 ₦'million	GROUP 31 December 2020 ₦'million	COMPANY 31 December 2021 ₦'million	COMPANY 31 December 2020 ₦'million
(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	-
(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 received on loans	(ix)	(71,705)	(85,609)	-	-
Interest received on investment	(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		6,520	3,983	16,401	18,296
WHT on dividend retained	14	-	-	245	311
Dividend received	14	(6,520)	(3,983)	(17,601)	(17,227)
Closing dividend receivable		-	-	13,236	14,190

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41 Cashflow Workings (continued)

b Cashflow workings (continued)

	Notes	GROUP 31 December 2021 ₦'million	GROUP 31 December 2020 ₦'million	COMPANY 31 December 2021 ₦'million	COMPANY 31 December 2020 ₦'million
(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 balance	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 authorised and contracted capital projects are disclosed below.

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

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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 ₦'million	31 December 2020 ₦'million
At start of the year	25,974	376
Additions	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 ₦'million	31 December 2020 ₦'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 ₦'million	31 December 2020 ₦'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.

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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) ₦'million	(b) ₦'million	(c) = (a) - (b) ₦'million	(d) ₦'million	(e) ₦'million	(f) = (c)-(d)-(e) ₦'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

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

43 Offsetting Financial Assets and Financial Liabilities (continued)

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) ₦'million	(b) ₦'million	(c) = (a) - (b) ₦'million	(d) ₦'million	(e) ₦'million	(f) = (c)-(d)-(e) ₦'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)

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For the year ended 31 December 2021

43 Offsetting Financial Assets and Financial Liabilities (continued)

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 ₦'million	31 December 2020 ₦'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.

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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 ₦'million	31 December 2020 ₦'million	31 December 2021 ₦'million	31 December 2020 ₦'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 ₦'million	31 December 2020 ₦'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
₦30,000,000 - ₦40,000,000	17	1
₦40,000,001 and above	1	8
	18	9

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

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 ₦140mn for contravention of Extent Foreign (FX) Regulations.

(ii) The bank paid a penalty of ₦2mn for contravention of CBN Circular Ref: FPR/DIR/GEN/CIR/06/004 Dated Sept 28, 2016.

(iii) The bank paid ₦2mn to CBN penalty over a case of unauthorised transactions and unjustified charges against a customer, KHALIFA.

(iv) A penalty of ₦2mn 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 ₦2mn 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 ₦2mn 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 ₦100mn for Contravening Regulation on Crypto-currency and non-closure of affected account.

(viii) The bank paid penalty of ₦100mn for Contravening Regulation on Crypto-currency.

(ix) The bank paid penalty of ₦2mn 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 ₦0.7mn to the Nigeria Exchange for late filing of audited financial statements for the period ended 30 September 2021.

(c) FBNQuest Merchant Bank Limited

(i) ₦2mn to CBN for penalty on approval for the recruitment of new employees.

(ii) ₦1mn to SEC for breach of SEC Rule 323 (17) prohibiting the transfer of net issue proceeds directly to sponsor.

(iii) ₦50mn to CBN as penalty for misrepresentation of Board Audit Committee (BAC) meeting attendance for a Director in the 2018 Annual Report.

(iv) ₦4mn to CBN for penalty on approval for the recruitment of two new employees.

(v) ₦2mn to CBN as penalty for the bank's customers who had balances below the minimum ₦50mn.

(vi) ₦2mn to CBN as penalty for the bank's liquidity ratio which was below the regulatory minimum for merchant banks.

(vii) ₦2mn to CBN as penalty for engagement of a consultant without regulatory approval.

(viii) ₦2mn to CBN as penalty for non-compliance with CBN specification for a senior position.

(ix) ₦200mn to CBN as penalty for failure to provide examiners with the required information during an examination.

Notes to the Separate and Consolidated Financial Statements

For the year ended 31 December 2021

46 Compliance with Regulations (continued)

(x) ₦2mn to CBN as penalty for the difference between the figures in General Ledger and the Credit printout.

(xi) ₦10mn 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) ₦2mn 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 ₦16.15bn at ₦0.45 per share (2020: ₦13.64bn) 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 (₦'million)	**149,776**	73,848	**13,048**	33,860
(Loss)/profit from discontinued operations attributable to owners of the parent (₦'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.

Notes to the Separate and Consolidated Financial Statements
For the year ended 31 December 2021

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)

	GROUP		
	As previously stated	Adjustments	As restated
Statement of Cashflows			
Cash flows from operating activities			
Net cash flow generated from/(used in) operating activities	373,688	(1,017,994)	1,391,682
Net cash generated from/(used in) investing activities	119,238	975,721	(856,483)
Net cash generated from financing activities	88,339	515	87,823
Increase/(decrease) in cash and cash equivalents	581,265	(41,759)	623,023
Cash and cash equivalents at start of year	1,304,998	-	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	-	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 digitalisation 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; and

(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 and advances to customers (net) increased by 30% to ₦2.88tn (Dec 2020: ₦2.22tn) 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 2020-2024FY.

Funding/Liquidity Considerations

The Group prioritises 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

Other National Disclosures and Other Information
Evaluation of the Impact of COVID-19

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 First Bank of 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 capitalised 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 First Bank of Nigeria Limited respectively.

Other National Disclosures and Other Information
Statement of Value Added - Group

	31 December 2021 ₦'million	%	31 December 2020 ₦'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	2
- Asset replacement (provision for losses)	91,711	22	61,830	23
- Expansion (transfers to reserves)	151,147	36	75,593	28
	415,425	100	271,990	100

Other National Disclosures and Other Information
Statement of Value Added - Company

	31 December 2021 ₦'million	%	31 December 2020 ₦'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	-	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	88	33,860	94
	14,883	100	35,761	100

Other National Disclosures and Other Information Five-Year Financial Summary - Group

Statement of Financial Position

	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2019 ₦'million	31 December 2018 ₦'million	31 December 2017 ₦'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 and Other Information Five-Year Financial Summary - Group

Income Statement

	12 months ended 31 December 2021 ₦'million	12 months ended 31 December 2020 ₦'million	12 months ended 31 December 2019 ₦'million	12 months ended 31 December 2018 ₦'million	12 months ended 31 December 2017 ₦'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
(Loss)/profit 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

Other National Disclosures and Other Information Financial Summary - Company

Statement of Financial Position

	31 December 2021 ₦'million	31 December 2020 ₦'million	31 December 2019 ₦'million	31 December 2018 ₦'million	31 December 2017 ₦'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 or loss	**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	4,672
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	269,621	282,833

Income Statement

	12 months ended 31 December 2021 ₦'million	12 months ended 31 December 2020 ₦'million	12 months ended 31 December 2019 ₦'million	12 months ended 31 December 2018 ₦'million	12 months ended 31 December 2017 ₦'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	**-**	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

Shareholder Resouces

Resources for shareholders include the Notice of Annual General Meeting, proxy form, shareholder data update and related forms, and contact information.

