FIDELITY BANK PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021

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The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and External Auditors report for the year ended 31 December 2021

1 RESULTS

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

	31 December 2021	31 December 2020
	N'million	N'million
Profit before income tax	38,066	28,054
Income tax expense	(2,487)	(1,404)
Profit after income tax	**35,579**	**26,650**
Earnings per share		
Basic and diluted (in kobo)	**123**	**92**

PROPOSED DIVIDEND

In respect of the 2021 financial year, the Board of Directors recommend a dividend of 35 kobo per Ordinary Share of 50 kobo each amounting to N10,136,904,992.20 for approval at the 34th Annual General Meeting..

If approved, dividend will be paid to Shareholders whose names appear on the Register of Members at the close of business on 5 May, 2022. The proposed dividend is subject to Withholding Tax at the applicable tax rate.

2 LEGAL FORM

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

3 PRINCIPAL BUSINESS ACTIVITIES

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

4 BENEFICIAL OWNERSHIP

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

5 SHARE CAPITAL

The range of shareholding as at December 31, 2021 is as follows:

Range			*No. of Holders*	*Holders%*	*Holders Cum*	*Units*	*Units %*
1	-	1,000	95,346	23.98%	95,346	79,868,924	0.28%
1,001	-	5,000	170,513	42.89%	265,859	468,938,254	1.62%
5,001	-	10,000	51,610	12.98%	317,469	423,619,404	1.46%
10,001	-	50,000	57,278	14.41%	374,747	1,362,011,540	4.70%
50,001	-	100,000	10,546	2.65%	385,293	820,590,193	2.83%
100,001	-	500,000	9,290	2.34%	394,583	2,022,754,169	6.98%
500,001	-	1,000,000	1,433	0.36%	396,016	1,070,140,780	3.69%
1,000,001	-	5,000,000	1,111	0.28%	397,127	2,317,509,636	8.00%
5,000,001	-	10,000,000	179	0.05%	397,306	1,331,441,653	4.60%
10,000,001	-	50,000,000	181	0.05%	397,487	3,541,568,357	12.23%
50,000,001	-	100,000,000	27	0.01%	397,514	1,836,066,273	6.34%
100,000,001	-	28,962,585,692	55	0.01%	397,569	13,688,076,509	47.26%
GRAND TOTAL			**397,569**	**100%**		**28,962,585,692**	**100%**

Substantial interest in shares

The Bank's shares are widely held and as disclosed in the Register of Members, no single Shareholder held up to 5% of the issued share capital of the Company during the year under review.

6 DIRECTORS AND THEIR INTEREST

Changes on the Board:
The following changes occurred on the Board after the 33rd Annual General Meeting, which held on 30 April, 2021.

(i) Mr. Gbolahan Joshua, Executive Director, Chief Operations and Information Officer retired from the Board on 11 June, 2021.
The Board uses this medium to express its sincere appreciation to Mr. Gbolahan Joshua and Mr. Obaro Odeghe for their meritorious service to the Bank during their tenure on the Board.

In compliance with the Bank's Board Succession Policy and the provisions of the Companies and Allied Matters Act 2020, the following Directors were appointed to the Board after the 33rd Annual General Meeting.

(i) Mrs. Morohunke Bammeke was appointed as an Independent Non-Executive Director with effect from 18 November, 2021.
(ii) Mr. Stanley Chiedoziem Amuchie was appointed as Executive Director, Chief Information and Operations Officer with effect from 27 January, 2022.
Both appointments have been approved by the Central Bank of Nigeria.

The profile of the Directors due for election at the 34th Annual General Meeting is contained in the Explanatory Notes to the 2021 financial year annual report and the Bank's website.

Retirement By Rotation:
In accordance with Article 95(1)(a) of the Articles of Association of the Bank which requires one-third (or the number closest to one-third) of the Non-Executive Directors to retire by rotation at each Annual General Meeting. The Directors due to retire by rotation at the 34th Annual General Meeting are Mr. Mustafa Chike-Obi, Alhaji Isa Inuwa and Engr. Henry Obih. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 34th Annual General Meeting.

The profile of the Directors due for re-election is contained in the Explanatory Notes to the 2021 financial year annual report and the Bank's website.

Directors' Interest in Shares:
The Directors who held office during the year ended 31 December 2021 together with their interest in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 301 and 302 of the Companies and Allied Matters Act (CAMA), 2020 and the listing requirements of the Nigerian Exchange Group (NGX) are detailed below:

		31 December 2021			31 December 2020		
NAME OF DIRECTOR	STATUS	DIRECT	INDIRECT	TOTAL	DIRECT	INDIRECT	TOTAL
		Units	Units	Units	Units	Units	Units
Mr. Mustafa Chike-Obi	Chairman, Non-Executive Director	32,516,294.00	NIL	32,516,294.00	32,516,294	NIL	32,516,294
Alhaji Isa Inuwa	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Engr. Henry Obih	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Pst. Kings C. Akuma	Non-Executive Director	1,149,675	NIL	1,149,675.00	1,149,675	NIL	1,149,675
Mr. Chidi Agbapu	Non-Executive Director	1,724,276	NIL	1,724,276.00	1,724,276	NIL	1,724,276
Chief Nelson C. Nweke	Non-Executive Director	44,974,358	NIL	44,974,358.00	Nil	NIL	Nil
Mr. Chinedu Okeke	Non-Executive Director	1,040,000	NIL	1,040,000.00	Nil	NIL	Nil
Mrs. Amaka Onwughalu	Non-Executive Director	4,404,700	NIL	4,404,700.00	Nil	NIL	Nil
Mrs. Morohunke Bammeke	Independent Non-Executive	-	NIL	-	Nil	NIL	Nil
Mrs. Nneka Onyeali- Ikpe	Executive Director	59,594,260	NIL	59,594,260.00	57,456,000	NIL	57,456,000
Mr. Hassan Imam	Executive Director	41,252,468	NIL	41,252,468.00	41,176,471	NIL	41,176,471
Mr. Kevin Ugwuoke	Executive Director	39,123,921	NIL	39,123,921.00	39,112,811	NIL	39,112,811
Dr. Kenneth Opara	Executive Director	32,192,832	NIL	32,192,832.00	Nil	NIL	Nil
Mr. Gbolahan Joshua*	Executive Director	8,623,529	NIL	8,623,529.00	49,800,000	NIL	49,800,000
Mr. Obaro Odeghe *	Executive Director	Nil	NIL	Nil	43,176,471	NIL	43,176,471

***Both Directors retired from the Board in 2021 as indicated in the preceding section.**

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

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

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

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

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

The Board Corporate Governance Committee (a Committee comprised of only Non-Executive Directors) makes recommendations to the Board on all matters relating to Directors' remuneration. The Executive Directors are not involved in decisions on their own remuneration.

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

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

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

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

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

They also receive a sitting allowance for each meeting attended by them but do not receive any performance incentive payments.
Please see the table below for the key elements of Non-Executive Directors' remuneration arrangements:

Remuneration Element	**Objective**	**Payment Mode**	**Programme Detail**
Annual Fees	· Reflect market value of individuals and their role within the Bank	· Quarterly	Reviewed every 2 years and changes made on need basis subject to shareholder approval at the Annual General Meeting.
Sitting Allowances	· To recognise the responsibilities of the Non-executive Directors	· Per meeting	Reviewed every 2 years and changes made on need basis subject to shareholder approval at the Annual General Meeting.
	· To encourage attendance and participation at designated committees assigned to them		

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

The Board periodically benchmarks its remuneration practices against peer organizations whose business profiles are similar to that of the Bank and makes changes as appropriate.
Details of the remuneration paid to the Directors in 2021 is disclosed in Note 40 of the Annual Report and Financial Statements.

7 EVENTS AFTER THE REPORTING PERIOD

a Finance Act 2021
The Finance Act was signed into Law on 31 December, 2021, with an effective date of 1 January, 2022. The signing into law of the Finance bill on 31 December 2021 qualifies as an adjusting event as the bill had been in existence at the end of the financial year. In view of this development, the Bank has reviewed the provisions of the Act ,reflected its impact . There were no material adjustments requiring restatement of the financial estimates disclosed in the Financial statement in line with the relevant provisions of the Finance Act. The Impacts were recognized in Note 16 includes recognition of National Agency for science and engineering infrastructure of 0.25% (N95million) ; Note 16 D - the extention of minimum tax assessment at 0.25% of Gross Earning Income from the provision of Finance Act 2020 as against 0.5% applicable before Finance Act 2020 and Note 16g - Tertiary Education Tax (TET) amended by Finance Act 2021 to 2.5% from 2% .

b Other events
Management has assessed the impact of the Covid-19 variants on the going concern of the Bank and has concluded that the use of the going concern concept is appropriate and that the Bank will be able to recover its assets and discharge its liabilities in the foreseeable future.

IBOR reform - The Bank is working with leading experts to assess the impact of IBOR transition on products and financial instruments based on exposure, maturity profile, and product features, as well as the impact on legal contracts to determine the potential need for base rate and fallback language amendment, re-pricing, repapering, and client outreach.
The team has developed a robust communication plan to engage with customers and ensure they understand this transition and its significance, Client relationship managers are also prepared to further support our customers on inquiries regarding the LIBOR transition.

c Russian / Ukrain war , Management has assessed the impact of the Russian / Ukrain situation on the entity as well as the going concern of the Bank and has concluded that it does not have any immedaite impact on the business .

8 PROPERTY, PLANT AND EQUIPMENT

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

9 DONATIONS AND CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organizations during the year ended 31 December, 2021 amounted to N1,377,428,011.76 (31 December 2020 - N535,575,195.26). There were no donations to political organizations during the year.
The beneficiaries were:

	REQUESTING/BENEFIARY ORGANISATION	DONATION	AMOUNT (N)
1	Ugwuike Health and Marternity Centre,	The renovation and furnishing of Ugwuike Health and Marternity Centre	3,126,000
2	IDPs in Taraba State	Donation of food items and essential materials to seven IDPs in Taraba State	13,600,000
3	Onikan Health Centre	The renovation and furnishing of the maternity ward at Onikan Health Centre	2,250,000
4	Heritage Home Orphanage, Anthony Village, Lagos State	Donation of food items and essential materials	610,000
5	Modupe Cole Orhange Home	Renovation of Rooms and Provision of Home Appliances	1,220,000
6	Indigent Patients at Island Maternity Hospital	Payment of Medical Bill For Indigent Patient	347,012
7	Jewel Care Foundation	Donation of 1000 Anti-Natal Kit to Expectant Mothers across Gombe State	20,194,000
8	Gombe State University	Installation of 20KVA Inverter and Donation of 5 Laptops	10,680,000
9	Almuhibba Foundation	Donation of 1000 Anti-Natal Kit to Expectant Mothers across Bauchi State	20,970,000
10	Hope Afresh Foundation	Medical Outreach for 3,995 women and Girl-child in Takum Local Government Area of Taraba State	23,970,000
11	Fresh Air Pro-Life Empowerment Foundation (FAPEF)	Provision of 1000 Delivery Kits to Expecting Mothers in Different LGAs, in Yola	23,570,000
12	IDP camps and Deprived Local Communities in Gombe State	Donation of Food Items to IDP camps and Deprived Local Communities in Gombe State	14,100,000
13	Kuramo Junior Secondary School, Lekki, Lagos State	Donation of Test Books fo Junior Classes to the School Library	436,000
14	Specialist Hospital, Yola, Adamawa State	Donation of 2000 Fidelity Branded Bed Cover and 1000 Branded Pillow Case	15,100,000
15	DIL University of Lagos	Recalibrating Open Distance Education and Elearning for Resilient and Inclusive Education	1,000,000
16	The Opekete Foundation , Lagos State	Sponsorship of the Florence Fund: An Initiative Of The Opekete Foundation	20,000,000
17	The Healthy Heart Foundation, Lagos State	Financial Support-the Healthy Heart Foundation, Open Heart Sugery	5,000,000
18	Akachukwu Akonam Foundation (AAF), Anambra State	Sponsorship of Akachukwu Akonam Foundation (AAF) Women	1,450,000
19	Nigerian Conservation Foundation	Sponsorship of the 2021 Walk For Nature	1,000,000
20	Akwa Ibom State Chrismas Charol	Sponsorship of the 2021 Akwa Ibom Christmas Charol	30,000,000
21	Lagos Business School (LBS)	Sponsorship of Lagos Business School Alumni Conference (Alumni Day) 2021	1,500,000
22	Federal Ministry of Youths and Sports	Sponsorship of the 2021 National Youth Conference in Abuja	20,000,000
23	Abia State Security	Sponsorship of the Abia State Security Support Fund	50,000,000
24	Anambra State Airport	Purchase and Instalation of 300 seats at the Anambra State Airport	64,000,000
25	Oyo State Juvenile Correctional Centre, Ibadan	Renovation of the Oyo State Juvenile Correctional Centre, Ibadan	4,755,000
26	Catholic Hospital, Oluyoro, Ibadan	Donation of 250 ante-natal kits	5,000,000
27	State Hospital, Akure, Ondo State	Donation of 250 ante-natal kits	5,000,000
28	ICT LAB of the Department of Mechanical Engineering, Ladoke Akintola University of Technology, Ogbomosho	Donation of 20 Laptops and 30 Desktop computers to the	9,950,000
29	St James CAC Secondary School, Ilorin, Kwara State	Donation of 20 desktop computers	4,300,000
30	Christ School, Ado-Ekiti, Ekiti State	Donation of 20 desktop computers	4,300,000
31	Nigerian Police	Being support to police equipment fund by Banks	1,000,000,000
	Total		**1,377,428,012**

10 EMPLOYMENT & EMPLOYEES

Gender Analysis as at 31 December, 2021

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the workplace. The Bank recognizes that women have different skills, viewpoints, ideas and insights which will enable it serve a diverse customer base more effectively. The report on gender analysis as at 31 December 2021 is shown below:

GENDER ANALYSIS OF TOTAL STAFF AS AT 31 December 2021			31 December, 2020	
GENDER	**NUMBER**	**PERCENTAGE OF TOTAL STAFF**	**NUMBER**	**PERCENTAGE OF TOTAL STAFF**
FEMALE	1,366	46%	1,336	45%
MALE	1,608	54%	1,609	55%
TOTAL	**2,974**	**100%**	**2,945**	**100%**

Analysis of the positions held by women in executive, top management and on the Board of Directors is shown below:

GENDER ANALYSIS OF EXECUTIVE MANAGEMENT AS AT 31 December 2021			31 December, 2020	
GENDER	**NUMBER**	**PERCENTAGE**	**NUMBER**	**PERCENTAGE**
FEMALE	1	20%	2	29%
MALE	4	80%	5	71%
TOTAL	5	**100%**	7	100%

GENDER ANALYSIS OF TOP MANAGEMENT (AGM-GM) AS AT 31 December 2021				31 December, 2020		
GRADE	**FEMALE**	**MALE**	**TOTAL**	**FEMALE**	**MALE**	**TOTAL**
General Manager	1	7	8	1	5	6
Deputy General Manager	3	6	9	2	7	9
Assistant General Manager	7	24	31	5	18	23
TOTAL	**11**	**37**	**48**	**8**	**30**	**38**
Percentage	**23%**	**77%**	**100%**	**21%**	**79%**	**100%**

GENDER ANALYSIS OF THE BOARD OF DIRECTORS AS AT 31 December 2021				31 December, 2020		
GRADE	**FEMALE**	**MALE**	**TOTAL**	**FEMALE**	**MALE**	**TOTAL**
Executive Director	0	4	4	3	2	5
Deputy Managing Director	0	0	0	0	1	1
Managing Director	1	0	1	0	1	1
Non Executive Director	2	7	9	0	7	7
TOTAL	**3**	**11**	**14**	**3**	11	**14**
Percentage	**21%**	**79%**	**100%**	**21%**	**79%**	**100%**

Human Resources Policy

The Bank places a high premium on all its employees and recognizes that their input is critical for its long term success.

Consequently, the Bank ensures its continued compliance with regulatory provisions on employment and carries out pre-employment background screening on prospective employees.

The Bank also ensures that all employees are treated fairly and equally regardless of their ethnicity, gender, nationality, religion or other factors, while promoting diversity in the workplace.

The Bank operates a contributory pension plan for its employees in accordance with the provisions of the Pension Reform Act 2014.

Employment Of Persons With Special Needs

There is no discrimination in considering applications for employment including applications from persons with special needs. The Bank ensures that such persons are afforded identical opportunities with other employees. The Bank currently has in her employment five (5) persons with special needs and ensures that the work environment is accessible and conducive for them.

Health, Safety and Welfare of Employees

The health, safety and wellbeing of all employees is a top priority and the Bank continues to make significant investments along these lines.

All employees are provided with comprehensive healthcare coverage through a health management scheme with 3,265 hospitals across the country. The scheme covers each staff, his/her spouse and four biological/adopted children.

The Bank also has an international health insurance scheme, which provides emergency medical evacuation support. These healthcare initiatives are actively enhanced with regular health screening exercises including mammograms, prostate screening, eye examinations, cardiovascular and tuberculosis tests and immunization for cerebrospinal meningitis, Hepatitis B and COVID-19.

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

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

All employees of Fidelity Bank are insured under a Group Life and Personal Accident Insurance Scheme. The scheme covers staff members who die or are injured while in the service of the Bank. Their entitlements are processed and paid to them or their next of kin as stated in the personnel records. There was no workplace related accident or fatality during the review period.

Staff health and the COVID-19 Pandemic

More recently, health awareness programmes have focused on preventing the spread of the Corona Virus. The Bank adopted several measures to ensure that staff and other stakeholders are protected from the Corona Virus. These include implementation of an onsite and remote work model, regular advisories on safety measures to prevent the spread of the virus, vaccination of staff and their dependants, ensuring safe practices in the office and restricting physical attendance at official events to ensure proper social distancing and compliance with COVID-19 safety regulations/protocols.

Some of the actions taken to ensure that staff, customers and stakeholders visiting the Bank's premises are protected against the virus include:

(a) Installation and use of contactless hand sanitizers at the Bank's buildings and Automated Teller Machines (ATMs).
(b) se of contactless thermometers to confirm the temperature of everyone entering the Bank's premises and buildings;
(c) Regular supply of personal protective equipment including facemasks and hand sanitizers to staff members.
(d) Strategically placed notices and signs within the Bank's premises to serve as constant reminders on the importance of practicing the safety tips recommended by the health authorities to prevent the spread of the virus.
(e) Regular communication to staff and stakeholders on the dangers of the virus through emails, screensavers and notices at the Bank's ATMs.
(f) Redesigning customers' waiting areas at the branches to comply with social distancing requirements.
(g) Staff with existing health conditions, including pregnant women and nursing mothers were directed to work remotely until further notice;
(h) Introduction of teleconsulting with doctors to enable staff receive medical attention without physical hospital visits.

Human Rights

The Bank has a formal Human Rights Policy and consciously strives to ensure that it does not engage in business activities or relationships that would violate the
The Policy aligns with extant laws, including the relevant provisions of the Constitution of the Federal Republic of Nigeria. The Bank will continue to meet the standards of international treaties on human rights, as domesticated and ratified by the National Assembly, as well as other workplace related treaties.

Employee involvement and training

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

The Bank operates an open communication policy and employees are encouraged to communicate with Management through various media including virtual town hall meetings hosted by the MD/CEO.

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

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

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

The Bank currently has nine modern Learning Centers at Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano. A total of 4,171 officers (2,091 core staff and 2,080 non-core), participated in various training programs in H1 2021, while 4,571 (2,811 core staff and 1,760 non-core) participated in H2 2021.

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

Credit Ratings

The Central Bank of Nigeria's Revised Prudential Guidelines requires all banks to be credit rated. The ratings are updated every year and published in the Annual Report. In 2021, Fidelity Bank was assigned the credit ratings below by the following rating agencies:

Fitch Ratings	Long-Term = B- Short-Term =B Outlook = Stable
Standard & Poor (S&P)	Long-Term = B- Short-Term =B Outlook = Stable
Global Credit Rating Co (GCR)	Short Term = A2 Long Term = A- Outlook = Stable

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

Auditors

The appointment of the External Auditors, Deloitte & Touche, was approved on April 30, 2021 at the 33rd Annual General Meeting in accordance with Section 401(1) of the Companies and Allied Matters Act, 2020. The appointment took effect on May 5, 2021.

The External Auditors have indicated their willingness to continue in office as the Bank's auditors in accordance with section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the 34th Annual General Meeting to authorize the Directors to determine their remuneration.

By order of the Board.

Ezinwa Unuigboje
Company Secretary
FRC/2015/NBA/00000006957
Fidelity Bank Plc
No 2 Kofo Abayomi Street
Victoria Island
Lagos
Date: 17 March 2022

Statement Of Directors' Responsibilities In Relation To The Preparation Of The Financial Statements

For the preparation and approval of the financial statements

The Directors of Fidelity Bank Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Bank as at 31 December 2021, and the results of its operations, statement of cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act , Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandabl information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understan the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance.

Going Concern:

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

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 (CAMA) 2020 , Banks and Other Financial Institutions Act (BOFIA) 2020 , the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and its financial performance for the period

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

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

Signed on behalf of the Directors by:
Date: March 17 2021

Kevin Ugwuoke
Director
FRC/2020/003/00000022290

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

Certification of Financial Statement

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(a) 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, in the light of the circumstances under which such statement was made, and

(b) 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 company as of and for, the periods covered by the audited financial statements:

We state that management and directors:

(a) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the Bank's , particularly during the period in which the audited financial statement report is being prepared,

(b) has evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of its audited financial statements, and

(c) certifies that Bank's internal controls are effective as of that date;

We have disclosed:

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and has identified for the Bank's auditors any material weaknesses in internal

(b) whether or not, there is any fraud that involves management or other employees who have a significant role in the Bank's internal control; and

(c) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Bank for the year ended 31 December 2021 were approved by the directors on 17 March 2022

Signed on behalf of the Directors by:
Date: March 17 2022

Victor Abejegah	**Nneka Onyeali-Ikpe**
Chief Financial Officer	Managing Director/Chief Executive Officer
FRC/2013/ICAN/00000001733	**FRC/2013/NBA/00000016998**

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIDELITY BANK PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fidelity Bank Plc set out on pages 35 to 126 which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and the Financial Reporting Council of Nigeria Act No 6, 2011 and relevant Central bank of Nigeria Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and other ethical requirements that are relevant to our audit of financial statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter.

Key Audit Matter	
Impairment of Loans and advances	**How the matter was addressed in the audit**
Loans and advances make up a significant portion of the total assets of the bank. As at 31 December 2021, gross loans and advances were N1.73trillion comprising local and foreign denominated loans against which total loan impairment of N74.1billion was recorded, resulting in a net loan balance of N1.66 trillion. This value represents 50% of the total assets as at the reporting date.	We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by Directors. Specifically, with the assistance of our technology and credit specialists, our audit procedures included the following: a. Through discussion and inspection, we established an understanding of the processes, systems, models, data, and assumptions used, and the governance of all these during the origination and collection of loans and

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Key Audit Matter Impairment of Loans and advances	How the matter was addressed in the audit
The basis of the impairment on loans and advances is summarized in the accounting policies (2.4) to the audited financial statements. The Directors have assessed the bank's loan loss impairment using the expected credit loss (ECL) model, in accordance with the provisions of IFRS 9 - Financial Instruments, disclosed in notes 3.2, 8 and 22. The Directors exercised significant judgement and assumptions in the process of determining the value recorded as loan and advance impairment. Some of these judgements and assumptions include: i. Segmentation of loans and advances into portfolios with similar characteristics ii. Using a combination of payment history, credit ratings and prudential classification used to determine whether a significant increase in credit risk (SICR) occurred since origination that requires migration from stage 1 to stages 2 and default that require movement to stage 3. iii. Estimation of probability of default (PD), loss given default (LGD) (including realization of the collateral) exposure at default (EAD), iv. Assumptions and weightings applied to the macro-economic variables used as part of the forward-looking information. v. The credit conversion factor (CCF) used when determining the required impairment on off-balance sheet exposures such as undrawn facilities and guarantees. vi. The accounting treatment applied when loan terms are modified. In view of these above areas where significant estimates and judgements were made and in view of the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.	advances, and the subsequent impairment thereof as required by IFRS when there is a SICR. b. We tested the design and operating effectiveness of the key General and IT Controls (GITC) on the loan impairment system, automated controls around the timely identification and determination of the impairment of loans and advances, including data inputs, and the interfaces between the core banking system and the loan impairment system c. We tested a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and had been identified in a timely manner. We challenged management's judgements on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions, such as the oil and gas and power sectors. d. We, we tested whether the loans and advances, undrawn facilities and historical payment data used in the models were accurate and assessed and challenged whether the modelling assumptions applied by management in their models (such as portfolio segmentation, PD, LGD, EAD, SICR, CCR, default, write off, recovery, cure, ratings, collateral value and timing, the effective interest rate, treatment of foreign denominated loans, modifications, and the multiple economic scenarios and probability weights used for the forward-looking assumptions) were reasonable in light of the requirements of the applicable financial reporting standards, the bank's own historical experience, the economic climate, the current operational processes as well as our own knowledge of practices used by other similar banks. e. We extracted the required data from the bank's modelling system, determined our own assumptions, and recalculated the impairment for all portfolios using our own model. We compared our results with those of management, to assess whether there was any indication of error or management bias. Where a significant difference occurred, management revisited their own models and assumptions or appropriately challenged ours. f. We selected a sample of the individually significant loans, established the loan, collateral and payment terms and actual performance for each of these and assessed whether the staging and the impairment applied was reasonable. g. We reviewed the disclosures in the financial statements for reasonableness and compliance with the requirements of IFRS 7.

Valuation of unquoted investments	
The Bank's investment securities at 31 December 2021 include unquoted equity investments of N26.21 billion for which there are no liquid markets. As contained in note 24, the assets are carried at fair value through Other comprehensive Income in line with the requirements of IFRS 9, Financial Instruments. Given the non-availability of market prices for these securities, determination of their fair valuation by management involves exercise of significant assumptions and judgments regarding the cash flow forecasts, growth rate and discount rate utilised in the valuation model. Therefore, it is considered a key audit matter. The directors have done a valuation to determine the fair value of the unquoted investment securities and details of the valuation work, including all relevant assumptions used, key inputs and data that go into the estimate of the fair value of the unquoted investments was made available for our review.	The assumptions and judgment applied by the directors in assessing the required level of impairment of loans and advances support the related disclosures in notes 2.4, 3.2, 8 and 22 to the annual financial statements. We focused our attention on auditing the valuation of unquoted investment securities by looking specifically into the valuation model, inputs and key assumptions made by directors. Our audit procedures included: • Evaluating the design and implementation of relevant controls over generation of key inputs that went into the valuation model. • Obtaining direct confirmation of the existence and units of the different holdings with the investees' registrars and/or secretariats. Our valuation specialists performed the procedures below: • Considered the appropriateness of the valuation methodology adopted for the purposes of valuing the unquoted equity investments; and • Re-performed the valuation of the unquoted equity investments. This involved reviewing the comparable companies, and the appropriateness of the multiples adopted The assumptions and judgment applied by the directors in assessing the fair values of unlisted equities support the related disclosures in notes 2.4, 3.5c, and 24.3 to the annual financial statements.

Other matter
The financial statements of the Bank for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2021.

Other Information
The Directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' responsibilities in relation to the preparation of the financial statements, Report of statutory audit committee, Corporate governance report, Value added statement and Five-year financial summary, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and the Financial Reporting Council of Nigeria Act No 6, 2011 and relevant Central bank of Nigeria Guidelines and Circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. owever, future events or conditions may cause the Bank to cease to continue as a going concern
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures and whether the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide the audit committee and directors 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 audit committee and the directors, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe this matter 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 benefits derivable from such communication.

Report on other legal and regulatory requirements.
In accordance with the fifth Schedule of Companies and Allied Matters Act 2020 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Bank has kept proper books of account, so far as appears from our examination of those books.

iii) The Bank's financial position and its statement of profit or loss and other comprehensive income agree with the books of account and returns.

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

Contraventions of the Banks and Other Financial Institutions (BOFIA) Act 2020 and Central Bank of Nigeria circulars and the related penalties are disclosed in note 41.1 to the annual financial statements in accordance with Central Bank of Nigeria circulars and guidelines.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 March 2022

Engagement Partner: Yetunde Odetayo
FRC/2013/ICAN/00000000823

Corporate Governance Report

Introduction

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

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

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

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

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

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

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

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

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

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

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

Key Governance Development

(a) Board Changes :
(b) Retirements from the Board:

(b) Retirements from the Board:

The following Directors retired from the Board as indicated below:

(a) Mr. Gbolahan Joshua, Executive Director, Chief Operations and Information Officer, retired from the Board on June 11, 2021.
(b) Mr. Obaro Odeghe, Executive Director, Corporate Banking, retired from the Board on December 21, 2021.

(c)Board Appointments:
The following Directors were appointed to the Board in accordance with the Board Succession Policy and the regulatory requirement in CAMA 2020 for all public quoted companies to have a minimum of three (3) Independent Non-Executive Directors.

(a) Mrs. Morohunke Adenike Bammeke was appointed as an Independent Non-Executive Director. Her appointment was approved by the Central Bank of Nigeria on November 18, 2021.
(b) Mr. Stanley Chiedoziem Amuchie was appointed as Executive Director' Chief Operations and Information Officer. His appointment was approved by the Central Bank of Nigeria on January 27, 2022.

Mrs. Morohunke Adenike Bammeke and Mr. Stanley Chiedoziem Amuchie will be presented for election at the 34th Annual General Meeting of the Company.

(2) The Nigerian Code of Corporate Governance, 2018 (NCCG 2018)
The Nigerian Code of Corporate Governance (NCCG) was formally issued on 15 January 2019 by the Financial Reporting Council of Nigeria (FRCN) and is applicable to all listed entities including Fidelity Bank. Being a regulated entity, the Bank is required to comply with the provisions of the Code and submit an annual return on its status of compliance. The Bank has submitted the returns for 2021 financial year through the Nigerian Exchange Group in the template prescribed by the FRCN for regulatory reporting on the Code.

The Board of Directors

Board Size
The Board currently comprises of fourteen (14) Directors, five (5) Executives including the Managing Director/Chief Executive Officer (MD/CEO) and nine (9) Non- Executive Directors including three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors do not hold any shares in the Company, nor are they involved in any business relationship with the Bank.

Board Structure and Responsibilities

The Board is responsible for creating and delivering sustainable value to all stakeholders through efficient management of the business. The Board is also responsible for determining the strategic direction of the Bank, which is implemented through Executive Management, within a framework of rewards, incentives and controls.

Executive Management, led by the MD/CEO, constitutes the key management organ of the Bank and is primarily responsible for achieving performance expectations and increasing shareholder value. Executive Management reports regularly to the Board on issues relating to the growth and development of the Bank. The Board plays a major supportive and complementary role in ensuring that the Bank is well managed and that appropriate controls are in place and fully operational.

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

Responsibility for the day-to-day management of the Bank resides with the MD/CEO, who carries out her functions in accordance with guidelines approved by the Board of Directors. The MD/CEO is ably assisted by the four (4) Executive Directors. In line with best practice and requisite regulations, the roles of the Chairman of the Board and MD/CEO are assumed by different individuals to ensure that the right balance of power and authority is maintained.

The effectiveness of the Board is derived from the broad range of skills and competencies of the Directors, who are persons of high integrity and seasoned professionals. The Directors are competent, knowledgeable, and proficient in their professional careers, businesses and/or

The Directors bring to the Board their diverse experience in various fields including business, corporate finance, accounting, management, banking operations, oil & gas, risk management, engineering, project finance, leasing, law, information technology, and treasury management. The professional background of the Directors reflects a balanced mix of skills, experience and competencies that impact positively on the Board's activities. The Directors exercise independent judgement and occasionally challenge each other's assumptions on issues tabled for consideration, with the result that no single individual dominates the decision-making process. The Board operated effectively throughout the review period and continues to do so.

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

Access to Information
Management is responsible for ensuring that the Board receives necessary information on the Bank's operations and activities on a regular and timely basis to aid the decision making process.

Executive Management and other principal officers attend Board and Board Committee meetings to make presentations and clarify any issues as appropriate.

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

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

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

The Board meets quarterly, and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and briefed on business developments between Board meetings. The Board met nine (9) times during the year ended 31 December 2021.

Details of the Directors who served on the Board during the year ended 31 December 2021 are indicated below:

NO	NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT
1	**Mr. Mustafa Chike-Obi**	Chairman /Non-Executive Director	August 15, 2020
2	**Pst. Kings Akuma**	Non-Executive Director	November 25, 2016
3	**Mr. Chidi Agbapu**	Non-Executive Director	September 3, 2018
4	**Alhaji Isa Inuwa**	Independent Non-Executive Director	January 22, 2020
5	**Engr. Henry Obih**	Independent Non-Executive Director	September 21, 2020
6	**Mrs. Amaka Onwughalu**	Non-Executive Director	December 15, 2020
7	**Chief Nelson C. Nweke**	Non-Executive Director	December 15, 2020
8	**Mr. Chinedu Okeke**	Non-Executive Director	January 4, 2021
9	**Mrs. Morohunke Bammeke**	Independent Non-Executive Director	November 18, 2021
10	**Mrs. Nneka Onyeali-Ikpe**	Managing Director/CEO	January 1, 2021
11	**Mr. Hassan Imam**	Executive Director	January 1, 2020
12	**Mr. Kevin Ugwuoke**	Executive Director	July 28, 2020
13	**Dr. Ken Opara**	Executive Director	January 1,2021
14	**Mr. Gbolahan Joshua**	Executive Director	Retired on June 11, 2021
14	**Mr. Obaro Odeghe**	Executive Director	Retired on December 21, 2021

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

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

In keeping with the Board Succession Planning Policy and in compliance with the provisions of CAMA 2020, Mrs. Morohunke Bammeke was appointed to the Board on November 18, 2021, as an Independent Non-Executive Director, bringing the number of Independent Non-Executive Directors on the Board to three (3). Mr. Stanley Amuchie was appointed as the Executive Director Chief Operations and Information Officer on January 27, 2022. The appointments have been approved by the Central Bank. Both Directors will be presented to the Shareholders for election at the 34th Annual General Meeting.

In accordance with the provisions of Article 95(1) (a) of the Bank's Articles of Association, the Directors to retire by rotation are **Mr. Mustafa Chike-Obi, Alhaji Isa Inuwa and Mr. Henry Obih.** The retiring Directors, being eligible, have offered themselves for re-election at the 34th Annual General Meeting. The Board is of the firm conviction that the said Directors will continue to add value to the Board and the Bank and recommends their re-election.