Shareholder Resources

DIVIDEND HISTORY AS AT 31 DECEMBER 2021

FBN HOLDINGS PLC

Payment No.	Year End	Dividend Type	Date Payable	Total Net Dividend Amount (₦)	Dividend Per Share	Net Dividend Amount Unclaimed As At 31 December 2021	% Net DIV. Amount Unclaimed
1	31-Dec-2012	Interim	6-May-2013	29,434,858,173.90	1.00	1,212,469,223.86	4.12
2	27-May-2013	Final	27-May-2014	32,408,788,807.89	1.10	1,666,184,948.56	5.14
3	31-Dec-2014	Final	25-May-2015	2,963,937,941.77	0.10	299,776,556.62	10.11
4	31-Dec-2015	Final	30-May-2016	4,889,733,076.23	0.15	578,041,674.13	11.82
5	31-Dec-2016	Final	22-May-2017	6,512,770,910.98	0.20	775,293,351.84	11.90
6	31-Dec-2017	Final	16-May-2018	8,141,810,416.31	0.25	1,147,559,382.31	14.09
7	31-Dec-2018	Final	6-May-2019	8,463,553,721.79	0.26	1,639,697,282.34	19.37
8	31-Dec-2019	Final	28-April-2020	12,371,715,777.28	0.38	2,497,427,168.01	20.19
9	31-Dec-2020	Final	28-April-2021	14,698,822,774.81	0.45	3,010,336,197.46	20.48
TOTAL						12,826,785,785.13	

CREDIT RATINGS SUMMARY

	Rated Entity	Report Date	National		International		Outlook
			Long term	Short term	Long term	Short term	
Standard & Poor's	FBNHoldings	November 2021	ngBBB-	NgA-3	B-	B	Stable
	FirstBank	November 2021	ngBBB-	NgA-3	B-	B	Stable
Global Credit Rating	FirstBank	October 2021	A-(NG)	A2(NG)	-	-	Stable
Fitch	FBNHoldings	September 2021	BBB(nga)	F2(nga)	B-	B	Negative
	FirstBank	September 2021	BBB(nga)	F2(nga)	B-	B	Negative

FBNHOLDINGS AND EQUITY MARKET STATISTICS AS AT 31 DECEMBER 2021

		2021	2020
FBNH Share Price	High for the year (₦)	12.70	8.40
	Low for the year (₦)	7.05	3.70
	Closing (₦)	11.40	7.15
FBNH Share Statistics	Total volume of shares traded (million)	10,632.19	8,473.40
	Total value of shares traded (₦'million)	104,855.77	47,526.61
	Market capitalisation (million)	409,206.34	256,651.34
Market Indicators	NSE All Share Index	42,716.44	40,270.72
	Total equities volume traded (billion)	80.32	96.95
	Total equities value traded (₦'billion)	916	1,028,17
	Equities market cap (₦'trillion)	22.29	21.06