Directors' Term of Office

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

Board Induction and Continuous Education

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

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

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

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

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

S/N	Consultant	Vendor	Start Date	End Date	Name of Directions
1	Agusto 2021 Economic Outlook Webinar	Agusto Consulting Limited	11 February 2021	-	Gbolahan Joshua
2	Communication Strategies- Presenting with impact	Harvard Business School	16 March 2021	-	Mrs. Nneka Onyeali-Ikpe
3	Company Direction Course 1	Institute of Directors Nigeria	19 May 2021	20 May 2021	(i) Obaro Odeghe (ii) Kevin Ugwuoke (iii) Gbolahan Joshua
4	Competitive Strategy Programme	INSEAD	21 June 2021	25 June 2021	Obaro Odeghe
5	Company Direction Course 2- Building Effective Board	Institute of Directors Nigeria	29 June, 2021	30 June, 2021	Obaro Odeghe
6	Board Induction program	Fidelity Bank Plc	21 June 2021	25 June 2021	(i) Mrs. Amaka Onwughalu (ii) Chief Nelson C.Nweke (iii) Mr. Chinedu Okeke (iv) Dr. Ken Opara
7	Executive Development Program	JSK Etiquette International	26 July 2021	26 October 2021	(i) Mr. Obara Odeghe (ii) Mr. Hassan Imam (iii) Mr. Kevin Uguwoke (iv) Mr. Gbolahan Joshua
8	Fiduciary Awareness Certification Test	The Convention on Business Integrity	26 August 2021	-	Mr. Chinedu Okeke
9	Fiduciary Awareness Certification Test	The Convention on Business Integrity	16 September 2021	-	Alhaji Isa Inuwa
10	Corporate Governance Programme: Developing Exceptional Board Leaders	Columbia Business School	22 September 2021	24 September 2021	Mr. Chinedu Okeke
11	Fiduciary Awareness Certification Test	The Convention on Business Integrity	27 September 2021	-	Alhaji Isa Inuwa

12	Fidelity Board Credit Workshop	H. PIERSON	27 September 2021	28 September 2021	1. Alhaji Isa Inuwa 2. Pst. Kings C. Akuma 3. Mr. Chidi Agbapu 4. Engr. Henry Obih 5.Chief Nelson C. Nweke 6.Mr. Chinedu Okeke 7. Mrs. Amaka Onwughalu 8. Mr. Hassan Imam 9. Mr. Kevin Ugwuoke 10. Dr. Ken Opara
13	Finance for the Boardroom Course	Cranfield School of Management	27 September 2021	30 September 2021	Mr. Chinedu Okeke
14	Finance for the Boardroom Course	Cranfield School of Management	25 October 2021	25 May 2022	(i) Dr. Ken Opara
15	Making Corporate Boards More Effective	Harvard Business School	10 November 2021	13 November 2021	(i) Mrs. Amaka Onwughalu
16	Fiduciary Awareness Certification Test	The Convention on Business Integrity	12 November 2021	-	(i) Dr. Ken Opara
17	Strategic Decision Making for Leaders	INSEAD	15 November 2021	19 November 2021	Chief Nelson C. Nweke
18	Leading Digital Transformation and Innovation	INSEAD	29 November 2021	3 December 2021	Pst. Kings C. Akuma
19	Fiduciary Awareness Certification Test	The Convention on Business Integrity	29 November 2021	-	Engr. Henry Obih
20	Leading from the Chair	INSEAD	3 December 2021	4 December 2021	Engr. Henry Obih
21	Fiduciary Awareness Certification Test	The Convention on Business Integrity	2 December 2021	-	Mr. Mustafa Chike-Obi
22	Authentic Leader Development Course	Harvard Business School	5 December 2021	10 December 2021	Mr. Kevin Ugwuoke
23	Strategic Governance, Risk and Compliance	Euromoney Training	5 December 2021	9 December 2021	Mr. Kevin Ugwuoke
24	Leading and building a culture of Innovation	Harvard Business School	5 December 2021	10 December 2021	Dr. Ken Opara
25	AML/CFT and Sustainability Training	H. Pierson	13 December 2021	-	. Mr. Mustafa Chike-Obi 2. Pst. Kings C. Akuma 3. Mr. Chidi Agbapu 4. Alhaji Isa Inuwa 5. Engr. Henry Obih 6. Mrs. Amaka Onwughalu 7. Chief Nelson C. Nweke 8. Mr. Chinedu Okeke 9. Mrs. Morohunke Bammeke 10. Mrs. Nneka Onyeali-Ikpe 11. Mr. Kevin Ugwuoke 12. Dr. Ken Opara

26	making Strategies	of Business	13 December 2021	17 December 2021	Mr. Hassan Imam
27	Cyber Security Training	KPMG	14 December 2021	15 December 2021	1. Mr. Mustafa Chike-Obi 2. Pst. Kings C. Akuma 3. Mr. Chidi Agbapu 4. Alhaji Isa Inuwa 5. Engr. Henry Obih 6. Mrs. Amaka Onwughalu 7. Chief Nelson C. Nweke 8. Mr. Chinedu Okeke 9. Mrs. Morohunke Bammeke 10. Mr. Kevin Ugwuoke 11. Dr. Ken Opara

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

Independent consultants engaged during the review period include:

S/N	Consultant	Brief
1	KPMG Professional Services	Board Appraisal; Corporate Strategy; Board Consultancy Services
1	PricewaterhouseCoopers	Human Resources Services

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

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

The appraisal is extensive and covers the Board, Board Committees and individual Directors, whilst focusing on strategy, corporate culture, and stewardship. A governance survey is occasionally administered on the Bank's senior management staff. The result of the survey is presented to the Board along with the Board appraisal report.

Amongst other indices the annual assessment focuses on the Board's role in the following key areas:
(a) Defining strategy and management of the Board's own activities.
(b) Monitoring Management and evaluating its performance against defined objectives.
(c) Implementing effective internal control systems.
(d) Communicating standards of ethical organizational behaviour by setting the tone at the top.

The independent consultant's report on the Board appraisal is presented to Shareholders at the Annual General Meetings and submitted to the Central Bank of Nigeria. The Board appointed KPMG Advisory Services to carry out the Board appraisal and governance evaluation exercise for 2021 financial year. The Consultant's report will be presented at the 34th Annual General Meeting.

Board Meetings
To ensure effectiveness throughout the year, the Board approves its Annual Agenda Cycle, Annual Goals and calendar of Board meetings at the beginning of each year. These not only focus the activities of the Board, but also establishes benchmarks against which its performance can be evaluated at the end of the year.

While a detailed forward agenda is available at the beginning of the year, it is periodically updated to reflect contemporary issues that may arise in the course of the year, which may be of interest to the Bank, the financial services industry or the national/global economies. The Board meets quarterly

A. Board Committees

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

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

The Board Information Technology Committee was established with effect from January 1, 2022.
To enable the Committees execute their oversight responsibilities, each Committee has a formal Charter, which defines its objectives and

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

The composition of Board Committees as at December 31, 2021 is as follows:

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

The composition of Board Committees with effect from January 1, 2022, is as follows:

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

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

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

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

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

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

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

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

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

4. Board Corporate Governance Committee:

The Board Corporate Governance Committee comprises a minimum of four (4) Non- Executive Directors (including an Independent Director who chairs the Committee in line with leading practice). The Managing Director (or in her absence, an Executive Director nominated by her) is in attendance at the Committee's meetings. The Committee has oversight responsibility for issues relating to the Bank's Corporate Governance Framework. The Committee meets quarterly or as the need arises.
Its terms of reference include:

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

5. Board Finance & General Purpose Committee:

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

Its terms of reference include:

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

6. Board Information Technology Committee:

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

Its terms of reference include:

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

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

B. Attendance at Board and Board Committee Meetings

Records of the Directors' attendance at meetings during Year ended 31 December 2020 are provided below:

DIRECTORS	FULL BOARD	BOARD CORPORATE GOVERNANCE COMMITTEE (BCGC)	BOARD AUDIT COMMITTEE (BAC)	BOARD CREDIT COMMITTEE (BCC)	BOARD FINANCE AND GENERAL PURPOSE COMMITTEE (BF & GPC)
TOTAL NO OF MEETINGS	**9**	**12**	**7**	**18**	**8**
Mr. Mustafa Chike-Obi	9	NA	NA	NA	NA
Pst. Kings Akuma	9	NA	7	18	N/A
Mr. Chidi Agbapu	9	12	7	18	8
4 Alhaji Isa Inuwa	9	12	7	17	N/A
Engr. Henry Obih	9	12	N/A	18	8
Mrs. Amaka Onwughalu	9	12	N/A	18	8
Chief. Nelson C. Nweke	9	12	7	N/A	8
Mr. Chinedu Okeke	9	N/A	7	18	8
Mrs. Morohunke Bammeke (A1)	9	N/A	N/A	N/A	N/A
Mrs. Nneka Onyeali- Ikpe	9	N/A	N/A	18	N/A
Mr. Gbolahan Joshua (B1)	9	N/A	N/A	N/A	N/A
Mr. Obaro Odeghe (B2)	9	N/A	N/A	N/A	N/A
Mr. Hassan Imam	9	N/A	N/A	N/A	N/A
Mr. Kevin Ugwuoke	9	N/A	N/A	N/A	N/A
Dr. Kenneth Opara	9	N/A	N/A	N/A	N/A

Notes:

Attendance records are reflective of meetings held ithin the Directors' appointment/retirement dates.

N/A - Not Applicable.

A1- Mrs. Morohunke Bammeke was appointed on November 18, 2021.

B1- Mr. Gbolahan Joshua retired on June 11, 2021.

B2- Mr. Obaro Odeghe retired on December 21, 2021.

C. Statutory Audit Committee

The Statutory Audit Committee was established in compliance with Section 404(3) of the Companies and Allied Matters Act, 2020. The Committee has five (5) members comprising of two (2) members of the Board and three (3) members nominated by Shareholders at the 33rd Annual General Meeting. The composition remained unchanged in the 2021 Financial Year.

The Committee's primary responsibilities include:

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

Dates of Board and Board Committee meetings in year ended 31 December 2021:

S/N	FULL BOARD	Board Risk Committee	Board Audit Committee	Board Finance & General Purpose Committee	Board Credit Committee
1	28-Jan-2021	18-Jan-2021	21-Jan-2021	19-Jan-2021	20-Jan-2021
2	15-Mar-2021	12-Apr-2021	15-Mar-2021	15-Mar-2021	26-Jan-2021
3	26-Apr-2021	28-Jul-2021	13-Apr-2021	19-Apr-2021	24-Feb-2021
4	31-Jul-2021	13-Oct-2021	30-Jun-2021	30-Jun-2021	25-Feb-2021
5	5-Aug-2021		27-Jul-2021	3-Aug-2021	24-Mar-2021
6	28-Oct-2021		4-Aug-2021	4-Aug-2021	29-Mar-2021
7	24-Nov-2021		7-Oct-2021	15-Oct-2021	20-Apr-2021
8	25-Nov-2021			17-Dec-2021	25-May-2021
9	20-Dec-2021				16-Jun-2021
10					18-Jun-2021
11					13-Jul-2021
12					26-Jul-2021
13					25-Aug-2021
14					17-Sep-2021
15					24-Sep-2021
16					14-Oct-2021
17					10-Dec-2021
18					16-Dec-2021

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

Membership and attendance at Statutory Audit Committee meetings during the year ended 31 December 2021 is indicated below:

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

ATTENDENCE SCHEDULE

S/N	15-Mar	31-Mar	19-Apr	6-Jul	4-Aug
1	√	√	√	√	√
2	√	√	√	√	√
3	√	√	√	√	√
4	√	√	√	√	√
5	√	√	√	√	√

In line with best practice, the Committee meets at least once a year with the External Auditors without the presence of Management.

Members of the Statutory Audit Committee participated in the following training programme in 2021 financial year:

Improving the Performance of the Audit Committee	DCSL Corporate Services Limited	27-Jul-2021	3-Aug-2021	1. Mr. Innocent Mmuoh 2. Chief Frank Onwu

D. General Meetings

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

The Annual General Meetings are convened and conducted in a transparent manner and attended by representatives of the Central Bank of Nigeria, Securities & Exchange Commission, Nigerian Exchange Group, Corporate Affairs Commission, Nigeria Deposit Insurance Corporation, various Shareholders' Associations and other stakeholders.

The Board takes a keen interest in its responsibility to ensure that material developments (financial and non-financial) are promptly communicated to shareholders. The Board is also conscious of regulatory reporting requirements and regularly discloses material information to all stakeholders. To achieve this, the Bank has developed formal structures for information dissemination via direct communication to all interested parties using electronic and print media as well as its website, **www.fidelitybank.ng.**

D. General Meetings- continued

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

E. Management Committees

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

1. Executive Committee:

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

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

2. Asset & Liability Committee:

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

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

3. Management Credit Committee:

The primary purpose of the Committee is to advise the Board of Directors on its oversight responsibilities in relation to the Bank's credit exposures and lending practices. The Committee also provides guidance on development of the Bank's credit and lending objectives. Membership of the Committee includes the MD/CEO, the Executive Directors, and the Divisional Heads of Legal and Credit Appraisal. The Committee meets once a week or as necessary and its key responsibilities include the following:

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

4. Criticized Assets Committee:

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

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

5. Performance Review Committee:

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

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

6. Operational Risk & Service Measurement Committee:

The Operational Risk & Service Measurement Committee meets monthly or as necessary and oversees all matters related to operational risk and service delivery in the Bank.

Membership of this Committee comprises the MD/CEO, the Executive Directors and the Heads of the Business and Support Divisions of the Bank.

The Committee is charged with the following key responsibilities:

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

7. Sustainable Banking Governance Committee:

The Sustainable Banking Governance Committee meets every two months and oversees implementation of the Central Bank's Sustainable Banking Policies and Guidance Notes.

Membership of the Committee includes the MD/CEO, Executive Directors and Heads of the Business and Support Divisions of the Bank.

(a) Oversee the implementation of Environmental and Social Management Systems.
(b) Oversee the implementation and management of the Bank's environmental and social footprints on:
(i) Energy and water conservation.
(ii) Waste management.
(iii) Sustainable procurement.
(iv) Stakeholder engagement.

(c) Oversee the implementation of other sustainability issues in the Bank as it relates to:
(i) Promotion of equality of opportunity and diversity.
(ii) Occupational health and safety.
(iii) Grievance mechanism and related issues.
(iv) Financial inclusion and literacy.
(v) Corporate Social Responsibility.
(vi) Collaborative partnerships.
(vii) Capacity building.
(d) Review the Bank's progress on environmental and social performance indices.
(e) Review and advise the Board on the progress of the Bank's initiatives.

8. ix. Information Technology (IT) Steering Committee

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

Membership of the Committee includes the Executive Director Chief Operations and Information Officer (who serves as the Chairman), Executive Director Chief Risk Officer, Chief Compliance Officer, Chief Technology Officer, Divisional Head, Operations, Chief Human Resources Officer and Chief Information Security Officer.

The responsibilities of the Committee include the following:

(a) Steer the Bank's business to profitability through technology.
(b) Review, monitor, and enforce implementation of the Bank's IT strategy.
(c) Review short to mid-term trends and make recommendations
(d) Harmonize all IT related budget entries from other Departments with the provisions in the IT budget.
(e) Provide support and advise to the Executive Committee on IT and Information Security matters.
(f) Assess the criticality of IT expenditure.
(g) Review and monitor IT budget implementation.
(h) Serve as a governing council/steering committee for the Information Security Management System.
(i) Resolve issues or conflicts that, if unresolved, would jeopardize the successful completion of approved IT initiatives and programmes;
(j) Make recommendations on the resources required to implement proposed IT initiatives and programmes;
(k) Review the performance and effectiveness of IT activities.
(l) Ensure IT leadership meets on a quarterly basis with the Bank's user groups to further align IT initiatives with business needs.

9. Information Security Steering Committee

The Central Bank of Nigeria (CBN) through the issuance of the Risk-Based Cyber Security Framework directed all banks to establish cyber security governance and ensure it becomes an integral part of their Corporate Governance. The Information Security Steering Committee (ISSC) is a key instrument of this governance function and ensures the alignment of cyber security investments and initiatives with business strategy and technology requirements.

The Information Security Steering Committee is chaired by the MD/CEO. Its members include the Executive Director' Chief Operations and Information Officer, Chief Compliance Officer, Executive Director Chief Risk Officer, Chief Technology Officer, Chief Financial Officer, and Chief Information Security Officer. Other members include the heads of key divisions and various IT units.

The role of the Committee includes the following:

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

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

Governance and Management

The Bank has adopted various policies that define minimum acceptable standards of behavior in the organization.
These include the following:

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

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

a) Demonstrate the Bank's commitment to the highest standards of ethics and business conduct; and
b) Govern the Bank's relationship with its stakeholders including employees regulators, customers, suppliers, shareholders, competitors and the communities in which the Bank operates.

The Code requires all Directors, significant shareholders, officers and employees of the Bank to avoid taking actions or placing themselves in positions that create or could create the appearance of conflict of interest, corruption or impropriety. The code also requires them to protect the privacy of the Bank's customers' financial and personal information. The Code provides basic guidelines on business ethics and professional and personal conduct that the Bank expects all employees and internal stakeholders to adopt and uphold as members of Team Fidelity. Employees are also expected to comply with other policies that apply to their specific job functions, in addition to compliance with applicable laws and regulations.

At the beginning of each year, all employees are required to confirm formally that they are aware of and have read and understood the policy. They are also required to submit formal attestations confirming that they have no conflict of interest in any account, transaction or contract involving the Bank and declare their interest if any in any account, transaction or contract involving the Bank. New employees are also required to submit similar attestations upon first resuming employment with the Bank.

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

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

Insider Trading Policy (Dealing in the Company's Securities)

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

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

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

The Bank has established a mechanism for monitoring compliance with the Policy and affected persons are required to notify the Company Secretary of transactions undertaken on their accounts in the Bank's securities.

Enquiries are also made to confirm the Directors compliance with the Policy and in event of non-compliance, the reasons for same and the remedial steps taken. In addition to being hosted on the Bank's website and SharePoint Portal (an internal web-based application), the Policy is circulated to all affected persons on a regular basis.

Whistle-blowing Policy

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

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

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

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

Email to ethicscommittee@fidelitybank.ng
Visit www.fidelitybank.ng/whistle-blowing
Call 0700-3422- 5489 (Fidelity True Serve)

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

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

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

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

Staff Remuneration Policy

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

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

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

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

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

Shareholders' Complaints anagement Policy

The objectives of the Policy include:

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

Gender Diversity
Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the workplace. The Bank recognizes that women have different skills, viewpoints, ideas and insights that enable it serve a diverse customer base more effectively. Details of gender analysis of the Board and employees is contained in the Directors' Report.

Fraud & Forgeries
In accordance with the CBN Code of Corporate Governance, details of frauds and forgeries reported in 2021 are as follows:

Fraud and Forgeries	December 2021	December 2020
Number of Fraud Incidents	1,503	1,018
Amount Involved (N)	650,877,925	135,177,617
Amount Involved (USD$)	30,000	-
Actual/Expected Loss (N)	40,508,962	22,248,260
Actual/Expected Loss (USD$)	30,000	-

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

Clawback Policy

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

a) Enable the Bank recover from current or former Covered Persons, any incentive-based compensation paid or payable, that was determined, in whole or in part, based on any financial or operating results of Fidelity Bank, and which turns out to have been erroneously or excessively awarded to the Covered Persons, due to material noncompliance with any accounting or financial reporting requirement under applicable laws or wrongful act committed.
b) Promote compliance with global regulatory trends and corporate governance requirements, with emphasis on long-term sustainability.
c) Align Covered Persons' remuneration with the Bank's performance, shareholders' interests, and a prudent approach to risk management, while avoiding any excessive or erroneous pay out.

There was no incident of clawback during the reporting year.

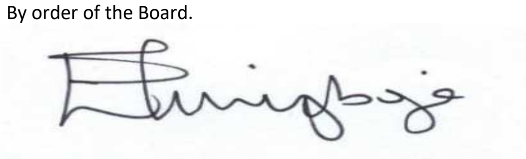
The Company Secretary

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

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

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

By order of the Board.



Company Secretary
FRC/2015/NBA/00000006957
Fidelity Bank Plc
No 2 Kofo Abayomi Street
Victoria Island
Lagos
Date: 17 March 2022

Report of the Statutory Audit Committee

For The Year Ended 31 December 2021

To The Members of Fidelity Bank Plc

In compliance with Section 404(7) of the Companies and Allied Matters Act, 2020, we:

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2021 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2021 and are satisfied that Management is taking appropriate steps to address the issues raised.
- Ascertained that the Bank has complied with the provisions of Central Bank of Nigeria (CBN) Circular BSD/1/2004 dated February 18, 2004 on "Disclosure of insider credits in the financial statements of banks". In addition, related party transactions and balances have been disclosed in the Notes to the Financial Statements for the year ended 31 December 2021 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2021 are in accordance with legal requirements and agreed ethical practices.

The External Auditors confirmed having received full cooperation from the Company's Management and that the scope of their work was not restricted in any way.

Chief Frank Onwu
Chairman, Audit Committee
FRC/2014/CISN/00000009012

March 17, 2022

Members of the Statutory Audit Committee are:

1)	Chief. Frank Onwu	-	Chairman (Shareholder)
2)	Dr. Christian Nwinia	-	Member (Shareholder)
3)	Mr. Innocent Mmuoh	-	Member (Shareholder)
4)	Pst. Kings Akuma	-	Member (Director)
5)	Mr. Nelson Nweke	-	Member (Director)

In Attendance:

Mrs. Ezinwa Unuigboje - Company Secretary

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	31 Dec 2021 N'million	31 Dec 2020 N'million
Gross Earnings		**250,774**	**206,204**
Interest and similar income using effective interest rate method	6	186,783	168,551
Other interest and similar income	12.1	16,781	8,202
Interest and similar expense using effective interest rate method	7	(108,687)	(72,630)
Net interest income		**94,877**	**104,123**
Credit loss expense	8	(7,035)	(16,858)
Net interest income after credit loss expense		**87,842**	**87,265**
Fee and commission income	9	29,406	19,853
Fee and commission expense	9	(8,624)	(6,144)
Net losses on derecognition on financial assets measured at amortised cost	10	-	-
Other operating income	11	17,803	9,598
Net loss/gains from financial assets at fair value through profit or loss	12	(4,904)	1,115
Personnel expenses	13	(23,470)	(25,367)
Depreciation and amortisation	14	(7,174)	(6,207)
Other operating expenses	15	(52,814)	(52,059)
Profit before income tax		**38,066**	**28,054**
Income tax expense	16	(2,487)	(1,404)
PROFIT FOR THE YEAR		**35,579**	**26,650**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Fair value gains on equity instruments at fair value through other comprehensive income**	24.3.1	7,917	3,149
Total items that will not be reclassified subsequently to profit or loss		**7,917**	**3,149**
Items that will be reclassified subsequently to profit or loss			
Debt instruments at fair value through other comprehensive income**:			
- Net change in fair value during the year		(6,777)	19,338
- Changes in allowance for expected credit losses		(617)	2
- Reclassification adjustments to profit or loss	17	(5,494)	(3,843)
Net (losses)/gains on debt instruments at fair value through other comprehensive income		(12,888)	15,497
Total items that will be reclassified subsequently to profit or loss		**(12,888)**	**15,497**
Other comprehensive (loss)/income for the year, net of tax		**(4,971)**	**18,646**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**30,608**	**45,296**
Earnings per share			
Basic and diluted (in kobo)	18	**123**	**92**

*** Income from these instruments is exempted from tax*

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

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	31 December 2021 N'million	31 December 2020 N'million
ASSETS			
Cash and Cash equivalents	19	219,253	328,493
Restricted balances with central bank	20	686,097	540,129
Loans and advances to customers	22	1,658,412	1,326,106
Derivative assets	23	49,574	7,072
Investment securities:			
Financial assets at fair value through profit or loss	24.1	5,207	47,118
Debt instruments at fair value through other comprehensive income	24.2	100,009	265,980
Equity instruments at fair value through other comprehensive income	24.3	26,207	17,685
Debt instrument at amortised cost	24.4	441,452	137,804
Other assets	29	58,383	44,380
Right of Use Assets	26	1,477	1,652
Property, plant and equipment	25	39,440	38,446
Intangible assets	27	3,968	3,283
TOTAL ASSETS		**3,289,479**	**2,758,148**
LIABILITIES			
Deposits from customers	30	2,024,806	1,699,026
Derivative financial liabilities	23	425	1,143
Current income tax payable	16	3,899	2,307
Deferred tax liabilities	28	-	-
Other liabilities	31	490,755	517,093
Provision	32	3,413	4,075
Debts issued and other borrowed funds	33	468,413	260,971
TOTAL LIABILITIES		**2,991,710**	**2,484,615**
EQUITY			
Share capital	34	14,481	14,481
Share premium	35	101,272	101,272
Retained earnings	35	67,716	66,700
Other equity reserves:			
Statutory reserve	35	44,343	39,006
Small scale investment reserve (SSI)	35	764	764
Non-distributable regulatory reserve (NDR)	35	27,440	6,365
Fair value reserve	35	34,644	39,615
AGSMEIS reserve	35	7,109	5,330
Total equity		**297,769**	**273,533**
TOTAL LIABILITIES AND EQUITY		**3,289,479**	**2,758,148**

The accompanying notes to the financial statements are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

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

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

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

Statement Of Changes In Equity

	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Fair value reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2021	**14,481**	**101,272**	**66,700**	**39,006**	**764**	**6,365**	**39,615**	**5,330**	**273,533**
Risk reserves reclassification	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	35,579	-	-	-	-	-	35,579
Other comprehensive income						-	-	-	-
Net change in fair value of debt instrument at FVOCI	-	-	-	-	-	- -	**6,777**	-	(6,777)
Net change in fair value of equity instrument at FVOCI	-	-	-	-	-	-	**7,917**	-	7,917
Changes in allowance for expected credit losses	-	-	-	-	-	- -	**617**	-	(617)
Net reclassification adjustment for realised net gains	-	-	-	-	-	-	(5,494)	-	(5,494)
Total comprehensive income for the year	-	-	**35,579**	-	-	**6,365**	**(4,971)**	-	**30,608**
Dividends paid	-	-	(6,372)	-	-	-	-		(6,372)
Transfers between reserves (Note 43)	-	-	(28,191)	5,337		21,075	-	1,779	-
At 31 December 2021	**14,481**	**101,272**	**67,716**	**44,343**	**764**	**27,440**	**34,644**	**7,109**	**297,769**

Statement of changes in equity for the year ended 31 December 2020

	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Available for sale reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2020	**14,481**	**101,272**	**43,642**	**35,008**	**764**	**13,897**	**20,969**	**3,997**	**234,030**
Profit for the year	-	-	26,650	-	-	-	-	-	26,650
Other comprehensive income								-	
Net change in fair value of debt instruments at FVOCI	-	-	-	-	-	-	19,338	-	19,338
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	3,149	-	3,149
Changes in allowance for expected credit losses	-	-	-	-	-	-	2	-	2
Reclassification adjustment for realised net gains	-	-	-	-	-	-	(3,843)	-	(3,843)
Total comprehensive income for the year	-	-	**26,650**	-	-	-	**18,646**	-	**45,296**
Dividends paid	-	-	(5,793)	-	-	-	-	-	(5,793)
Transfers between reserves (Note 43)	-	-	2,201	3,998		(7,532)	-	1,333	-
At 31 December 2020,	**14,481**	**101,272**	**66,700**	**39,006**	**764**	**6,365**	**39,615**	**5,330**	**273,533**

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

CASHFLOW STATEMENT
as at 31 December 2021

	Note	31-Dec 2021 N'million	31-Dec 2020 N'million
Operating Activities			
Cash flows (used in) / from operations	**36**	(211,706)	143,867
Interest received		179,317	150,922
Interest paid		(84,032)	(50,734)
Payment to staff		-	-
Income tax paid	**16c**	(581)	(1,436)
Net cash flows from /(used in) operating activities		**(117,002)**	**242,619**
Investing activities			
Purchase of property, plant and equipment	**25**	(4,352)	(3,366)
Proceeds from sale of property plant and equipment		145	74
Purchase of intangible assets	**26**	(578)	(3,994)
Purchase of debt Instruments at FVOCI	**24.6.1**	(82,947)	(227,986)
Purchase of debt Instruments at amortised cost		(357,284)	(86,485)
Redemption of financial assets at amortised cost	**24.6.2**	65,812	70,325
Redemption of debt financial assets at FVOCI	**24.6.1**	214,502	118,111
Purchase of equity instruments at FVOCI		(622)	-
Dividend received	**10**	817	855
Net cash flows (used in) /from investing activities		**(164,509)**	**(132,466)**
Financing activities			
Dividends paid		(6,372)	(5,793)
Lease payment	**26**	(676)	(796)
Proceeds of debts issued and other borrowed funds	**33**	226,657	36,832
Payment of interest portion of debts issued and other borrowed funds	**33**	(29,299)	(24,903)
Repayment of principal portion of debts issued and other borrowed funds	**33**	(29,601)	(50,904)
Net cash flows from / (used in) financing activities		**160,709**	**(45,564)**
Net decrease / increase in cash and cash equivalents		**(120,802)**	**64,589**
Net foreign exchange difference on cash and cash equivalents	**11**	11,562	3,989
Cash and cash equivalents as at 1 January	**19**	**328,493**	**259,915**
Cash and cash equivalents as at 31 December	**19**	**219,253**	**328,493**

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

Corporate Information

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

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

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.1.1 Basis of preparation (Statement of compliance)

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

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

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

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

2.1.2 Changes on accounting policies and disclosures

New and amended standards and interpretations.

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

a Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In the current year, IASB published the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Company, all of which extend beyond 2021:

• Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
• Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings
• Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform

This standard does not apply to the Company in the current financial year.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

"In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. "

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

New and revised IFRS Standards in issue but not yet effective

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarized in the table below:

Pronouncement	Nature of change
IFRS 17 (including the June 2020 amendments to IFRS 17) insurance contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. This standard does not currently affect the Company.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. The Company is not a group company and as such, this standard would not apply
Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent	The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework	The Company would apply the standard retrospectively before its application date. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract(examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 201 -2020 Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	The Annual Improvements include amendments to four Standards:
	IFRS 1 First-time Adoption of International Financial Reporting Standards
	The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).
	IFRS 9 Financial Instruments
	The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity

Significant accounting judgments, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumption and estimates that could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. Management discusses with the Audit Committee the development,selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Estimates and Assumptions:

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Going Concern

Following the continued spread of the Covid-19 pandemic and increased vaccination to check further spread , the Bank still sees relative uncertainties and further market volatility. Governments intensifies measures in curtailing the further spread of the virus. In the event of a further escalation of the pandemic, there may be an effect on the financial performance of the Bank. The Bank has taken measures to ensure that its employees continue to be safe. Measures have been taken to minimise the impact of the pandemic and to continue operations.

Business continues to function well and largely uninterrupted. The Bank continues to provide access to vital materials for modern life. The Bank is showing that this can be done responsibly and efficiently in challenging circumstances.

Given the continued nature of Covid-19, uncertainties will remain with doubts about reasonably estimate of the future impact. However, the financial situation of the Bank is currently healthy and it does not believe that the impact of the Covid-19 pandemic will have a material adverse effect on our financial condition or liquidity. Therefore, based on the Bank's liquidility and expected yearly cash outflow, the Bank expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its financial statements.

Significant Accounting Judgements,Estimates and Assumptions - continued

Depreciation and Carrying Value Of Property, Plant and Equipment
The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Allowances for credit losses

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

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

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

The extended uncertainties caused by Covid-19, and the volatility in macro economic variables have required the Bank to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2021.

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

In determining the collateral value, the Bank has considered potential impacts of the current economic volatility as a result of Covid-19 variations.

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

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

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

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

2.2 Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

• The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
• A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
• Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
• The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
• The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
• Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
• Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
• Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

IFRS 17 will have no impact on the Bank, as it does not issue insurance contract.

2.2.1 IBOR Transition

Interbank Offered Rates (IBORs) are average rates at which certain banks (Contributor Panel bank) could borrow in the interbank market. The rate range in tenors from overnight to 12 months and includes a spread reflecting the credit risk involved in lending money to banks.

These rates have been a major benchmark for financial transactions since the 1980s. As at 2018, USD LIBOR and EURIBOR (types of IBOR) together represent 80% of IBOR referenced transactions (Bloomberg, 2018) worth approximately $400 trillion (The World Bank, 2021). Examples of such transactions using LIBOR as reference rates are Loans, Deposits, Bonds, Adjustable-rate Mortgages, Over-the-counter Derivatives, Securitised products, Credit Cards, and more.

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

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

Key Timelines

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

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

The effect:

Example is a floating rate contract based on LIBOR + 2%, with rates adjustments every 60 days and maturity of June 2022. The norm will be that as the LIBOR rate changes, the interest due on that contract changes in the same direction.
However, in the current event of LIBOR cessation and since the contract exceeds December 2021 cease date for LIBOR 2 months tenor, an alternative rate must be determined and agreed between the parties (Fidelity and Customer).
Similarly, new contracts entered will either utilize a reference rate other than LIBOR or have robust fallback language that includes a clearly defined ARR (Alternative Reference Rates) after LIBOR's discontinuation by June 2023 (for USD LIBOR Tenors other than I week and 2 months).

Amendments to IFRS , IAS 3 , IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

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

Practical Expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to a RFR takes place on an economically equivalent basis with no value transfer having occurred.
Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.
The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

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

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

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

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

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

Separately Identifiable Risk Components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable .

Additional Disclosures - Fidelity bank approach :

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

The team has developed a robust communication plan to engage with our customers and ensure they understand this transition and its significance to them. Our client relationship managers are also prepared to further support our customers on inquiries regarding the LIBOR transition.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

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

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

Right to Defer Settlement

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

Existence at the end of the reporting period

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

Management Expectations

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

Meaning of the term 'Settlement'

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

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

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

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

The Bank will apply this amendment when it becomes effective on 1 January 2023.

Amendments to IFRS 3 - Reference to the Conceptual Framework

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

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be+B148within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

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

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

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from thecost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

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

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments will currently have no impact on the financial statements of the Bank, and it's effective annual reporting periods beginning on or after 1 January 2022.

Annual Improvements 2018-2020 cycle (issued in May 2020)

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

• The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 tomeasure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
• An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is
These amendments will currently have no impact on the financial statements of the Bank.

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

• The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

• An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
• An entity applies the amendment for annual reporting periods beginning on or after1 January 2022. Earlier application is
These amendments will currently have no impact on the financial statements of the Bank.

IFRS 16 Leases Illustrative Example accompanying - Lease incentives

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

IAS 41 Agriculture - Taxation in fair value measurements

• The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

• An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

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

• IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Bank's current practice is in line with these amendments, the Bank does not expect any effect on its financial statements.

2.3 Foreign currency translation and transaction

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

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

(b) Transactions and balances

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

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

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as fair value through other comprehensive income (FVOCI), a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.
Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVOCI financial assets, are included in other comprehensive income.

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

2.4.1 Initial recognition

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

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

Day 1 profit or loss

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

Amortised cost and gross carrying amount

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

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

Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired (`POCI') financial assets assets that are credit-impaired at initial recognition the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

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

Interest income

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

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

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

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

2.4.2 **Financial Assets - Subsequent Measurement**

a) **Debt Instruments**

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

Amortised Cost: Financial assets that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is achieved both by collection of contractual cash flows and by selling the assets, where those cash flows represent solely payments of principal and interest, and are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other operating income". Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement within “ et gains/(losses) from financial instruments classified as held for trading in the period in which it arises. Interest income from these financial assets is included in "Interest and similar income".

Business Model Assessment

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

• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

• how the performance of the portfolio is evaluated and reported to the Bank's management;

• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

• how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

• the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realized.

Solely Payments of Principal and Interest (SPPI) Assessment

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

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

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

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

Reclassifications

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

Modifications

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

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

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

The Bank reviewed repayments of certain customers for the period of lockdown and the resulting modification loss on these exposures is not considered material for the Bank. In accordance with IASB guidance, the extension of payment relief does not automatically trigger a significant increase in credit risk and a stage migration for the purpose of calculating expected credit losses, as these are measures being made available to assist borrowers affected by Covid-19 outbreak to resume regular payments.

b) **Equity Instruments**

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

c) **Derivative Financial Instruments**

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

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

2.4.3 Impairment of Financial Assets

Overview of the ECL principles

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

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

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

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

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

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

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

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

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

The calculation of ECLs

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

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

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

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

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the When estimating the ECLs, the Bank considers only a single scenario which is considered to be the most likely scenario. When relevant, the assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

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

The mechanics of the ECL method are summarised below:

Stage 1

• The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

• These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

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

Stage 3

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

POCI

• POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, discounted by the credit-adjusted EIR.

Loan Commitments and Letters of Credit

• When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

• For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

Financial Guarantee Contracts

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

Bank Overdraft and Other Revolving Facilities

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

Restructured Financial Assets

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

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

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

Credit-Impaired Financial Assets

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

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

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

Collateral Valuation

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

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

Collateral Repossessed

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

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

2.4.4 Presentation of Allowance for ECL

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

• financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

• loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision;

• where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

• debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-Off

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

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

2.4.5 Financial Liabilities

Initial and Subsequent Measurement

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

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

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

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial Guarantee Contracts and Loan Commitments

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

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

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

2.5 Revenue Recognition

Interest income and expense

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

Fees and Commission Income

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

Income From Bonds or Guarantees and Letters of Credit

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

Dividend Income

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

2.6 Impairment of Non-Financial Assets

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

Impairment losses recognised in prior 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.

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

2.7 Statement of Cash Flows

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

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

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

2.8 Cash and Cash Equivalents

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

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

2.9 Leases

a The Bank is the lessee

i Right-of-use assets

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

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

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

B The Bank is the lessor

i Operating Lease

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

ii Finance Lease

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

2.10 Property, Plant and Equipment

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

Property, Plant and Equipment - continued

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

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

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

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

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

Derecognition

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

2.11 Intangible Assets

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

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

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

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

Derecognition

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

2.12 Income Taxation

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

i Current Income Tax

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

ii Deferred Income Tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

2.13 Provisions

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

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

2.14 Retirement Obligations and Employee Benefits

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

2.14.1 Defined Contribution Pension Scheme

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

2.14.2 Short-Term Benefits

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

2.14.3 Termination benefits

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

2.15 Share Capital

(a) Share Issue Costs

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

(b) Dividends on Ordinary Shares

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

Dividends for the period that are declared after the reporting date are dealt with in the subsequent events note.

Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.16 Fair Value Measurement

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

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

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

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

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

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

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

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

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

2.17 Comparatives

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

2.18 Segment Reporting

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

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

Retail Banking

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

Corporate Banking

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

Investment Banking

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

Financial risk management and fair value measurement and disclosure

3.1 Introduction and overview

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

Enterprise Risk Management

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

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

Risk Management Governance Structure

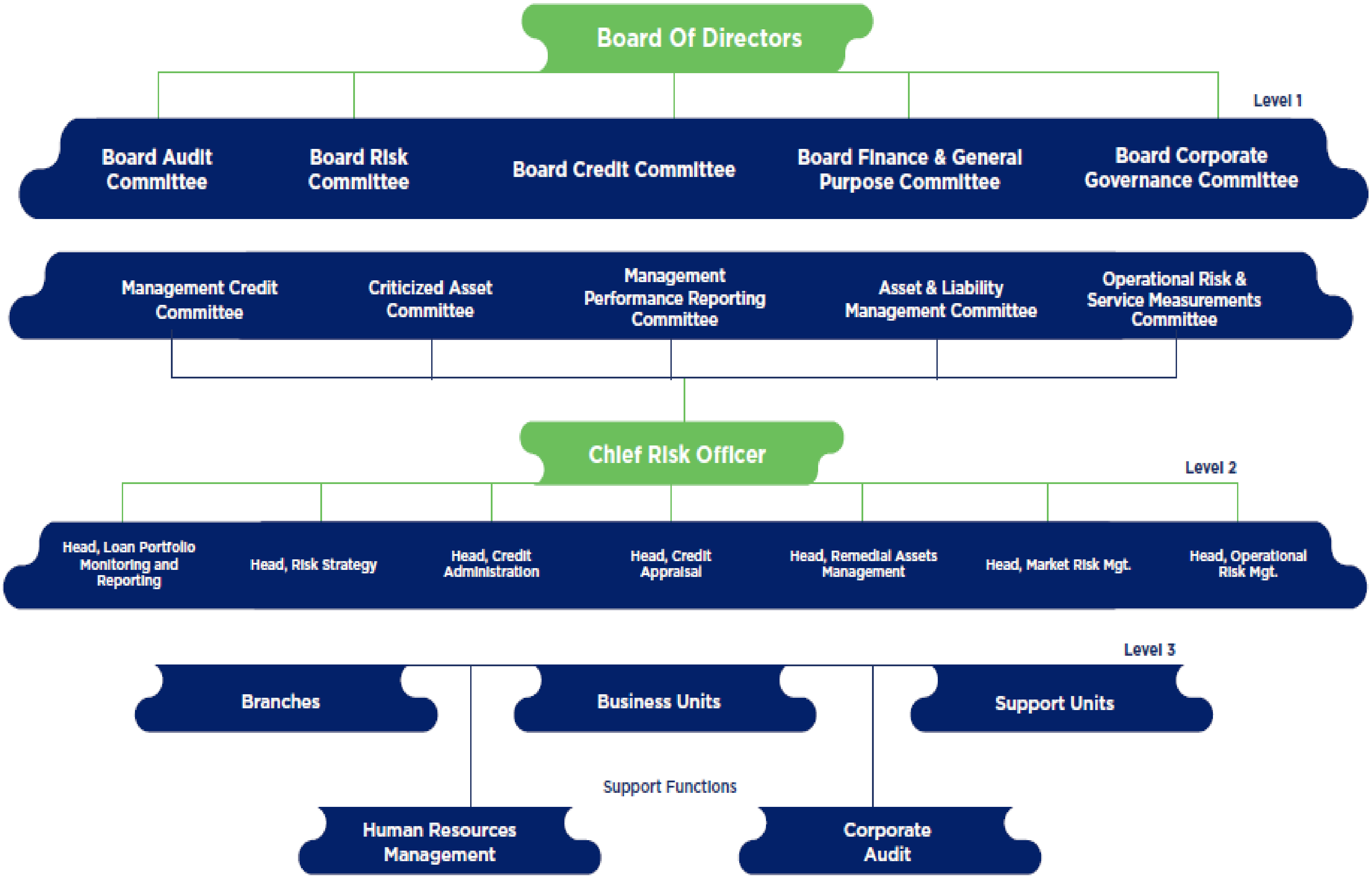
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

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

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

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

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


Board Of Directors
Level 1
Board Audit Committee
Board Risk Committee
Board Credit Committee
Board Finance & General Purpose Committee
Board Corporate Governance Committee
Management Credit Committee
Criticized Asset Committee
Management Performance Reporting Committee
Asset & Liability Management Committee
Operational Risk & Service Measurements Committee
Chief Risk Officer
Level 2
Head, Loan Portfolio Monitoring and Reporting
Head, Risk Strategy
Head, Credit Administration
Head, Credit Appraisal
Head, Remedial Assets Management
Head, Market Risk Mgt.
Head, Operational Risk Mgt.
Level 3
Branches
Business Units
Support Units
Support Functions
Human Resources Management
Corporate Audit

Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

Risk Culture

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

Risk Appetite

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

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

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

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

3.2 Credit Risk

3.2.1 Management of credit risk

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

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

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

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

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

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

3.2.2 Credit Risk Ratings

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

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

3.2.2 Credit risk ratings - continued

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

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

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

3.2.3 Credit Limits

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

Monitoring Default Risk

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

3.2.4 Expected Credit Loss Measurement

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

Change in credit quality since initial recognition

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

(a) Significant Increase In Credit Risk

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

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

Backstop Indicators

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

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

(b) Definition of Default

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

Quantitative criteria

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

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

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

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

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

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

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

The Lifetime PD is derived by using historical data to develop specific lifetime PD models for all asset classes. The long term span of historical data is then used to directly model the PD across the life of a exposure. For debt instruments that are not internally rated , the Bank obtains the issuer ratings of such instruments and matches them to its internal rating framework to determine the equivalent rating. The lifetime PD curves developed for that rating band will then be used.

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

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

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

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

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

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

In addition to the base economic scenario, the Bank's strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2021 and 31 December 2021, the Bank concluded that three scenarios appropriately captured non-linearities for all its portfolios.

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

Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December2021 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		6M	2022	2023	2024
Foreign exchange rate (₦)					
	Base Case	421	431	458	485
	Best Case	375	376	392	413
	Worse Case	472	495	534	568
Inflation rate					
	Base Case	12.84%	11.27%	10.88%	11.44%
	Best Case	8.52%	7.23%	6.90%	7.22%
	Worse Case	19.37%	17.56%	17.14%	18.11%
Crude Oil ($)					
	Base Case	77.75	76.54	74.98	74.22
	Best Case	115.13	118.65	120.61	120.61
	Worse Case	52.51	49.38	46.61	45.67
Foreign Reserves ($ Bn)					
	Base Case	38.39	35.50	31.69	33.03
	Best Case	43.65	40.83	36.89	39.94
	Worse Case	33.75	30.86	27.22	27.31
USD Index					
	Base Case	97.39	99.17	101.86	103.66
	Best Case	92.06	92.72	94.61	96.16
	Worse Case	103.03	106.07	109.67	111.75
Unemployment rate					
	Base Case	37.48%	41.50%	51.65%	60.72%
	Best Case	32.47%	35.88%	43.52%	50.06%
	Worse Case	43.25%	48.01%	61.30%	73.64%
Share Index					
	Base Case	31.19	26.52	28.10	32.88
	Best Case	36.52	31.19	34.80	40.94
	Worse Case	26.64	22.54	22.68	26.41

(e) Grouping Financial Instruments For Collective Assessment

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

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

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

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

The Bank's maximum exposure to credit risk as at 31 December 2021 and 31 December 2020 is represented by the gross carrying amounts of the financial assets set out below:

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	**31 December 2021**			
	N'million	**N'million**	**N'million**	**N'million**
Cash and Cash equivalent	42,720	-	-	42,720
Restricted balances with central bank	686,097			686,097
Due from banks	134,342	-	-	134,342
Loans and advances to customers	1,732,545	39,047,841	37,315,296	-
Derivative assets	98,846		-	98,846
Investments:			-	-
Financial assets at fair value through profit or loss	5,207	-	-	5,207
Debt instruments at fair value through other comprehensive income	100,009	-	-	100,009
Equity instruments at fair value through other comprehensive income	26,207	-	-	26,207
Debt instruments at amortised cost	442,274	-	-	442,274
Other assets	45,261	-	-	45,261
	3,313,509	**39,047,841**	**37,315,296**	**1,580,964**
Financial Guarantee contracts:				-
Performance bonds and guarantees	287,993	-	-	287,993
Letters of credit	153,725		-	153,725
Undrawn portion of overdraft	45,563			45,563
	487,281	**-**	**-**	**487,281**

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	**31 December 2020**			
	N'million	**N'million**	**N'million**	**N'million**
Cash and Cash equivalent	69,826	-	-	69,826
Restricted balances with central bank	540,129			540,129
Due from banks	214,808	-	-	214,808
Loans and advances to customers	1,393,624	107,986,545	106,592,921	-
Derivative assets	7,072			7,072
Investments:				
Financial assets at fair value through profit or loss	47,118	-	-	47,118
Debt instruments at fair value through other comprehensive income	265,980	-	-	265,980
Debt instruments at amortised cost	138,168	-	-	138,168
Other assets	42,105	-	-	42,105
	2,718,830	**107,986,545**	**106,592,921**	**1,325,206**
Financial Guarantee contracts:				
Performance bonds and guarantees	208,433	-	-	208,433
Letters of credit	172,867	-	-	172,867
Undrawn portion of overdraft	294,947	-	-	294,947
	676,247	**0**	**0**	**676,247**

*Excluding equity instruments

3.2.6 Credit Concentrations

The Bank monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2021, is set out below:

	31 December 2021				
Financial assets with credit risk:	**Cash and balance with Central bank N'million**	**Due from banks N'million**	**Loans and advances to customers N'million**	**Investment securities N'million**	**Other assets N'million**
Carrying amount	728,817	133,777	1,658,414	546,668	442,274
Concentration by sector					
Agriculture	-	-	71,759	-	-
Oil and gas	-	-	452,848	-	-
Consumer credit	-	-	66,658	-	-
Manufacturing	-	-	231,955	-	-
Mining and Quarrying	-	-	3,513	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	43,330	-	-
Construction	-	-	58,971	-	-
Finance and insurance		134,342	4,898	-	-
Government	-	-	175,365	539,064	-
Power	-	-	149,675	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	226,727	-	-
Communication	-	-	29,535	-	-
Education	-	-	8,075	-	-
Central Bank balance (restricted)	686,097	-	-	-	-
Other	42,720	-	209,236	34,633	45,261
Total Gross Amount	728,817	134,342	1,732,545	573,698	45,261

Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	122,301	-	275	-
Nigeria:					
North East	-	-	25,718	-	-
North Central	728,817	-	89,775	-	-
North West	-	-	48,073	-	-
South East	-	-	65,034	-	-
South South	-	-	135,480	-	-
South West	-	12,041	1,368,466	573,423	45,261
Total gross amount	**728,817**	**134,342**	**1,732,545**	**573,423**	**45,261**

3.2.6 Credit Concentrations - continued

	31 December 2020				
Financial assets with credit risk:	**Cash and balance with Central bank N'million**	**Due from banks N'million**	**Loans and advances to customers N'million**	**Investment securities N'million**	**Other assets N'million**
Carrying amount	609,955	213,916	1,326,106	572,875	43,639
Concentration by sector					
Agriculture	-	-	46,167	-	-
Oil and gas	-	-	315,155	-	-
Consumer credit	-	-	53,422	-	-
Manufacturing	-	-	241,835	-	-
Mining and Quarrying	-	-	3,714	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	28,110	-	-
Construction	-	-	44,544	-	-
Finance and insurance	-	214,808	3,668	-	-
Government	-	-	157,449	451,266	-
Power	-	-	134,984	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	159,080	-	-
Communication	-	-	32,217	-	-
Education	-	-	8,404	-	-
Central Bank balance (restricted)	540,129				
Other	69,826	-	164,875	-	42,105
Total Gross Amount	**609,955**	**214,808**	**1,393,624**	**451,266**	**42,105**
Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	212,808	-	-	-
Nigeria:	-	-	-	-	-
North East	-	-	35,573	-	-
North Central	609,955	-	93,213	-	-
North West	-	-	37,929	-	-
South East	-	-	37,663	-	-
South South	-	-	151,610	-	-
South West	-	2,000	1,037,636	451,266	42,105
Total gross amount	**609,955**	**214,808**	**1,393,624**	**451,266**	**42,105**

3.2.7 Credit Quality

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

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

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

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

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

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	82,018	-	-	82,018
Standard monitoring	631,402	288,733	-	920,136
Default	-	-	12,177	12,177
Gross carrying amount	**713,420**	**288,733**	**12,177**	**1,014,330**
Loss allowance	(6,211)	(24,590)	(6,403)	(37,204)
Carrying amount	**707,209**	**264,144**	**5,774**	**977,127**

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	3,937	-	-	3,937
Standard monitoring	566,963	224,984	-	791,947
Default	-	-	12,549	12,549
Gross carrying amount	**570,900**	**224,984**	**12,549**	**808,433**
Loss allowance	(6,073)	(20,266)	(10,818)	(37,157)
Carrying amount	**564,827**	**204,718**	**1,731**	**771,276**

b) Government, Public Sector & NBFIs portfolio

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	139,053	-	-	139,053
Standard monitoring	41,155	1	-	41,155
Default	-	-	9,104	9,104
Gross carrying amount	**180,208**	**1**	**9,104**	**189,312**
Loss allowance	(1,185)	(0)	(5,599)	(6,784)
Carrying amount	**179,022**	**1**	**3,505**	**182,528**

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	105,933	-	-	105,933
Standard monitoring	54,234	413	-	54,647
Default	-	-	8,336	8,336
Gross carrying amount	**160,167**	**413**	**8,336**	**168,916**
Loss allowance	(12)	-	(7,296)	(7,308)
Carrying amount	**160,155**	**413**	**1,040**	**161,608**

c) Transport, Communication, Commerce & General portfolio

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	253.98	-	-	254
Standard monitoring	364,909	26,323	-	391,232
Default	-	-	18,884	18,884
Gross carrying amount	**365,163**	**26,323**	**18,884**	**410,369**
Loss allowance	(8,980)	(2,040)	(10,963)	(21,982)
Carrying amount	**356,183**	**24,284**	**7,921**	**388,387**

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	238.00	-	-	238
Standard monitoring	248,248	37,468	-	285,716
Default	-	-	25,972	25,972
Gross carrying amount	**248,486**	**37,468**	**25,972**	**311,926**
Loss allowance	(3,451)	(1,027)	(16,024)	(20,502)
Carrying amount	**245,035**	**36,441**	**9,948**	**291,424**

d) Automobile, Equipment & Mortgage Loans portfolio

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	13,303	3,189	-	16,492
Default	-	-	28	28
Gross carrying amount	**13,303**	**3,189**	**28**	**16,520**
Loss allowance	(225)	(34)	(11)	(271)
Carrying amount	**13,078**	**3,155**	**17**	**16,249**

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	24,529	133		24,662
Default	-	-	38	38
Gross carrying amount	**24,529**	**133**	**38**	**24,700**
Loss allowance	(19)	(7)	(20)	(46)
Carrying amount	**24,510**	**126**	**18**	**24,654**

e) Medium and Small Scale Enterprises portfolio

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	31,735	164	-	31,899
Default	-	-	3,456	3,456
Gross carrying amount	**31,735**	**164**	**3,456**	**35,355**
Loss allowance	(119)	(0)	(1,850)	(1,970)
Carrying amount	**31,616**	**163**	**1,606**	**33,385**

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	23,661	47	-	23,708
Default	-	-	2,519	2,519
Gross carrying amount	**23,661**	**47**	**2,519**	**26,227**
Loss allowance	(50)	-	(1,880)	(1,930)
Carrying amount	**23,611**	**47**	**639**	**24,297**

f) Personal & Employee Loans portfolio

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	58,743	1,390	-	60,133
Default	-	-	6,525	6,525
Gross carrying amount	**58,743**	**1,390**	**6,525**	**66,658**
Loss allowance	(1,740)	(317)	(3,863)	(5,921)
Carrying amount	**57,003**	**1,072**	**2,662**	**60,738**

	31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	49,492	294	-	49,786
Default	-	-	3,636	3,636
Gross carrying amount	**49,492**	**294**	**3,636**	**53,422**
Loss allowance	(63)	(10)	(502)	(575)
Carrying amount	**49,429**	**284**	**3,134**	**52,847**

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

	31 December 2021				
	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	728,817	134,342	1,356,048	547,490	45,261
Past due and not impaired (0-30 days)	-		6,458		
Past due and not impaired (31-90 days)	-	-	319,866	-	-
Past due and impaired (aged above 90 days)	-	-	50,174	-	-
Gross	728,817	134,342	1,732,545	547,490	45,261
Impairment allowance	-	(524)	(74,131)	(993)	(1,648)
Net	**728,817**	**133,818**	**1,658,414**	**546,498**	**43,613**

	31 December 2020				
	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	609,955	-	-	-	-
Past due and not impaired (0-30 days)	-	214,808	1,077,234	404,148	42,105
Past due and not impaired (31-90 days)	-	-	263,340	-	-
Past due and impaired (aged above 90 days)	-	-	53,050	-	-
Gross	609,955	214,808	1,393,624	404,148	42,105
Impairment allowance	-	(892)	(67,518)	(364)	(1,575)
Net	**609,955**	**213,916**	**1,326,106**	**403,784**	**40,530**

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

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

31 December 2021	**Due from Banks N'million**	**Overdrafts N'million**	**Term loans N'million**	**Finance lease N'million**	**Total Loan N'million**	**Other assets N'million**
Grades:						
1. AAA to AA	87,491	8,104	215,627	5,198	228,929	-
2. A+ to A-	36,865	706	24,630	506	25,842	-
3. BBB+ to BB-	9,986	96,284	579,774	22,163	698,220	45,261
4. Below BB-		56,675	665,148	3,060	724,883	-
5. Unrated	-	1	4,495	-	4,497	-
	134,342	161,770	1,489,674	30,926	1,682,371	45,261
Collective Impairment	(892)	(1,991)	(43,054)	(397)	(45,442)	(1,648)
Net amount	**133,451**	**159,779**	**1,446,621**	**30,530**	**1,636,930**	**43,613**