Shareholder Resources

SHARE CAPITALISATION HISTORY

Year*	Authorised Increase (₦)	Cumulative (₦)	Paid Up Increase (₦)	Cumulative (₦)	Cumulative No of Shares	Consideration
31 Dec 1973	-	10,000,000,000	-	9,700,000	9,700,000	Cash
10 Jun 1975	5,000,000	15,000,000	1,940,000	11,640,000	11,640,000	Bonus
27 Jul 1976	-	5,000,000	2,328,000	13,968,000	13,968,000	Bonus
28 Jul 1977	10,000,000	25,000,000	6,984,000	20,952,000	20,952,000	Bonus
27 Jul 1978	5,000,000	30,000,000	8,381,000	29,333,000	29,333,000	Bonus
28 Dec 1978	10,000,000	40,000,000	-	29,333,000	29,333,000	-
26 Jul 1979	10,000,000	50,000,000	14,666,200	43,999,200	43,999,200	Bonus
24 Jul 1980	-	70,000,000	9,262,990	55,577,937	55,577,937	Bonus
26 Jul 1980	20,000,000	70,000,000	2,315,747	46,314,947	46,314,947	-
29 Apr 1981	-	70,000,000	5,557,792	61,135,729	61,135,729	Bonus
29 Apr 1982	50,000,000	150,000,000	-	61,135,729	61,135,729	-
16 Apr 1986	-	150,000,000	6,113,574	67,249,303	67,249,303	Bonus
9 Apr 1987	-	150,000,000	13,449,862	80,699,165	80,699,165	Bonus
8 Apr 1988	-	150,000,000	-	80,699,165	80,699,165	-
27 Apr 1989	-	150,000,000	-	80,699,165	161,398,330	Stock split from ₦1.00 to 50 Kobo
26 Apr 1990	-	150,000,000	-	80,699,165	161,398,330	-
26 Apr 1991	-	150,000,000	-	80,699,165	161,398,330	-
27 Apr 1992	-	150,000,000	-	80,699,165	161,398,330	-
29 Apr 1993	-	150,000,000	26,899,721	107,598,886	215,197,772	Bonus
28 Apr 1994	150,000,000	300,000,000	107,598,882	215,197,768	430,395,536	Bonus
25 Apr 1995	-	300,000,000	53,799,441	268,997,209	537,994,418	Bonus
25 Apr 1996	-	300,000,000	67,249,301	336,246,510	672,493,020	Bonus
22 May 1997	700,000,000	1,000,000,000	1,000,000,000	436,246,510	872,493,020	Cash
22 May 1997	-	1,000,000,000	84,061,627	520,308,137	1,040,616,274	Bonus
23 Jul 1998	-	1,000,000,000	130,077,034	650,385,171	1,300,770,342	Bonus
27 Jul 2000	-	1,000,000,000	162,596,292	812,981,463	1,625,962,926	Bonus
26 Jul 2001	2,000,000,000	3,000,000,000	203,245,365	1,016,226,828	2,032,453,656	Bonus
31 Jul 2002	-	3,000,000,000	254,056,705	1,270,283,533	2,540,567,066	Bonus
31 Jul 2003	-	3,000,000,000	254,056,705	1,524,340,238	3,048,680,476	Bonus
19 Nov 2003	-	3,000,000,000	254,056,705	1,778,396,943	3,556,793,886	Cash
19 Aug 2004	-	3,000,000,000	222,299,589	2,000,696,532	4,001,393,063	Bonus
20 Jun 2005	-	3,000,000,000	500,174,160	2,500,870,692	5,001,741,383	Bonus
3 Jan 2006	-	-	20,009,495	2,520,880,187	5,041,760,373	FBN Plc shares issued in exchange for minority shares in FBN Merchant Bankers
3 Jan 2006	-	-	64,196,005	2,585,076,192	5,170,152,383	FBN Plc shares issued in exchange for MBC shares
3 Jan 2006	-	-	34,258,503	2,619,334,694	5,238,669,388	FBN Plc shares issued to majority shareholders in FBN Merchant Bank arising from consolidation
24 Aug 2006	7,000,000,000	10,000,000,000	2,619,334,694	5,238,669,388	10,477,338,776	Increase/Bonus
22 Aug 2007	-	-	873,111,565	6,111,780,953	12,223,561,906	Bonus
1 Jul 2007	-	-	3,833,235,233	9,945,016,186	19,890,032,371	2007 hybrid offer
22 Aug 2008	5,000,000,000	15,000,000,000	2,486,254,046	12,431,270,232	24,862,540,463	Bonus
20 Aug 2009	-	15,000,000,000	2,487,000,000	4,143,756,743	29,006,297,206	Bonus (1 for 6)
27 Aug 2010	-	-	-	3,625,787,150	32,632,084,356	Bonus (1 for 8)
21 May 2015	-	-	-	3,263,208,435	35,895,292,791	Bonus (1 for 10)

* Approval date by Security and Exchange Commission

Notice of 10th Annual General Meeting

FBNHoldings

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting (AGM) of members of FBN HOLDINGS PLC will be held at the Oriental Hotel, 3 Lekki - Epe Expressway, Victoria Island, Lagos on Monday, 20 June 2022 at 10a.m. or so soon thereafter to transact the following:

Ordinary Business

1. To lay before the members the audited accounts for the financial year ended 31 December 2021 together with the reports of the Directors, Auditor, Board Appraisers and Audit Committee thereon.
2. To declare a dividend.
3. To elect the following Directors:
   - Julius B. Omodayo-Owotuga as a Non-Executive Director
   - Nnamdi Okonkwo as the Group Managing Director.
4. To authorise the Directors to fix the remuneration of the Auditor.
5. To disclose the remuneration of Managers of the Company.
6. To elect members of the Statutory Audit Committee.

Special Business

7.(a) To consider and if thought fit, pass the following as ordinary resolution:

"That the Directors be and are hereby authorised to take steps to comply with the requirements of the Companies and Allied Matters Act (CAMA), 2020 S.124 and the Companies Regulations 2021 as it relates to unissued shares currently standing to the capital of the Company".

(b) "That the Company be and is hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution (A) above, including replacing the provision stating the authorised share capital with the issued share capital.

(c) "That the Directors be and are hereby authorised to enter into and execute any agreements, deeds, notices and any other documents necessary for and or incidental to resolution (A) above".

(d) "That the Directors of the Company or any one of them for the time being, be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary for or incidental to the above resolutions, including without limitation, complying with directives of any regulatory authority".

Notes

1. PROXY

In view of the COVID-19 pandemic and the directives issued by relevant authorities on physical distancing and the ban on large gathering, the Corporate Affairs Commission has approved that attendance to the meeting shall only be by proxies. Consequently, Members are required to appoint a proxy of their choice from the following proxies to attend and vote in his/her/its stead:

- Alhaji Ahmad Abdullahi – Group Chairman
- Nnamdi Okonkwo – Group Managing Director
- Dr Adesola Adeduntan – Non-Executive Director
- Sir Sunny Nwosu
- Dr Umar Farouk
- Bisi Bakare
- Matthew Akinlade
- Boniface Okezie
- Eric Akinduro

A Proxy Form is attached to the Annual Report. All instruments of proxy should be e-mailed to info@meristemregistrars.com or deposited at the registered Office of the Company or the Office of the Registrars, Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos, Nigeria.

NOTE: All instruments of proxy shall be at the Company's expense.

Notice of 10th Annual General Meeting

2. DIVIDEND

If the proposed dividend recommended by the Directors is approved by members at the AGM, the dividend will be payable on Tuesday, 21 June 2022 to members whose names appear in the Register of Members at the close of business on 13 June 2022. Shareholders who have completed the e-dividend Mandate forms will receive a direct credit of the dividend into their bank accounts.

3. CLOSURE OF REGISTER OF MEMBERS

In accordance with Section 114 of Companies and Allied Matters Act (CAMA), please note that the Register of Members and Transfer Books of the Company will be closed from 14-15 June 2022 (both dates inclusive) to enable the Registrars update records in preparation for the payment of dividend.

4. E-DIVIDEND MANDATE

Shareholders are kindly requested to update their records and advise Meristem Registrars & Probate Services Limited of their updated records and relevant bank accounts for payment of their dividends. Detachable forms in respect of mandate for e-dividend payment, and shareholder data update are attached to the Annual Report for convenience. The forms can also be downloaded from the Company's website at www.fbnholdings.com or from Meristem Registrars & Probate Services Limited's website at www.meristemng.com.

The duly completed form should be delivered to Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos, Nigeria.

5. UNCLAIMED DIVIDEND WARRANTS

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed, while some have neither been presented for payment nor to the Registrars for revalidation.

Affected members are by this Notice advised to contact the Registrars, Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos, Nigeria.

6. STATUTORY AUDIT COMMITEE

In accordance with Section 404 (6) of CAMA, a shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the AGM. The Companies and Allied Matter Act (CAMA), Code of Corporate Governance of the Financial Reporting Council, Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN) respectively indicate that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

In view of the above, we therefore request that nominations be accompanied by a copy of the nominee's Curriculum Vitae. The Curriculum Vitae of eligible candidates will be posted on the Company's website before the date of the meeting.

7. ELECTION OF DIRECTORS

- Julius B. Omodayo-Owotuga was appointed as a Non-Executive Director of the Company on 22 December 2021. His appointment has been approved by the Central Bank of Nigeria. He will be presented for Shareholders' approval at the 10th Annual General Meeting.

- Nnamdi Okonkwo was appointed as the Group Managing Director of the Company effective 1 January 2022. His appointment has been approved by the Central Bank of Nigeria. He will be presented for Shareholders' approval at the 10th Annual General Meeting.

8. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Exchange Group's Rulebook 2015, please note that it is the right of every shareholder to ask questions not only at the meeting but also in writing prior to the meeting. We urge that such questions be submitted to the Company Secretariat not later than two weeks before the date of the meeting.

Notice of 10th Annual General Meeting

9. LIVE STREAMING OF THE AGM

The AGM will be streamed live online. This will enable Shareholders and other relevant Stakeholders who will not be attending the meeting physically to also be part of the proceedings. The link for the live streaming will be made available on the Company's website: www.fbnholdings.com and by the Registrar, in due course.

BY ORDER OF THE BOARD

Adewale L.O Arogundade
Acting Company Secretary
FRC/2014/NBA/00000006810
35 Marina, Lagos

Dated 27 April 2022

PROXY FORM

FBN HOLDINGS PLC (RC 916455)

FBNHoldings

10TH ANNUAL GENERAL MEETING TO BE HELD at the Oriental Hotel, 3 Lekki-Epe Expressway, Victoria Island, Lagos on Monday, 20 June 2022 at 10a.m.

I/We..

(Name of shareholder in block letters)

The undersigned, being a member of the above-named Company hereby appoint..or failing him, the Chairman of the meeting as our Proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held on Monday, 20 June 2022 and at any adjournment thereof.

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this.......................................day of...2022

Signature..

Notes:

1. This form of proxy together with the Power of Attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the office of FBNH's Registrars; Meristem Registrars and Probate Services Limited, 213 Herbert Macaulay Way Yaba, Lagos not later than 48 hours before the time for holding the meeting.
2. Where the appointer is a corporation, this form may be under seal or under the hand of any officer or attorney duly authorised.
3. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
4. All instruments of proxy shall be at the Company's expense.

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside

	Resolutions	For	Against
1.	To Lay Before the Members the Consolidated Annual Reports and Audited Accounts		
2.	To declare a Dividend		
3a.	To Elect Julius B. Omodayo-Owotuga as a Non-Executive Director		
3b.	To Elect Nnamdi Okonkwo as the Group Managing Director		
4.	To Authorise the Directors to Fix the Remuneration of the Auditor		
5.	To Disclose the Remuneration of Managers of the Company		
6.	To Elect Members of the Statutory Audit Committee		
7a.	To consider and if thought fit, pass the following as ordinary resolution: "That the Directors be and are hereby authorised to take steps to comply with the requirements of the Companies and Allied Matters Act (CAMA), 2020 S. 124 and the Companies Regulations 2021 as it relates to unissued shares currently standing to the capital of the Company".		
7b.	"That the Company be and is hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution (a) above, including replacing the provision stating the authorised share capital with the issued share capital".		
7c.	"That the Directors be and are hereby authorised to enter into and execute any agreements, deeds, notices and any other documents necessary for and or incidental to resolution (a) above".		
7d.	"That the Directors of the Company or any one of them for the time being, be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary for or incidental to the above resolutions, including without limitation, complying with directives of any regulatory authority".		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

Before posting the above form, please tear off this part and retain it for admission to the meeting.

Admission Form

FBN Holdings Plc. (RC 916455)

ANNUAL GENERAL MEETING TO BE HELD at the Oriental Hotel, Victoria Island, Lagos on Monday, 20 June 2022 at 10 a.m.

*Name of Shareholder ____

*Name of Proxy ______________________________ (IF YOU ARE UNABLE TO ATTEND THE MEETING)

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you exercise your right to vote.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the company or not, with the exception of the Chairman of the Company, who will attend the meeting and vote on your behalf.

FBNHoldings

E-DIVIDEND MANDATE MANAGEMENT SYSTEM (E-DMMS) FORM

MERISTEM
REGISTRARS AND PROBATE SERVICES LIMITED

INSTRUCTION
Please fill out all compulsory(*) fields and complete all sections of this form to make it eligible for processing and return to the address below.

Affix Current Passport Here

(To be stamped by Bankers)

Write your name at the back of your passport photograph

THE REGISTRAR
Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Way, Adekunle-Yaba,
P.O. Box 51585, Falomo-Ikoyi, Lagos.

I/We hereby request that henceforth, all my/our dividend payment(s) due to me/us from my/our holdings in **FBN Holdings Plc** be credited directly to my/our bank detailed below:

Bank verification number (BVN)

Bank name

Bank branch

Bank address

Bank account number

Account opening date

Account type (Tick) Current ☐ Savings ☐

SHAREHOLDER ACCOUNT INFORMATION

Surname* First name* Other names

Address

City State Country

Previous address (If any)

CHN (If any) Email address

Mobile number 1* Mobile number 2*

Signature(s)* Joint/Company's signatories* Company's seal*

Authorised signature of banker Authorised stamp of banker

Meristem Registrars & Probate Services Limited
Website: www.meristemng.com | Email: info@meristemregistrars.com

FBNHoldings

E-BONUS FORM

MERISTEM
REGISTRARS AND PROBATE SERVICES LIMITED

INSTRUCTION
Please complete ALL sections of this form to make it eligible for processing and return to the address below:

THE REGISTRAR
Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Way
Adekunle-Yaba, Lagos State.