31 December 2020	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Grades:						
1. AAA to AA	82,543	703	108,062	1,342	110,107	-
2. A+ to A-	98,230	1,942	83,026	5	84,973	-
3. BBB+ to BB-	34,035	47,208	464,721	29,520	541,449	-
4. Below BB-	-	74,258	480,032	705	554,995	-
5. Unrated	-	8,091	40,920	39	49,050	42,105
	214,808	132,202	1,176,761	31,611	1,340,574	42,105
Collective Impairment	(892)	(4,576)	(26,397)	(5)	(30,978)	(1,575)
Net amount	**213,916**	**127,626**	**1,150,364**	**31,606**	**1,309,596**	**40,530**

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

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

	Maximum exposure to credit risk	
	2021	**2020**
	N'million	**N'million**
Financial assets designated at fair value through profit or loss		
• Debt securities		
Federal Government bonds	352	30,389
Treasury bills	4,855	16,729
Placements	-	-
	5,207	**47,118**
Derivative financial assets	49,574	7,072

The credit quality of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 December 2021 and 31 December 2020:

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
31 December 2021	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
AAA to AA	87,491	330,439	204,498	-	-	622,428
A+ to A-	36,865	-	-	4,127	-	40,992
BBB+ to BB-	9,986	-	-	-	8,426	18,412
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	134,342	**330,439**	**204,498**	**4,127**	**8,426**	**681,833**

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
31 December 2020						-
AAA to AA	196,228	264,032	180,405	-	-	640,665
A+ to A-	98,230	-	-	6,829	-	105,059
BBB+ to BB-	34,035	-	-	-	-	34,035
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	328,493	**264,032**	**180,405**	**6,829**	**-**	**779,759**

Loss allowance

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

3.2.8 Description of Collateral Held

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

(a) Key Collateral Management Policies

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

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

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

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

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

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

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

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

The following table indicates the Bank's credit exposures by class and value of collaterals:

	31 December 2021		31 December 2020	
	Exposure	**Collateral Value**	**Exposure**	**Collateral Value**
	N'million	**N'million**	**N'million**	**N'million**
Secured against real estate	307,548	1,198,067	355,683	13,751,519
Secured by shares of quoted companies	-	-	-	-
Secured by others	1,410,895	37,849,774	1,035,510	94,235,026
Unsecured	14,102	-	2,431	-
Gross Loans and Advances to Customers	**1,732,545**	**39,047,841**	**1,393,624**	**107,986,545**

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

3.3 Liquidity Risk

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

3.3.1 Management of Liquidity Risk

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

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

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

3.3.2 Maturity Analysis

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

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2021	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Non-derivative assets						
Cash and balances with Central Bank of Nigeria	265,068	-	-	506,504	-	771,573
Due from banks	122,301	12,041	-	-	-	134,342
Loans and advances to customers	134,986	149,183	408,713	490,502	549,161	1,732,545
Derivative financial assets	49,574	-	-	-	-	49,574
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	1,897	542	2,309	399	59	5,207
- Debt instruments at amortised	18,102	35,154	193,883	45,624	149,512	442,274
- Debt instruments at FVOCI	16,632	8,256	50,348	24,773	-	100,009
Other Assets	4,571	22,119	18,571			45,261
Total financial assets	**613,131**	**227,296**	**673,824**	**1,067,803**	**698,732**	**3,280,785**
Derivative assets						
Trading :						
Gross settled	**9,821**	**3,428**	**36,324**	**-**	**-**	**49,574**
Net settled						
	9,821	**3,428**	**36,324**	**-**	**-**	**49,574**
Total financial assets	**622,952**	**230,724**	**710,148**	**1,067,803**	**698,732**	**3,330,359**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	125,556	485,107	390,629	515,704	507,784	2,024,779
Other liabilities	76,998	92,218	137,103	181,989	2,447	490,756
Debt issued and other borrowed funds	22,863	8,252	209,795	227,503	-	468,413
	225,417	585,576	737,527	925,195	510,232	2,983,948
Derivative Liabilities						
Trading :						
Gross settled	-	-	425	-	-	425
Net settled						
	-	**-**	**425**	**-**	**-**	**425**
Total financial liabilities	225,417	585,576	737,953	925,195	510,232	2,984,374
Gap (assets-liabilities)	387,714	(358,281)	(63,704)	142,607	188,500	
Cumulative liquidity gap	**387,714**	**29,433**	**(34,271)**	**108,337**	**296,837**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	5,479	16,817	103,975	76,938	84,784	287,993
Letters of credit	20,424	50,169	29,325	53,806	-	153,725
	25,904	**66,986**	**133,301**	**130,744**	**84,784**	**441,718**

3.3.2 Maturity Analysis - continued

31 December 2020	Up to 1 month N'million	1-3 months N'million	3-12 months N'million	1-5 years N'million	Over 5 years N'million	Total N'million
Cash and balances with Central Bank of Nigeria	221,965	-	-	432,741	-	654,706
Due fron banks	215,308	-	-	-	-	215,308
Loans and advances to customers	152,971	101,966	165,845	490,713	732,129	1,643,624
Derivative financial assets	7,072	-	-	-	-	7,072
Investment securities						
- Financial instrument at FVTPL	9,057	1,597	5,970	174	32,320	49,118
- Debt instruments at FVOCI	6,462	23,198	32,690	10,789	77,030	150,169
- Debt instruments at amortised	7,250	120,537	61,686	11,932	78,575	279,980
Other Assets	4,256	20,292	17,557	-	-	42,105
Total financial assets	**624,341**	**267,590**	**283,748**	**946,349**	**920,054**	**3,042,082**
Financial liabilities						
Customer deposits	111,935	384,338	329,570	439,591	513,591	1,779,025
Derivative financial liabilities	-	-	1,143	-	-	1,143
Other liabilities	50,452	37,496	69,452	157,735	211,814	526,949
Debt issued and other borrowed funds	26,442	-	24,967	190,068	24,494	265,971
Total financial liabilities	188,829	421,834	425,132	787,394	749,899	2,573,088
Gap (assets-liabilities)	435,512	(154,244)	(141,384)	158,955	170,155	
Cumulative liquidity gap	**435,512**	**281,268**	**139,884**	**298,839**	**468,994**	
Financial guarantee contracts:						
Performance bonds and guarantees	10,328	28,518	57,660	111,927	-	208,433
Letters of credit	42,977	108,645	21,245	-	-	172,867
Total	**53,305**	**137,163**	**78,905**	**111,927**	**-**	**381,300**

3.4 Market Risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will be adversely affected by changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

3.4.1 Management of Market Risk

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

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

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

3.4.2 Foreign Exchange Risk

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

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

	31 December 2021				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank	19,762	700	356	750,755	771,573
Due from banks	91,107	2,038	2,786	37,888	133,818
Loans and advances to customers	635,916	194	3,671	1,018,631	1,658,412
Derivative assets	49,574				49,574
Investment securities:	-	-	-		
- Financial assets at FVTPL	-	-	-	5,207	5,207
- Debt instruments at FVOCI	4,691	-	-	95,318	100,009
- Equity instruments at FVOCI	3,596	-	-	22,612	26,207
- Debt instruments at amortised cost	-	-	-	442,274	442,274
Other financial assets	1,689	82	171	41,673	43,613
	806,334	**3,012**	**6,984**	**2,414,357**	**3,230,688**
Financial liabilities					
Customer deposits	388,437	5,702	5,060	1,625,580	2,024,779
Derivative liabilities	425				425
Other liabilities	3,563	205	938	486,050	490,756
Debt issued and other borrowed funds	408,039	-	-	60,374	468,413
	800,465	**5,907**	**5,998**	**2,172,003**	**2,984,374**
Net exposure	5,869	(2,894)	985	242,354	246,314

Sensitivity Analysis of Foreign Currency Statement of Financial Position

Currency	**USD**	**GBP**	**Euro**
	N'million	**N'million**	**N'million**
Net effect on Statement of Financial Position	5,869	(2,894)	985
Closing Exchange Rate (Naira/ Currency)	424	571	468
1% Currency Depreciation (+)	428	576	473
Net effect of depreciation on Profit or loss (pre-tax)	59	(29)	10
1% Currency Appreciation (-)	420	565	463
Net effect of appreciation on Profit or loss (pre-tax)	(59)	29	(10)

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2020.

	31 December 2020				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank	23,731	650	592	629,733	654,706
Due from banks	200,431	3,577	7,908	2,000	213,916
Loans and advances to customers	553,764	318	2,623	769,401	1,326,106
Derivative financial assets	7,072	-	-	-	7,072
Investment securities:					
- Financial assets at FVTPL	-	-	-	47,118	47,118
- Debt instruments at FVOCI	2,482	-	-	263,498	265,980
- Equity instruments at FVOCI	4,161	-	-	13,524	17,685
- Debt instruments at amortised cost	-	-	-	137,804	137,804
Other financial assets	1,873	9	206	39,178	40,530
	793,514	**4,554**	**11,329**	**1,902,256**	**2,710,917**
Financial liabilities					
Customer deposits	287,313	5,208	5,656	1,400,849	1,699,026
Derivative financial liabilities	1,143	-	-	-	1,143
Other liabilities	114,383	619	4,868	397,223	517,093
Debt issued and other borrowed funds	260,971	-	-	-	260,971
	663,810	**5,827**	**10,524**	**1,798,072**	**2,478,233**
Net exposure	129,704	(1,273)	805	104,184	232,684

Sensitivity Analysis of Foreign Currency Statement of Financial Position

Currency	**USD**	**GBP**	**Euro**
	N'million	**N'million**	**N'million**
Net effect on Statement of Financial Position	129,704	(1,273)	805
Closing Exchange Rate (Naira/ Currency)	400	547	491
1% Currency Depreciation (+)	404	552	496
Net effect of depreciation on Profit or loss	1,297	(13)	8
1% Currency Appreciation (-)	396	541	486
Net effect of appreciation on Profit or loss	(1,297)	13	(8)

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

3.4.3 Interest Rate Risk

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

31 December 2021	**Carrying amount**	**Variable interest**	**Fixed interest**	**Non interest-bearing**
	N'million	**N'million**	**N'million**	**N'million**
Financial assets				
Cash and balances with Central Bank of Nigeria	771,573	-	-	771,573
Due from banks	133,818	-	11,998	121,821
Loans and advances to customers	1,658,413	301,469	1,356,944	-
Derivative assets	49,574	-	-	99,683
Investment securities	-			-
- Financial assets at FVTPL	5,207	-	5,207	-
- Debt instruments at FVOCI	100,009	-	100,009	-
- Debt instruments at amortised cost	441,450	-	441,450	-
Other financial assets	43,613	-	-	43,613
	3,203,657	**301,469**	**1,915,608**	**1,036,689**
Financial liabilities				
Customer deposits	2,024,779	-	980,449	1,044,330
Derivative liabilities	425	-	-	42,524
Other liabilities	496,042	-	377,492	118,550
Debts issued and other borrowed funds	468,413	68,875	399,538	-
	2,989,659	**68,875**	**1,757,480**	**1,205,403**

31 December 2020	**Carrying amount**	**Variable interest**	**Fixed interest**	**Non interest-bearing**
	N'million	**N'million**	**N'million**	**N'million**
Financial assets				
Cash and balances with Central Bank of Nigeria	654,706	-	-	654,706
Due from banks	213,916	-	57,966	155,950
Derivative financial assets	1,326,106	269,683	1,056,423	-
Loans and advances to customers	7,072	-	-	7,072
Investment securities				-
- Financial assets at FVTPL	47,118	-	47,118	-
- Debt instruments at FVOCI	265,980	-	265,980	-
- Debt instruments at amortised cost	137,804	-	137,804	-
Other financial assets	40,530	-	-	40,530
	2,693,232	**269,683**	**1,565,291**	**858,258**
Financial liabilities				
Customer deposits	1,699,026	-	1,214,788	484,238
Derivative financial liabilities	1,143	-	-	1,143
Other liabilities	517,093	-	308,097	208,996
Debts issued and other borrowed funds	260,971	99,055	161,916	-
	2,478,233	**99,055**	**1,684,801**	**694,377**

(a) Interest Rate Sensitivity

Total interest repricing gap

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

31 December 2021	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**	**Total rate sensitive**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with central bank	-	-	-	-	-	-
Due from banks	11,998		-			11,998
Loans and advances to customers	263,494	91,053	308,604	472,093	523,169	1,658,413
Derivative assets	-					-
Investment securities						-
- Financial assets at FVTPL	2,439	816	1,494	399	59	5,207
- Debt instruments at FVOCI	24,888	1,588	48,759	7,074	17,699	100,009
- Debt instruments at amortised cost	53,241	78,951	114,733	45,474	149,051	441,450
Total assets	**356,060**	**172,407**	**473,591**	**525,040**	**689,978**	**2,217,076**
Financial liabilities						
Customer deposits	278,830	92,408	69,756	298,586	240,869	980,449
Derivative Liabilities						-
Other liabilities	37,749	75,498	-	113,248	150,997	377,492
Debts issued and other borrowed funds	31,115	-	209,795	227,503	-	468,413
Total liabilities	**347,694**	**167,907**	**279,551**	**639,336**	**391,866**	**1,826,355**
Net financial assets/(liabilities)	8,366	4,501	194,039	(114,296)	298,112	390,722

31 December 2020	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5 years**	**Total rate sensitive**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	57,966	-	-	-	-	57,966
Loans and advances to customers	145,560	150,339	104,499	466,939	458,769	1,326,106
Investment securities						-
- Financial assets at FVTPL	9,057	1,597	5,970	174	30,320	47,118
- Debt instruments at FVOCI	127,787	2,997	58,688	11,933	64,575	265,980
- Debt instruments at amortised cost	29,660	-	32,690	10,789	64,665	137,804
Total assets	**370,030**	**154,933**	**201,847**	**489,835**	**618,329**	**1,834,974**
Financial liabilities						
Customer deposits	372,026	141,005	67,300	320,175	314,282	1,214,788
Other liabilities	87,503	3,178	13,289	3,559	200,568	308,097
Debts issued and other borrowed funds	26,442	-	5,231	209,804	19,494	260,971
Total liabilities	485,971	144,183	85,820	533,538	534,344	1,783,856
Net financial assets and liabilities	(115,941)	10,750	116,027	(43,703)	83,985	51,118

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

31 December 2021

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

(b) INTEREST RATE SENSITIVITY ANALYSIS ON VARIABLE RATES INSTRUMENTS ON PROFIT AND EQUITY - continued

31 December 2020

	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Loans and advances to customers	+/-200bp	269,683	5,394	(5,394)	5,394	(5,394)
Debts issued and other borrowed funds	+/-200bp	99,055	(1,981)	1,981	(1,981)	1,981

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

31 December 2021

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

31 December 2020

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
-Financial assets measured at FVTPL	+/-200bp	47,118	942	(942)	942	(942)
-Debt instruments at FVOCI*	+/-200bp	265,980	-	-	5,320	(5,320)

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

3.4.4 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. A 48 percent increase in the value of the Bank's equity investment at FVOCI at 31 December 2021 would have increased equity by N8,523 billion (December 2020: N1.77 million). An equivalent decrease would have resulted in an equivalent but oppsite impact.

3.5 Fair Value of Financial Assets and Liabilities

	31 December 2021		31 December 2020	
Financial assets	**Carrying value N'million**	**Fair value N'million**	**Carrying value N'million**	**Fair value N'million**
Cash and balances with Central banks	**771,573**	**771,573**	**654,706**	**654,706**
Cash	42,755	42,755	44,751	44,751
Balances with central bank other than mandatory	42,720	42,720	69,826	69,826
Mandatory reserve deposits with central banks	686,097	686,097	540,129	540,129
Due from banks	**133,818**	**134,342**	**213,916**	**214,808**
- Current balances with foreign banks	121,821	122,301	163,009	163,009
- Placements with other banks and discount houses	11,998	12,041	50,907	51,799
Loans and advances to customers	**1,658,413**	**1,732,545**	**1,326,106**	**1,358,624**
- Term loans	1,450,371	1,498,998	1,156,575	1,176,556
- Advances under finance lease	31,218	33,872	31,701	33,169
- Other loans	176,824	199,675	137,830	148,899
Derivative assets	49,574	49,574	7,072	7,072
Fair Value Through Profit and Loss	**5,207**	**5,207**	**47,118**	**47,118**
- Treasury bills	4,855	4,855	16,729	16,729
- Federal Government bonds	352	352	30,389	30,389
- Placement	-	-	-	-
Debt instruments at FVOCI	**100,009**	**100,009**	**265,980**	**265,980**
- Treasury bills	75,084	75,084	192,565	192,565
- Federal Government bonds	17,473	17,473	66,938	66,938
- State Government bonds	4,127	4,127	6,477	6,477
- Coporate bonds	3,324	3,324	-	-
Equity instruments measured at FVOCI	**26,207**	**26,207**	**17,685**	**17,685**
Debt instruments at amortised	**441,450**	**442,274**	**137,804**	**154,907**
- Treasury bills	249,963	250,500	54,738	55,220
- Federal Government bonds	186,451	186,673	82,714	99,334
- State Government bonds	-		352	353
- Corporate Bonds	5,035	5,102	-	-

	31 December 2021		31 December 2020	
Financial liabilities	**Carrying value N'million**	**Fair value N'million**	**Carrying value N'million**	**Fair value N'million**
Deposits from customers	**897,598**	**897,598**	**671,094**	**679,094**
Term	503,276	503,276	384,342	388,292
Domiciliary	394,322	394,322	286,752	290,802
Derivative liabilities	**425**	425	1,143	1,143
Debts issued and other borrowed funds	**468,413**	**468,413**	**260,971**	**264,521**

(a) Financial Instruments Measured at Fair Value

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

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

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

31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds			-	-
- State Government bonds		352		352
- Treasury bills			-	-
- Placement	-	4,855	-	4,855
		-		-
Debt instruments measured at FVOCI				-
- Treasury bills	-	75,084	-	75,084
- Federal Government bonds	-	17,473	-	17,473
- State Government bonds	-	4,127	-	4,127
- Corporate bonds	-	3,324		3,324
Equity instruments measured at FVOCI	3,164	23,043	-	26,207
				-
Assets for which fair values are disclosed				-
Loans and advances to customers				-
- Term loans	-	-	1,498,998	1,498,998
- Advances under finance lease	-	-	33,872	33,872
- Other loans	-	-	199,675	199,675
Derivative assets	**-**	49,574	-	-
				-
Debt instruments at amortised cost				-
- Treasury bills		250,500	-	250,500
- Federal Government bonds		186,673	-	186,673
- State Government bonds	-	-	-	-
- Corporate Bonds	-	5,102	-	5,102

Financial liabilities at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Derivative financial liabilities	-	425	-	425
Financial liabilities for which fair values are disclosed				-
Financial liabilities carried at amortised cost				-
Debt issued and other borrowed funds	-	-	468,413	468,413
Deposits from customers			897,598	897,598

(a) Financial Instruments Measured at Fair Value - continued

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Held for trading				
- Federal Government bonds	-	30,389	-	30,389
- State Government bonds		-		
- Treasury bills	-	16,729	-	16,729
- Placement	-	-	-	-
				-
Debt instruments measured at FVOCI				-
- Treasury bills	-	192,565	-	192,565
- Federal Government bonds	-	66,938	-	66,938
- State Government bonds	-	-	-	-
- Corporate bonds	-	6,477	-	6,477
Derivative financial assets		7,072		7,072
Equity instruments measured at FVOCI	**2,520**	**15,165**	**-**	17,685
				-
Financial assets carried at amortised cost	**-**	-	**-**	-
Loans and Advances				-
- Term loans	-	-	1,176,556	1,176,556
- Advances under finance lease	-	-	33,169	33,169
- Other loans	-	-	148,899	148,899
				-
Debt instruments at amortised cost				-
- Treasury bills	-	55,220	-	55,220
- Federal Government bonds	-	99,334	-	99,334
- State Government bonds	-	353	-	353
- Corporate bonds	-	-	-	-

	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities at FVTPL	**N'million**	**N'million**	**N'million**	**N'million**
Derivative financial liabilities	-	1,143	-	-
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds			264,521	264,521
Deposits from customers			679,094	
	-	-	-	-

(c) Fair Valuation Methods and Assumptions

(i) Cash and balances with central banks

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

(ii) Due from other banks

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

(iii) Derivatives

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

(iv) Treasury Bills and Bonds

Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Bank operates. The fair value of treasury bills are derived from the quoted yields, while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions was marked-to-model at 31 Decembe 2021 and 31 December 2020 based on yields for identical assets. Fair value is determined using discounted cash flow model.