Please credit my account at Central Securities Clearing Systems (CSCS) Limited with all subsequent allotments and bonuses due to me from FBN Holdings Plc.

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company name | First name | Other names |

Address line 1 |

City | State | Country |

Mobile number | Email address |

Signature(s)

Joint/Company's signatures

Company seal

CSCS Details

Stockbroker Name |

Clearing House No. (CHN) |

CSCS Account No: |

Please attach a copy of your CSCS Statement to this form as evidence that you maintain a valid CHN Account

SHAREHOLDER DATA UPDATE FORM

FBNHoldings

INSTRUCTION

Please submit or post the completed form to **The Registrar, Meristem Registrars & Probate Services, 213 Herbert Macaulay Way, Adekunle Yaba, P.O. Box 51585, Falomo-Ikoyi, Lagos** or through any of the branches of First Bank of Nigeria Limited or to the Company Secretary/Investor Relations Offices of FBN Holdings Plc for onward delivery to the Registrar.

We are committed to updating the records of our shareholders and to achieve this, please fill out all the compulsory (*) fields in the form below:

Surname*

First name*

Other names

Gender

Email address*

Mobile number*

Old address*

New addresses (to be used for address update)*

Next of kin

Next of kin's phone number

I/We hereby authorise FBN Holdings Plc to update my/our shareholding accounts with the above information

Individual shareholder signature*

Joint shareholder signature*

Corporate shareholder*

Company seal*

Kindly download the data update form from our website:
www.fbnholdings.com

Glossary of Ratios

RATIOS		BASIS OF COMPUTATION
Average cost of deposits	=	Interest expense (on deposits) / Average deposit (i.e. opening + closing balance)/2
Basic earnings per share	=	Profit attributable to ordinary shareholders (after deduction of debenture interest and tax) / Weighted average number of shares in issue
Book value per share (BVPS)	=	Shareholders' funds / Number of outstanding shares in issue (35,895,292,791 units)
Cost of borrowed funds	=	Interest expense on borrowed funds / Average borrowed funds (opening + closing)/2
Cost of funds	=	Interest expense / Average interest-bearing liabilities (opening + closing)/2
Cost of interbank takings	=	Interest expense on interbank takings / Average interbank takings (opening + closing)/2
Cost of managed funds	=	Expense on managed funds / Liabilities on investment contracts
Cost of risk	=	Loan loss expense / Gross loans to customers
Cost to income ratio	=	Operating expenses / Operating income
Debt to capital	=	Debt / Debt + equity
Dividend per share	=	Dividend / Number of outstanding shares in issue
Gearing ratio	=	Debt / Total shareholders' funds
Interest earning assets	=	Due from other banks + treasury bills + Securities (bonds) + loans and advances
Leverage	=	Total assets / Total shareholders' funds
Liquidity ratio	=	Liquid assets / Deposit liabilities (as prescribed by the CBN)
Loan to deposit ratio	=	Total loans / Total deposit
Net interest margin	=	Net interest income / Average interest-earning assets (i.e. opening + closing)
Net loans	=	Gross loans – loan loss provision
Net revenue	=	Net interest income + net fee and commission income + other income
NPL coverage	=	Loan loss provision (including interest in suspense) + Statutory credit reserve / NPL
NPL ratio	=	Non-performing loans / Gross loans
Operating profit margin	=	Operating profit / Gross earnings
Pre-provision operating profit	=	Operating profit + impairment charge on credit losses

Glossary of Ratios

RATIOS		BASIS OF COMPUTATION
Price to book	=	Market value per share / Book value per share
Price earnings	=	Market value per share / Earnings per share
Return on average assets	=	Profit after tax / Average total asset x 100
Return on average equity	=	Profit after tax / Average total equity x 100
Risk asset ratio	=	Total loans / Total assets
Risk weighted assets*	=	Assets x weight of risks
Tier 1 ratio	=	Total tier 1 capital / Risk weighted assets
Tier 2 ratio	=	Total tier 2 capital / Risk weighted assets
Total capital adequacy ratio	=	Total qualifying capital / Risk weighted assets
Yield on interest earning assets	=	Interest income / Average interest earning assets

*Risk weighted assests: Risk asset is computed using risk weights supplied by CBN/Basel

Abbreviations

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AGM	Assistant General Manager
ALCO	Assets and Liabilities Management Committee
AMCON	Asset Management Corporation of Nigeria
AOM	Area Operations Manager
ATM	Automated Teller Machine
AUM	Assets Under Management
AURR	Additional Unexpired Risk Reserve
BAP	Biller Aggregation Platform
BARAC	Board Audit and Risk Assessment Committee
BCL	Basic Chain Ladder Method
BFIC	Board Finance and Investment Committee
BGC	Board Governance Committee (BGC)
BGNC	Board Governance and Nominations Committee
BOFIA	Banks and other Financial Institutions Act
BU	Business Unit
BVN	Bank Verification Number
CAAP	Control Administrative and Accounting Procedure
CAE	Chief Audit Executive
CAMA	Companies and Allied Matters Act
CAR	Capital Adequacy Ratio
CASA	Current and Savings Accounts
CBN	Central Bank of Nigeria
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CEP	Continuous Education Programme
CFP	Contingency Funding Plan
CFR	Commander of the Order of the Federal Republic
CGU	Cash Generating Unit
CIPM	Chartered Institute of Personnel Management
COSO	Committee of Sponsoring Organisations
COT	Commission on Turnover
CPC	Centralised Processing Centre
CPI	Consumer Price Index
CPFA	Closed Pension Fund Administrator
CRM	Credit Risk Management
CRO	Chief Risk Officer
CRR	Collateral Risk Rating
CSAT	Customer Satisfaction Score
CSCS	Central Securities Clearing System
CSR	Corporate Social Responsibility
CX	Customer Experience
DCS	Direct Cash Settlement
DMD	Deputy Managing Director
DMB	Deposit Money Banks
DPS	Dividend Per Share
DRC	Democratic Republic of Congo
DVM	Doctor of Veterinary Medicine
EAR	Earnings at Risk
ECA	Export Credit Agencies
ECM	Equity Capital Markets
EGM	Extraordinary General Meeting
EPS	Earnings per Share
ERM	Enterprise Risk Management
ESGMS	Environmental, Social and Governance Management System
ETFs	Exchange Traded Funds
FCA	Fellow, Institute of Chartered Accountants of Nigeria
FCCA	Fellow of the Association of Chartered Certified Accountants
FCIB	Fellow of the Chartered Institute of Bankers of Nigeria
FCT	Federal Capital Territory
FGN	Federal Government of Nigeria
FMAP	FirstBank Management Associate Programme
FMCG	Fast-Moving Consumer Goods
FPCNL	First Pension Custodian Nigeria Limited
FRR	Facility Risk Rating
FSA	Financial Services Authority
FSS	First Share Services
FMDA	Financial Market Dealers Association
FUTA	Federal University of Technology, Akure
FX	Foreign Exchange
GDP	Gross Domestic Product
GDR	Global Depositary Receipt
GEC	Group Executive Committee
GMD	Group Managing Director
GMC	Group Management Committee
GRSC	Group Risk Stakeholder Committee
GPI	Gross Premium Income
GITSC	Group IT Steering Committee
GITOC	Group IT Operations Committee
GRC	Governance Risk Management and Compliance

Abbreviations

HCMD	Human Capital Management and Development
HNI	High Net Worth Individual
HR	Human Resources
IBNR	Incurred But Not Reported
ICAFAS	Internal Control and Anti-Fraud Automated Solution
ICAN	Institute of Chartered Accountants of Nigeria
ICEG	Internal Control and Enhancement Group
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IMTOs	International Money Transfer Organisations
IOD	Institute of Directors
IOCs	International Oil Companies
IRS	Internal Revenue Service
ISO	International Organisation for Standardisation
ISMS	Information Security Management System
IT	Information Technology
ITF	Industrial Training Fund
IVR	Interactive Voice Response
JAN	Junior Achievement Nigeria
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KYB	Know Your Customer's Business
KYC	Know Your Customer
LAP	Leadership Acceleration Programme
LEAP	Leadership Effectiveness Accountability and Professionalism
LGD	Loss Given Default
LMCC	Line Managers Capability Certification
M&A	Mergers and Acquisitions
MANCO	Management Committee
MBAM	Merchant Banking and Asset Management
MB/D	Million Barrels a Day
MDAs	Ministries, Departments and Agencies
MDSA	My Daily Savings Account
MFBs	Microfinance Banks
MIS	Management Information System
MOOCs	Massive Open Online Course
MRPC	Market Risk Policy Committee
MSMEs	Micro, Small and Medium-size Enterprises
NAICOM	National Insurance Commission
NAFEX	Nigerian Autonomous Foreign Exchange Rate Fixing Methodology
NASB	Nigerian Accounting Standards Board
NBA	Nigerian Bar Association
NBS	National Bureau of Statistics
NDIC	Nigeria Deposit Insurance Corporation
NERC	Nigerian Electricity Regulatory Commission
NGN	Nigerian naira
NGO	Non-Governmental Organisation
NIM	Net Interest Margins
NIM	Nigerian Institute of Management
NPL	Non-performing loan
NPS	Net Promoter Score
NQR	New Quick Response
NSBPs	Nigerian Sustainable Banking Principles
NSE	Nigerian Stock Exchange
NVMA	Nigerian Veterinary Medical Association
OOF	Oba Otudeko Foundation
OCI	Other Comprehensive Income
OECD	Organisation for Economic Co-operation and Development
OFR	Officer of the Order of the Federal Republic
OPEX	Operating Expenditure
OPL	Open Position Limit
ORM	Operational Risk Management
ORR	Obligor Risk Rating
OTC	Over the Counter
P or L	Profit or Loss Account
PAT	Profit after Tax
P/B	Price to Book
PBOC	People's Bank of China
PBT	Profit Before Tax
PCI DSS	Payment Card Industry Data Security Standard
PCS	People Connect System
PD	Probability of Default
P/E	Price Earnings
PE	Private Equity
PFA	Pension Fund Administrator

Abbreviations

PFP
Pay for Performance

PFR
Pay for Role

P&L
Profit and Loss

POS
Point of Sale

PPE
Personal Protective Equipment

PSQA
Process and Service Quality Assurance

RCSA
Risk and Control Self-Assessment

RIMAN
Risk Managers Association of Nigeria

RM
Relationship Manager

ROE
Return on Equity

ROM
Regional Operations Manager

RPA
Robotic Process Automation

SAC
Statutory Audit Committee

SAS
Statistical Analysis Software

SBU
Strategic Business Unit

SDGs
Sustainable Development Goals

SEC
Securities and Exchange Commission

SLA
Service Level Agreement

SME
Small and Medium Enterprise

SMDP
Senior Management Development Programme

SMS
Short Message Service

SRF
Strategic Resource Function

TAT
Turnaround Time

TOM
Target Operating Model

UAT
User Acceptance Testing

USSD
Unstructured Supplementary Service Data

UPR
Unexpired Premium Reserve

VaR
Value at Risk

VUCA
Volatile, uncertain, complex and ambiguous

WACC
Weighted Average Cost of Capital

APPENDIX - Complaints Management Policy

1.0 Introduction

FBN Holdings Plc (the Group) is committed to delivering a high standard of service to all its stakeholders. The Group seeks to maintain its reputation as a group of companies delivering high-quality professional services, committed to responding to the needs and concerns of its various stakeholders.

A complaint, for the purpose of this Policy, is defined as "an expression of dissatisfaction made to an organisation, related to its products and or services, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected".

This Policy is designed to align with relevant regulatory requirements and best practice in complaints management, and to meet the requirements of the following regulators:

- The Central Bank of Nigeria (CBN);
- The Securities and Exchange Commission (SEC); and
- The Nigerian Stock Exchange (NSE).

Where applicable, the principles contained in this Policy shall guide the Group's subsidiaries in developing their respective sector-specific Complaints Management Policies and Guidelines.