(v) Equity Securities

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

(vi) Loans and Advances to customers

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

(c) Fair valuation methods and assumptions - continued

(vii) Overdraft

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

(viii) Other Assets

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

(ix) Deposits from banks and due to customers

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

(x) Other Liabilities

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

(xi) Debt Issued And Other Borrowed Funds

The fair of the Bank's Eurobond issued is derived from quoted market prices in active markets. The fair values of the Bank's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair value is determined by using discounted cashflow method.

3.6 Operational Risk Management

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

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

• The Covid-19 situation has driven the Bank to put additional focus on several operational risk aspects, such as:
– Business continuity plans to support our employees, customers and overall businesses.
– Potential increase of cyber risk due to new conditions in business management and remote working. Our cyber security programme continued to be improved by strengthening detection, response and protection mechanisms.
– Increase in technological support in order to ensure adequate customer service and correct performance of our services, especially in online banking and call centres.

Organizational Set-up

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

Operational Risk Framework

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

Loss Data Collection

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

Risk and Control Self Assessments (RCSA)

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

3.6 Operational Risk Management - contnued
Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

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

4. Capital Management

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

a.To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;
b. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
c. To maintain a strong capital base to support the development of its business.

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

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

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the period ended 31 December 2020 and the comparative period 31 December 2019 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II ACord (Interenal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian enviroment.

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

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

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

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

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

4. Capital Management - continued

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2021 and as at 31 December 2020. During those two periods, the Bank as an entity complied with all of the externally imposed capital requirements to which it is subject to.

	31 December 2021	31 December 2020
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings (less proposed dividend)	95,661	66,700
Statutory reserve	39,006	39,006
Small scale investment reserve	6,094	6,094
Tier 1 Deductions - Intangible Assets	(3,968)	(3,283)
Total qualifying Tier 1 capital	252,546	224,270
Regulatory adjustment	21,075	20,195
Adjusted qualifying Tier 1 capital	231,471	204,075
Tier 2 capital		
Eurobond Issue	-	-
Local Bond Issue (Discounted at 60%)	40,275	-
Revaluation reserve	-	-
Fair value reserve	35,332	39,615
Total Tier 2 capital	75,607	39,615
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital		
Total Tier 1 & Tier 2 Capital	307,078	243,690
Risk-weighted assets:		
Credit Risk Weighted Assets	1,230,370	1,048,332
Market Risk Weighted Assets	86,351	87,624
Operational Risk Weighted Assets	210,001	204,255
Total risk-weighted assets	1,526,722	1,340,211
Capital Adequacy Ratio (CAR)	**20.11%**	**18.18%**
Minimum Capital Adequacy Ratio	15%	15%

5 SEGMENT ANALYSIS

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Executive Committee (the chief operating decision maker). In 2021, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board . This segment is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions.

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

Segment result of operations

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

	Retail banking N 'millions	Corporate banking N 'millions	Investment banking N 'millions	Combined N 'millions
At 31 December 2021				
Revenue derived from external customers	112,161	80,921	57,691	250,774
Revenues from other segments	-	-	-	-
Total	112,161	80,921	57,691	250,774
Interest income	91,733	71,185	40,647	203,564
Interest expense	(51,984)	(35,441)	(21,262)	(108,687)
Profit before tax	21,830	11,084	5,152	38,066
Income tax expense	(1,456)	(693)	(322)	(2,487)
Profit for the period ended 31 December 2021	20,373	10,391	4,830	35,579
Total segment assets	1,889,731	847,565	552,184	3,289,479
Total segment liabilities	1,929,364	752,403	309,927	2,991,710
Other segment information				
Depreciation / amortization	(4,541)	(1,687)	(946)	(7,174)

The segment information provided to the Executive Committee for the reportable segments for the period ended 31 December 2020 is as follows:

	Retail banking N 'millions	Corporate banking N 'millions	Investment banking N 'millions	Combined N 'millions
At 31 December 2020				
Revenue derived from external customers	91,113	70,767	44,324	206,204
Revenues from other segments	-	-	-	-
Total	91,113	70,767	44,324	206,204
Interest income	72,625	67,004	37,124	176,753
Interest expense	(33,762)	(26,254)	(12,614)	(72,630)
Profit before tax	**17,572**	**6,354**	**4,128**	**28,054**
Income tax expense	(866)	(331)	(207)	(1,404)
Profit for the period ended 31 December 2020	16,706	6,023	3,921	26,650
Total segment assets	1,565,671	657,436	535,068	2,758,175
Total segment liabilities	**1,593,656**	**592,067**	**298,919**	**2,484,642**
Other segment information				
Depreciation / amortization	**(4,123)**	**(1,279)**	**(805)**	**(6,207)**

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in the period ended 31 December 2021 and 31 December 2020 . The cashflow information for the reporting segment is not provided to the chief operating decision maker .

6 Interest and similar income using effective interest rate method

	31 December 2021 N'million	31 December 2020 N'million
Loans and advances to customers	159,370	126,296
Advances under finance lease	5,125	4,180
Treasury bills and other investment securities:		
-Fair value through other comprehensive income	4,712	19,577
-Amortised cost	17,453	13,046
Placements and short term funds	123	5,452
	186,783	**168,551**

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

Interest income accrued on impaired financial assets amount to N 3,186 million (31 December 2020: N3,020 million) in the financial Statement .

7 Interest expense calculated using the effective interest rate method

	31 December 2021 N'million	31 December 2020 N'million
Term deposits	67,135	34,113
Debts issued and other borrowed funds	32,340	25,719
Savings deposits	4,007	7,635
Current accounts	3,835	3,475
Inter-bank takings	8	647
Intervention loan	1,363	1,041
	108,687	**72,630**

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

8 Credit loss reversal/(expense)

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

	Note	Stage 1 Individual	Stage 1 Collective N'million	Stage 2 Individual N'million	Stage 2 Collective N'million	Stage 3 N'million	POCI N'million	Total N'million
Balances with Central Bank of Nigeria		-	-	-	-	-	-	-
Due from banks (Note 21)		- -	368	-	-	-	-	(368)
Loans and advances to customers (Note 22)		-	8,792	-	5,671	(7,850)	-	6,613
Debt instruments measured at FVOCI (24.6.1)		- -	617	-	-	-	-	(617)
Debt instruments measured at amortised costs (24.6.2)		-	461	-	-	-	-	461
Financial guarantees (Note 31.3.1)		-	352	-	-	-		352
Letters of credit (Note 31.3.2)		-	520	-	-	-	-	520
		-	**9,141**	**-**	**5,671**	**(7,850)**	**-**	6,961
Other assets (Note 28)		-	73	-	-	-	-	**73**
		-	**9,213**	**-**	**5,671**	**(7,850)**	**-**	**7,034**

The table below shows the ECL charges on financial instruments for the year 31 December 2020 recorded in profit or loss:

	Note	Stage 1 Individual	Stage 1 Collective N'million	Stage 2 Individual N'million	Stage 2 Collective N'million	Stage 3 N'million	POCI N'million	Total N'million
Balances with Central Bank of Nigeria		-	-	-	-	-	-	-
Due from banks (Note 21)		-	583	-	-	-	-	583
Loans and advances to customers (Note 22)		-	952	-	2,122	13,029	-	16,103
Debt instruments measured at FVOCI (24.6.1)		-	2	-	-	-	-	2
Debt instruments measured at amortised costs (23.6.2)		-	210	-	-	-	-	210
Financial guarantees (Note 31.3.1)		-	5	-	-	-	-	5
Letters of credit (Note 31.3.2)		-	307	-	-	-	-	307
		-	**2,059**	**-**	**2,122**	**13,029**	**-**	**17,210**
Other assets (Note 28)		-	(352)	-	-	-	-	**(352)**
		-	(352)	-	-	-	-	**(352)**
		-	**1,707**	**-**	**2,122**	**13,029**	**-**	**16,858**

9 Net fee and commission income

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

	31 December 2021			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	3,415	2,248	-	5,663
Accounts maintenance charge	2,147	1,727	273	4,148
Commision on E-banking activities	1,871	1,050	71	2,992
Commission on travellers cheque and foreign bills	1,835	701	418	2,954
Commission on fidelity connect	1,655	243	107	2,005
Letters of credit commissions and fees	965	460	353	1,778
Commissions on off balance sheet transactions	907	586	305	1,797
Other fees and commissions	433	200	-	633
Commision and fees on banking services	359	224	14	597
Commision and fees on NXP	536	299	6	841
Collection fees	230	63	13	306
Telex fees	810	333	-	1,142
Cheque issue fees	83	35	-	119
Remittance fees	82	41	-	123
Total revenue from contracts with customers	**15,327**	**8,211**	**1,561**	**25,099**
Other non-contract fee income:				
Credit related fees	2,351	1,956	-	4,307
Total fees and commission income	17,678	10,167	**1,561**	**29,406**
Fee and commission expense	(4,945)	(2,984)	(695)	(8,624)
Net fee and commission income	**12,733**	**7,183**	**866**	**20,782**

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

	31 December 2020			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	1,916	1,454	-	3,371
Accounts maintenance charge	1,652	935	213	2,800
Commission on E-banking activities	1,384	1,024	56	2,464
Commission on travellers cheque and foreign bills	1,082	259	446	1,787
Commission on fidelity connect	1,023	322	62	1,407
Letters of credit commissions and fees	539	214	320	1,073
Other fees and commissions	294	28	9	331
Commission and fees on banking services	362	157	-	519
Commission and fees on NXP	590	245	10	845
Collection fees	270	28	6	304
Telex fees	461	38	7	506
Cheque issue fees	65	27	-	92
Commissions on off balance sheet transactions	1,069	643	-	1,712
Remittance fees	64	21	-	85
Total revenue from contracts with customers	**10,771**	**5,395**	**1,129**	**17,296**
Other non-contract fee income:				
Credit related fees	1,402	1,155	-	2,557
Total fees and commission income	**12,173**	**6,550**	**1,129**	**19,853**
Fee and commission expense	(3,945)	(1,764)	(435)	(6,144)
Net fee and commission income	**8,228**	**4,786**	**694**	**13,709**

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

10 Modification loss on financial asset

The table below shows the modification charge on financial instruments for the period 31 December 2021 recorded in profit or loss :

	31 December 2021 N'million	31 December 2020 N'million
Modified Loan Assets (Carrying Amount)	4,663	-
Specific allowances for impairment	-	-
	4,663	**-**
Modification loss	(1)	
	(1)	**-**

In line with IFRS 9, Modification is carried out when the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, A modification was carried out on a loan to a customer , the cash flows of the original financial assets were deemed to have expired and therefore derecognized and a new financial assets was recognized at fair value . The gross carrying amount of the loan before modification was N4.7 billion. The financial assets is not deemed credit impaired

11 Other operating income

	31 December 2021 N'million	31 December 2020 N'million
Net foreign exchange gains	11,562	8,189
Dividend income	817	855
Profit on disposal of property, plant and equipment	69	(51)
Profit on disposal of unquoted securities	-	-
Loan Recoveries	5,214	495
Other income	141	110
	17,803	**9,598**

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

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

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

12 Net gains from financial instruments classified as fair value through profit or loss

	31 December 2021 N'million	31 December 2020 N'million
Net (losses)/gains arising from:		
- Bonds	(3,840)	1,010
- Treasury bills	(765)	344
- Placements	-	-
- Derivatives	(299)	(239)
	(4,904)	**1,115**
12.1 Other interest and similar income measured at FVTPL	**16,781**	**8,202**

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

13 Personnel expenses

	31 December 2021 N'million	31 December 2020 N'million
Wages and salaries	21,995	22,118
End of the year bonus (see note 32)	1,014	2,792
Pension contribution	461	457
	23,470	**25,367**

14 Depreciation and Amortisation

	31 December 2021 N'million	31 December 2020 N'million
Property, plant and equipment (Note 25)	3,283	3,187
Computer software (Note 27)	3,216	2,347
Depreciation of ROU asset (Note 26)	675	673
	7,174	**6,207**

15 Other operating expenses

Marketing, communication & entertainment	5,824	9,594
Banking sector resolution cost	15,348	11,866
Outsourced cost	5,094	4,705
Deposit insurance premium	7,393	5,533
Repairs and maintenance	3,604	2,786
Other expenses	2,409	4,782
Computer expenses	1,136	3,477
Security expenses	1,568	1,378
Rent and rates	320	203
Cash movement expenses	948	681
Training expenses	502	200
Travelling and accommodation	897	964
Consultancy expenses	1,025	587
Corporate finance expenses	1,202	1,099
Legal expenses	399	372
Electricity	585	454
Office expenses	334	656
Directors' emoluments	654	789
Insurance expenses	553	453
Stationery expenses	415	281
Bank charges	777	273
Auditors' remuneration	195	200
Donation	1,377	536
Telephone expenses	107	100
Postage and courier expenses	147	90
	52,814	**52,059**

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

15b The Bank paid external auditors' professional fees for the provision of non-audit services. The total amount of non-audit services provided to the external auditors during the year was N76.78 million. These non-audit services were for Competency and Capability Assessment (Competency Framework; Competency Catalogue; Critical Workforce Segmentation; Staff Competency Evaluation) (N66.43 million), Common Reporting Standard Reporting (N6.75 million), Corporate Tax Reporting (N6.60 million). These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors as adequate safeguards were put in place .These engagements predates the engagement of Deloitte as the Bank's External Auditors.

15c The bank paid a total of N228.79 million as contribution to the Industrial Training Fund.

16 Taxation

	31 December 2021 N'million	31 December 2020 N'million
a Income tax expense		
Current taxes on income for the period (Minimum tax)	625	514
Education tax	1,384	608
Police Trust Fund	2	1
National Agency for science and engineering infrastructure 0.25%	95	
Information Technology levy	381	281
Capital Gain Tax	-	-
Current income tax expense	2,487	1,404
Deferred tax expense	-	-
	2,487	**1,404**

b Total income tax expense in profit or loss

	2021 N'million	2020 N'million
Profit before income tax	38,066	28,054
Income tax using the domestic corporation tax rate of 32.5% (Dec 2020 : 30%)	12,371	8,416
Non-deductible expenses	1,954	12,042
Tax exempt income	40,417	(13,342)
Utilization of previously unrecognised tax losses	(54,742)	(9,140)
Unrecognised deferred tax assets	-	2,024
Income Tax expense based on Minimum tax (note 16d)	625	514
Tertiary education tax (note 16g)	1,384	608
Capital gain tax	-	-
Police Trust Fund (note 16e)	2	1
National Agency for science and engineering infrastructure 0.25%	95	-
Information Technology levy (note 16f)	381	281
	2,487	**1,404**

Effective tax rate

The effective income tax rate is 6.5% for 31 December 2021 (2020: 5%).

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

	2021	2020
At 1 January	2,307	2,339
Income tax paid	(581)	(1,436)
WHT recovered	(314)	-
Current income tax expense	2,487	1,404
At 31 December	**3,899**	**2,307**

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

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

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

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

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

17 Net reclassification adjustments for realised net gains

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

18 Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period. The diluted earnings per share is the same as basic EPS because there are no potential ordinary shares outstanding during the reporting period.