2.0 Objectives of the Policy

This Policy is aimed at ensuring prompt and efficient management of complaints brought to the attention of the Group. It is also intended to improve service delivery by enabling the Group to identify areas of concern, remedy problematic or unfair situations, enhance operating methods and ensure efficient, fair and prompt handling of all complaints received.

Specific objectives of this Policy are to ensure that:

- The complainant is provided with access to an open and responsive Complaints Management Policy;
- Complaints are resolved in a consistent, systematic and responsive manner to the satisfaction of the complainant and the Group;
- Causes of complaints are identified and resolved or eliminated;
- Trends are monitored towards improving the Group's operations; and
- The Group complies with all relevant sector-specific regulations on complaints management as issued by the Regulators.

3.0 Scope of the Policy

This Policy shall apply to:

- FBN Holdings Plc, subsidiary companies, and staff within the Group;
- All internal and external customers/clients;
- Third parties working in association, partnership or in contractual arrangements with entities within the Group;
- Third-party auditors and service providers;
- External organisations providing customer representation such as advocacy and complaints services; and
- Other stakeholders not listed above.

3.1. Complaints to be handled by this Policy

This Policy is designed to manage the following types of complaints:

- Customer/client complaints, including complaints that may require formal or informal feedback, concerns, statements of issues/omissions and points of disagreement or dispute;
- Complaints by competitors in any of the business groups;
- Complaints by or through regulators, such as the CBN, SEC, NSE and/or self-regulatory organisations such as the Financial Market Dealers Quotation; and
- Other complaints which could be in the form of trade manipulations, accounting frauds, Ponzi schemes, etc.

All complaints to relevant entities in the Group shall be forwarded to the address detailed in Section 7 of the Complaints Management Policy, while complaints relating to the Group office (FBN Holdings Plc) shall be forwarded to the address as stipulated in Section 7 of the Complaints Management Policy.

APPENDIX - Complaints Management Policy

All complaints shall contain at the minimum, the following:

The complainant's:

- Name
- Full address
- Mobile number
- Email address
- Signature
- Date of complaint
- Nature/description of complaint(s)
- Other supporting documents

3.2. Complaints not covered by this Policy

This Policy does not cover complaints that:

- Relate to matters that are sub-judice or in arbitration, including employee-related disputes;
- Fall outside the purview of the business of the Group; and
- Do not require a resolution or formal follow-up.

4.0 Complaints Management Principles

In line with leading practices, the underlisted principles shall guide FBNHoldings complaints management process:

Principle	Application
Visibility	The Complaints Management Policy is well publicised to customers, clients, staff and other stakeholders on the FBNHoldings website, with extracts of the Policy in the Annual Reports and Accounts.
Accessibility	The Complaints Management Policy is user-friendly and is available to all customers/clients and other stakeholders. Complaints are welcome from customers/clients who are dissatisfied with the Group member decisions, actions or services.
Responsiveness	• Complaints will be acknowledged and resolved promptly. • Complaints will be handled efficiently and effectively and accorded the urgency it deserves. • Complainants will be treated courteously and kept informed of the progress of their complaint throughout the complaint handling process.
Objectivity	Each complaint is addressed in an equitable, objective and unbiased manner throughout the Complaints Management Process.
Charges	Access to the Group's Complaints Management Process is free of any charge to the complainant.
Confidentiality	Complaints are handled confidentially to avoid any form of embarrassment to innocent people. Personal and identifiable information concerning the complainant is actively protected from disclosure and is only made available for the purposes of addressing the complaint.
Customer/Client-focused Approach	Group members are committed to the efficient, prompt and fair resolution of complaints. The Group is open to feedback and constantly reminds customers/clients of their right to make complaints.
Accountability complaints management in	The Group accepts responsibility for effective handling and units responsible for complaints will ensure that, where appropriate, issues due to failure the complaints handling process are adequately addressed.
Continual Improvement	The Complaints Management Policy and process will be reviewed once every two years to enhance its overall efficiency and delivery of effective outcomes.

5.0 Board and Management Commitment to the Policy

- The Board and Management are highly committed to promoting an effective and efficient Complaints Handling Process across the Group, and adequate resources shall be deployed towards ensuring the achievement of this objective.

- Regular complaints management training entrenches best-in-class complaints handling techniques and strict adherence to the complaints handling policy.

- All complaints received shall be acknowledged and analysed to help inform continuous quality improvement initiatives.

6.0 Policy Statement

- This Policy is designed to provide guidance on how the Group manages complaints. FBNHoldings is committed to achieving service excellence and will strive to deliver services in a professional, consistent, coordinated and timely manner.

- The Group encourages all stakeholders (complainants) to lodge their complaints as this helps the Group to improve its services and products. Also, the Group encourages staff to respect customers/clients and endeavour to anticipate their needs and expectations.

The Group is committed to the following:

- Creating awareness among our stakeholders of the Group's complaint management process;

- Helping customers/clients and staff understand our complaints handling process;

- Investigating complaints impartially with a balanced view of available information or evidence;

- Considering complaints on their merits, taking account of individual circumstances; and

- Recognising customers/clients' right to provide feedback and complain about the product or services rendered.

Finally, the Policy shall be made available to all stakeholders on the website of FBNHoldings and an extract of the Policy shall also be made available to shareholders in the Annual Report and Accounts of FBN Holdings Plc.

7.0 Time Limit for Investigation of Complaints, Regulatory Reporting Responsibility and Complaints Register

- In line with the Policy, all complaints are handled promptly. While it might not be possible to set a specified time limit for the resolution of complaints, given their diverse nature, subsidiaries shall strive to resolve all complaints within the time limits specified by the respective sector-specific regulators.

- Where regulators require the Group office (FBN Holdings Plc) or entities within the Group to render regular reports on complaints, entities affected by such requirements shall be responsible for such regulatory returns. The Compliance functions of the affected entities shall monitor compliance with such regulatory reporting requirements and ensure the implementation of this Policy.

- In line with SEC and NSE requirements, entities within the Group, operating in the Capital Market (Capital Market Operators - CMO), shall be required to maintain an electronic complaints register, which will be updated monthly with the following:

- Name of the complainant

- Date of the complaint

- Nature of the complaint

- Brief details of the complaint

- Status of resolution

- Remarks/comments

APPENDIX - Complaints Management Policy

SUBSIDIARY	BUSINESS ADDRESS	TELEPHONE NUMBER	EMAIL ADDRESS
First Bank of Nigeria Limited	Samuel Asabia House, 35 Marina, Lagos, Nigeria	0700 FIRSTCONTACT, +234 1 4485500	firstcontact@firstbanknigeria.com
FBNQuest Merchant Bank Limited	10 Keffi Street, Off Awolowo Road, S/W, Ikoyi, Lagos, Nigeria	+234 1 2702290- 4	customercare@fbnmerchantbank.com
FBNQuest Capital Limited	16 Keffi Street, Off Awolowo Road, S/W, Ikoyi, Lagos, Nigeria	+234 1 2707180-9	customercare@fbnquest.com
FBNQuest Trustees Limited	16-18 Keffi Street, Off Awolowo Road, S/W, Ikoyi, Lagos, Nigeria	+234 1 4622673; +234 1 4622831-34; +234 1 4605120-24; +2347080653100	FirstTrustees@firstbanknigeria.com
FBN Insurance Brokers Limited	9/11 Macarthy Street, Onikan, Lagos, Nigeria	01-4622181-5	fbninsurancebrokers@firstbanknigeria.com

All complaints from shareholders and other stakeholders relating to FBN Holdings Plc shall be directed to:

Company Secretariat or Investor Relations Department
FBN Holdings Plc
Samuel Asabia House
35 Marina, P. O Box 5216
Lagos, Nigeria

E-mails and phone numbers:
companysecretariat@fbnholdings.com
Phone: +234(1)9052222 and +234(1)9052223
or
investor.relations@fbnholdings.com
Phone: +234(1)9052720 and +234(1)9051086

Contact Information

	BUSINESS ADDRESS	TELEPHONE NUMBER
GROUP		
FBN Holdings Plc	Samuel Asabia House, 35 Marina, Lagos, Nigeria	+234 1 448 5500, +234 708 062 5000
COMMERCIAL BANKING		
First Bank of Nigeria Limited	Samuel Asabia House, 35 Marina, Lagos, Nigeria	0700 FIRSTCONTACT, +234 1 448 5500
FBNBank UK Limited	28 Finsbury Circus, London, EC2M 7DT, United Kingdom	+44 207 920 4920
FBNBank DRC S.A. Limited	191 Avenue de L'Equateur, Kinshasa/Gombe, DRC	+243 82 000 0107
FBNBank Ghana Limited	Plot No: 6, 7 and 9 Liberation Road Accra, near the Golden Tulip Hotel, Accra Ghana	+233 302 23 6133, +233 302 23 5819
FBNBank The Gambia Limited	FBNBank Building 38, Kairaba Avenue, Serrekunda, KSMD, P.O. Box 1600, Banjul, The Gambia	+220 799 3502, +220 437 7889, +220 914 7426
FBNBank Guinea Limited	Immeuble Kalinko Dye, Boulevard Telli Diallo, Koulewondy Commune, Kaloum, Conakry, Guinea	+224 664 53 53 53
FBNBank Sierra Leone Limited	3 Charlotte Street, Freetown, Sierra Leone	+232 76 741 737, +232 99 305 600
FBNBank Senegal Limited	Immeuble NIANGADO, Rond-Point Ngor Almadies à côté de la Station Shell. Dakar, Senegal	+221 33 869 7935, +221 77 657 8736
First Pension Custodian Nigeria Limited	6 Maduike Street, Off Raymond Njoku Street, S.W. Ikoyi, Lagos, Nigeria	+234 1 277 7800-1
FirstBank Representative Office		
Beijing Rep. Office	Unit 1431, Tower B COFCO Plaza, No 8 Jianguomennei, Street, Dong Cheng District, Beijing, China	+861 3911 187318, +861 3343 267635
FBNQUEST MERCHANT BANK GROUP		
FBNQuest Merchant Bank Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria	+234 708 062 6000-4, +234 1 270 2290-2 +234 1 280 1340-4, +234 1 279 8300
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers, Nigeria	+234 812 993 4624
	18 Mediterranean Street, Imani Estate, Maitama. Abuja, Nigeria	+234 812 993 4620
FBNQuest Asset Management Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria	+234 708 062 6000-4, +234 1 270 2290-2 +234 1 280 1340-4, +234 1 279 8300
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers, Nigeria	+234 812 993 4624
	18 Mediterranean Street, Imani Estate, Maitama. Abuja, Nigeria	+234 906 292 7731
FBNQuest Securities Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria	+234 708 062 6000-4, +234 1 270 2290-2 +234 1 280 1340-4, +234 1 279 8300
FBNQUEST CAPITAL GROUP		
FBNQuest Capital Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria	+234 708 062 6000-4, +234 1 270 2290-2 +234 1 280 1340-4, +234 1 279 8300
FBNQuest Funds Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria	+234 708 062 6000-4, +234 1 270 2290-2 +234 1 280 1340-4, +234 1 279 8300
FBNQUEST TRUSTEES		
FBNQuest Trustees Limited	16 Keffi Street, Off Awolowo Road, S.W. Ikoyi, Lagos, Nigeria	+234 708 062 6000-4, +234 1 270 2290-2 +234 1 280 1340-4, +234 1 279 8300
	FirstBank Building (3rd Floor), 22/24, Aba Road, Port Harcourt, Rivers, Nigeria	+234 812 993 4624
	18 Mediterranean Street, Imani Estate, Maitama. Abuja, Nigeria	+234 701 045 5883
INSURANCE BROKERAGE		
FBN Insurance Brokers Limited	9/11 Macarthy Street, Onikan, Lagos	+234 1905 4590, +234 1 905 4591

FBNHoldings

Shareholder Enquiries

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Head, Investor Relations

Tolulope Oluwole
investor.relations@fbnholdings.com
+234 1 905 2720

Customer Enquiries

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+234 1 448 5500
+234 708 062 5000

Registered Address

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PO Box 5216, Nigeria
Registration No. RC916455

www.fbnholdings.com

www.fbnholdings.com/annualreport2021