	31 December 2021	31 December 2020
Profit attributable to equity holders of the Bank (N'million)	35,579	26,650
Weighted average number of ordinary shares in issue (N'million)	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	**122.84**	**92.01**

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

19 Cash and Cash equivalents

	N'million	N'million
Cash	42,755	44,751
Balances with central bank other than mandatory reserve deposits	42,720	69,826
Due from banks	133,777	213,916
Total cash and cash equivalents	**219,253**	**328,493**

19.1 Due from Banks

Current accounts with foreign banks	122,301	163,009
Placements with other banks and discount houses	12,000	51,799
Sub-total	134,302	214,808
Less: Allowance for impairment losses	(524)	(892)
	133,777	**213,916**

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

20 Restricted balances with central bank

	31 December 2021 N'million	31 December 2020 N'million
Mandatory reserve deposits with central bank (see note 20.1 below)	506,504	432,741
Special cash reserve (see note 20.2 below)	179,593	107,388
Carrying amount	**686,097**	**540,129**

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

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

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

Impairment Allowance for Due from Banks

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

	31 December 2021			
	Stage 1 **N'million**	Stage 2 **N'million**	Stage 3 **N'million**	Total **N'million**
External rating grade				
Performing				
High grade	87,491	-	-	87,491
Standard grade	36,865	-	-	36,865
Sub-standard grade	9,986	-	-	9,986
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**134,342**	**-**	**- -**	**134,342**

	31 December 2020			
	Stage 1 **N'million**	Stage 2 **N'million**	Stage 3 **N'million**	Total **N'million**
External rating grade				
Performing				
High grade	180,773	-	-	180,773
Standard grade	34,035	-	-	34,035
Sub-standard grade		-	-	-
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**214,808**	**-**	**- -**	**214,808**

Notes to the Financial Statements

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

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2021	214,808	-	-	**214,808**
New assets originated or purchased	13,383	-	-	**13,383**
Assets derecognised or repaid (excluding write offs)	(100,672)	-	-	**(100,672)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Accrued Interest	41	-	-	**41**
Foreign exchange adjustments	6,782	-	-	**6,782**
At 31 December 2021	**134,342**	**- -**	**-**	**134,342**

	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	150,178	-	-	**150,178**
New assets originated or purchased	107,521	-	-	**107,521**
Assets derecognised or repaid (excluding write offs)	(48,325)	-	-	**(48,325)**
Transfers to Stage 1		-	-	**-**
Transfers to Stage 2		-	-	**-**
Transfers to Stage 3		-	-	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Accrued Interest	4,204			**4,204**
Foreign exchange adjustments	1,230	-	-	**1,230**
At 31 December 2020	**214,808**	**- -**	**-**	**214,808**

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

	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	309	-	-	**309**
New assets originated or purchased	601	-	-	**601**
Assets derecognised or repaid (excluding write offs)	(236)	- -	-	**(236)**
Transfers to Stage 1	-	- -	-	**-**
Transfers to Stage 2	-	- -	-	**-**
Transfers to Stage 3	-	- -	-	**-**
Impact on Year end ECL of exposures transferred between stages during the year	-	- -	-	**-**
Unwind of discount	120	- -	-	**120**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	- -	-	**-**
Changes to models and inputs used for ECL calculations	-	- -	-	**-**
Recoveries	-	- -	-	**-**
Amounts written off	-	- -	-	**-**
Foreign exchange adjustments	98	- -	-	**98**
At 31 December 2020	**892**	**- -**	**-**	**892**

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 31 December 2021 and at 31 December 2020.

22 Loans and Advances to Customers

	31 December 2021 N'million	31 December 2020 N'million
Loans to corporate and other organisations	1,665,887	1,340,202
Loans to individuals	66,658	53,422
	1,732,545	1,393,624
Less: Allowance for ECL/impairment losses	(74,131)	(67,518)
	1,658,414	**1,326,106**

	31 December 2021 N'million	31 December 2020 N'million
Loans to corporate entities and other organisations		
Overdrafts	187,122	155,042
Term loans	1,447,688	1,152,910
Advance under finance lease	31,077	32,250
	1,665,887	1,340,202
Less: Allowance for ECL/impairment losses	(68,210)	(66,943)
	1,597,675	**1,273,259**
Loans to individuals		
Overdrafts	12,553	6,856
Term loans	51,310	43,647
Advance under finance lease	2,795	2,919
	66,658	53,422
Less: Allowance for ECL/impairment losses	(5,921)	(575)
	60,737	52,847
Net loans and advances include	**1,658,412**	**1,326,106**

22.1 Impairment allowance for loans and advances to customers

22.1.1 Corporate and Other Organisations

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

	31 December 2021				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	241,866	12,905	-	-	254,771
Standard grade (BBB - B)	899,652	227,714	-	-	1,127,366
Sub-standard grade (CCC - CC)	162,311	77,791	-	-	240,101
Past due but not impaired (C)	-	-	-	-	-
Non- performing:	-	-	-	-	-
Individually impaired	-	-	43,648	-	43,648
Total	**1,303,829**	**318,410**	**43,648**	**-**	**1,665,887**

	31 December 2020				
	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	POCI N'million	Total N'million
Internal rating grade					
Performing					
High grade (AAA - A)	195,080	-	-	-	195,080
Standard grade (BBB - B)	707,793	157,805	-	-	865,598
Sub-standard grade (CCC - CC)	124,870	105,240	-	-	230,110
Past due but not impaired (C)	-	-	-	-	-
Non- performing:	-	-	-	-	-
Individually impaired	-	-	49,414	-	49,414
Total	**1,027,743**	**263,045**	**49,414**	**-**	**1,340,202**

Notes to the Financial Statements

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

	31 December 2021				
	Stage 1 Individual N'million	**Stage 2 Individual N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2021	1,027,743	263,045	49,414	-	1,340,202
New assets originated or purchased	678,196	-	-	-	678,196
Assets derecognised or repaid (excluding write offs)	(419,956)	(27,554)	(10,534)	-	(458,045)
Transfers to Stage 1	28,870	(26,252)	(2,619)	-	-
Transfers to Stage 2	(7,200)	7,215	(15)	-	-
Transfers to Stage 3	(51,645)	69,999	(18,354)	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Accrued Interest	39,711	29,868	24,516	-	94,095
Foreign exchange adjustments	8,044	2,155	1,240	-	11,440
At 31 December 2021	**1,303,762**	**318,476**	**43,648**	**-**	**1,665,887**

	31 December 2020				
	Stage 1 Individual N'million	**Stage 2 Individual N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2021	832,431	256,575	35,994	-	1,125,000
New assets originated or purchased	355,211	-	-	-	355,211
Assets derecognised or repaid (excluding write offs)	(161,772)	(25,417)	(3,314)	-	(190,503)
Transfers to Stage 1	4,565	(4,565)	-	-	-
Transfers to Stage 2	(18,841)	18,841	-	-	-
Transfers to Stage 3	(15,260)	(366)	15,626	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Accrued Interest	28,361	16,198	14,719	-	59,278
Foreign exchange adjustments	3,048	1,779	235	-	5,062
At 31 December 2021	**1,027,743**	**263,045**	**63,260**	**-**	**1,354,048**

Notes to the Financial Statements

22 Loans and Advances to Customers - continued

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2020 under IFRS 9	9,605	21,300	36,038	-	66,943
New assets originated or purchased	5,100	-	-	-	5,100
Assets derecognised or repaid (excluding write offs)	(5,078)	(1,560)	(6,134)	-	(12,771)
Transfers to Stage 1	1,192	(0)	(1,192)	-	-
Transfers to Stage 2	(16)	15	-	- -	0.56
Transfers to Stage 3	(2,432)	-	2,432	-	-
Impact on year end ECL of exposures transferred between stages during the year	8,270	6,290	(6,318)	-	8,242
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	79	618	-	-	697
At 31 December 2021	**16,720**	**26,663**	**24,826**	**-**	**68,210**

	31 December 2020				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2020 under IFRS 9	5,654	19,188	22,951	-	47,793
New assets originated or purchased	4,876	-	-	-	4,876
Assets derecognised or repaid (excluding write offs)	(2,940)	(2,244)	(1,710)	-	(6,894)
Transfers to Stage 1	845	(845)	-	-	-
Transfers to Stage 2	(2,795)	2,795	-	-	-
Transfers to Stage 3	(2,445)	(45)	2,490	-	-
Impact on year end ECL of exposures transferred between stages during the year	6,120	2,254	26,137	-	34,511
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amounts written off	-	-	(13,846)	-	(13,846)
Foreign exchange adjustments	290	197	16	-	503
At 31 December 2020	**9,605**	**21,300**	**36,038**	**-**	**66,943**

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 December 2021 (31 December 2020: nil).

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

22.1.2 Loans to individuals

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

Notes to the Financial Statements

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Internal rating grade					
Performing					
High grade (AAA - A)	-	-		-	-
Standard grade (BBB - B)	53,271	1,390	-	-	54,660
Sub-standard grade (CCC - CC)	976	-	-	-	976
Past due but not impaired (C)	4,497	-	-	-	4,497
Non- performing	-	-	-	-	-
Individually impaired			6,525	-	6,525
Total	**58,743**	**1,390**	**6,525**	**-**	**66,658**

	31 December 2020				
	Stage 1 Individual N'million	**Stage 2 Individual N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Internal rating grade					
Performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	43,626	277	-	-	43,903
Sub-standard grade (CCC - CC)	-	-	-	-	-
Past due but not impaired (C)	5,866	17	-	-	5,883
Non- performing	-	-	-	-	-
Individually impaired	-	-	3,636	-	3,636
Total	**49,492**	**294**	**3,636**	**-**	**53,422**

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

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2021	49,492	294	3,636	-	53,422
New assets originated or purchased	20,760	-	-	-	20,760
Assets derecognised or repaid (excluding write offs)	(12,913)	(70)	(279)	-	(13,262)
Transfers to Stage 1	548	(61)	(487)	-	-
Transfers to Stage 2	(88)	127	(39)	-	-
Transfers to Stage 3	(1,033)	(156)	1,188	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	119	70	132	-	322
At 31 December 2021	**56,886**	**205**	**4,151**	**-**	**61,242**

	31 December 2021				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2021	63	10	502	-	575
New assets originated or purchased	1,708	-	-	-	1,708
Assets derecognised or repaid (excluding write offs)	(14)	-	(80)	-	(94)
Transfers to Stage 1	76	-	(76)	-	-
Transfers to Stage 2	-	31	(31)	-	-
Transfers to Stage 3	(1)	-	1	-	-
Impact on year end ECL of exposures transferred between stages during the period	(92)	276	3,547	-	3,732
Unwind of discount				-	-
Amounts written off				-	-
Foreign exchange adjustments	-	-	-	-	-
At 31 December 2021	**1,740**	**318**	**3,863**	**-**	**5,921**

Notes to the Financial Statements

	31 December 2020				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2020	50,726	24	2,639	-	53,389
New assets originated or purchased	24,321	-	-	-	24,321
Assets derecognised or repaid (excluding write offs)	(29,682)	(25)	(728)	-	(30,435)
Transfers to Stage 1	84	(84)	-	-	-
Transfers to Stage 2	(429)	554	(125)	-	-
Transfers to Stage 3	-	(883)	883	-	-
Changes to contractual cash flows Other than transfer or modifications not resulting in derecognition				-	-
Amounts written off	-	-	(34)	-	(34)
Accrued Interest	3,252	466	871	-	4,589
Foreign exchange adjustments	1,220	242	130	-	1,592
At 31 December 2020	**49,492**	**294**	**3,636**	**-**	**53,422**

	31 December 2020				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2020	3,062	-	560	-	3,622
New assets originated or purchased	118	-	-	-	118
Assets derecognised or repaid (excluding write offs)	(2,472)	(7)	(615)	-	(3,094)
Transfers to Stage 1	9	(9)	-	-	-
Transfers to Stage 2	(198)	291	(93)	-	-
Transfers to Stage 3	-	(155)	155	-	-
Impact on year end ECL of exposures transferred between stages during the year	(826)	(120)	447	-	(499)
Unwind of discount	-	-	-	-	-
Amounts written off	-	-	(34)	-	(34)
Foreign exchange adjustments	370	10	82	-	462
At 31 December 2020	**63 #**	**10 #**	**502 0**	**-**	**575**

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

22.1 Advances under finance lease may be analysed as follows:

	31 December 2021 N'million	31 December 2020 N'million
Gross investment		
- No later than 1 year	10,113	4,027
- Later than 1 year and no later than 5 years	33,783	31,486
- Later than 5 years	158	205
	44,054	35,718
Unearned future finance income on finance leases	(10,182)	(3,468)
Net investment	33,872	32,250
The net investment may be analysed as follows:		
- No later than 1 year	8,824	3,323
- Later than 1 year and no later than 5 years	24,890	28,723
- Later than 5 years	158	204
	33,872	32,250

22.2 Nature of security in respect of loans and advances:

Secured against real estate	307,548	355,683
Secured others	1,381,156	999,792
Advances under finance lease	29,739	35,718
Unsecured	14,102	2,431
Gross loans and advances to customers	**1,732,545**	**1,393,624**

23 Derivative Financial Instruments

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

		31 December 2021 N'million	31 December 2020 N'million
23a	**Derivative financial Assets**		
	Total return swap contracts	49,574	7,072
	Futures Contracts	-	
	Total derivative financial Assets	**49,574**	**7,072**
	Notional Amount		
	Total return swap contracts	50,109	8,674
	Futures Contracts	-	-
	Total	**50,109**	**8,674**
23b	**Derivative financial liabilities**		
	Non-deliverable forwards	425	1,143
	Futures Contracts	-	
	Total derivative financial Liabilities	**425**	**1,143**
	Notional Amount		
	Non-deliverable forwards	42,098	20,016
	Futures Contracts	-	-
	Total	**42,098**	**20,016**

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

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

iii All derivative contracts are current .

24 Investment Securities

		31 December 2021 N'million	31 December 2020 N'million
24.1	Financial assets at fair value through profit and loss (FVTPL)		
	Held for trading:		
	Federal Government bonds	352	30,389
	Treasury bills	4,855	16,729
	Placements	-	-
	Total financial assets measured at FVTPL	**5,207**	**47,118**
24.2	Debt instruments at fair value through other comprehensive income (FVOCI)		
	Treasury bills	75,084	192,565
	Federal Government bonds	16,106	66,938
	State bonds	4,127	6,477
	Corporate bonds	4,691	-
	Total debt instruments measured at FVOCI	**100,009**	**265,980**

		31 December 2021 N'million	31 December 2020 N'million
24.3	Equity instruments at fair value through other comprehensive income (FVOCI)		
	Unquoted equity investments:		
	- Pay Attitude Global	16	-
	- African Finance Corporation (AFC)	3,321	4,160
	- Unified Payment Solution (UPSL)	12,627	9,228
	- Nigerian Inter Bank Settlement System (NIBBS)	3,540	1,777
	- African Export–Import Bank (AFREXIM BANK)	275	-
	- The Central Securities Clearing System (CSCS)	3,164	2,520
	- Investment in FMDQ	3,215	-
	Quoted equity investments:		
	- Nigerian Exchange Group (NGX)	49	-
	Total equity instruments at FVOCI	26,207	17,685

24.3.1 The Bank has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading , see note **2.4.2.b.** During the year ended 31 December 2021, the Bank recognised dividends of N817 million (December 2020 - N855 million) from its FVOCI equities which was recorded in the profit or loss as other operating income.

		31 December 2021 N'million	31 December 2020 N'million
24.4	Debt instruments at amortised cost		
	Treasury bills	250,502	54,738
	Federal Government bonds	186,673	83,078
	State Government bonds	-	352
	Corporate bonds	5,102	-
	Sub-total	442,277	138,168
	Allowance for impairment	(824)	(364)
	Total debt instruments measured at amortised cost	441,452	137,804
	Reconciliation of allowance for impairment		
	At beginning of year	(364)	(154)
	additional allowance for impairment	(460)	(210)
	At end of year	(824)	(364)
	Total investments	572,875	468,586

24.5 Pledged Assets

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

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

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

	31 December 2021 N'million	31 December 2020 N'million
Treasury bills - Amortised cost	33,768	14,974
Federal Government bonds - Amortised cost	70,014	28,897

24.6 Impairment losses on financial investments subject to impairment assessment

24.6.1 Debt Instruments Measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and Period-end stage classification. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1:

	31 December 2021			
Internal rating grade	**Stage 1 Collectively N'million**	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**Total N'million**
Performing				
High grade	92,557	-	-	**92,557**
Standard grade	7,451	-	-	**7,451**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	100,009	-	-	**100,009**

	31 December 2020			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	259,503	-	-	**259,503**
Standard grade	6,477	-	-	**6,477**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	265,980	-	-	**265,980**

An analysis of changes in the fair value and the corresponding ECL is, as follows:

	31 December 2021			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2021	265,980	-	-	**265,980**
New assets originated or purchased	91,313	-	-	**91,313**
Assets derecognised or matured (excluding write-offs)	(214,502)	-	-	**(214,502)**
Change in fair value	(42,782)	-	-	**(42,782)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2021	100,009	-	-	**100,009**

	31 December 2021			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2021	785	-	-	**785**
New assets originated or purchased	140	-	-	**140**
Assets derecognised or matured (excluding write offs)	(808)	-	-	**(808)**
Impact on year end ECL of exposures transferred between stages during the period	-	-	-	**-**
Unwind of discount (recognised in interest income)	51	-	-	**51**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations		-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
At 31 December 2021	168	-	-	168

	31 December 2020			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	134,846	-	-	**134,846**
New assets originated or purchased	227,986	-	-	**227,986**
Assets derecognised or matured (excluding write-offs)	(118,111)	-	-	**(118,111)**
Change in fair value	1,921	-	-	**1,921**
Accrued interest	19,338			**19,338**
Changes to contractual cash flows Other than transfer or modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At December 2020	265,980	-	-	**265,980**

	31 December 2020			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2020	783	-	-	**783**
New assets originated or purchased	545	-	-	**545**
Assets derecognised or matured (excluding write offs)	(558)	-	-	**(558)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount (recognised in interest income)	15	-	-	**15**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
At 31 December 2020	785	-	-	785

24.6.2 Debt Instruments Measured at Amortised Cost

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

	31 December 2021			
Internal rating grade	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Performing				
High grade	437,173	-	-	**437,173**
Standard grade	5,102	-	-	**5,102**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**442,274**	**-**	**-**	**442,274**

	31 December 2020			
Internal rating grade	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Performing				
High grade	137,816	-	-	**137,816**
Standard grade	352	-	-	**352**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**138,168**	**-**	**-**	**138,168**

Investments - continued

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

	31 December 2021			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2021	138,168	-	-	**138,168**
New assets originated or purchased	363,810	-	-	**363,810**
Assets derecognised or matured (excluding write-offs)	(65,812)	-	-	**(65,812)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	6,109			**6,109**
Amounts written off		-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2021	442,274	-	-	442,274

	31 December 2021			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2021	364	-	-	**364**
New assets purchased	462	-	-	**462**
Assets derecognised or matured (excluding write offs)	(146)	-	-	**(146)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the period		-	-	**-**
Unwind of discount (recognised in interest income)	144	-	-	**144**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-		-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2021	**824**	-	-	**824**

	31 December 2020			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2020	118,723	-	-	**118,723**
New assets originated or purchased	86,485	-	-	**86,485**
Assets derecognised or matured (excluding write-offs)	(70,325)	-	-	**(70,325)**
Accrued interest	3,240	-	-	**3,240**
Changes Other than modifications not derecognised	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	45	-	-	**45**
At 31 December 2020	138,168	-	-	138,168

	31 December 2020			
	Stage 1 Collectively N'million	Stage 2 Collectively N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2020	154	-	-	**154**
New assets purchased	204	-	-	**204**
Assets derecognised or matured (excluding write offs)	(46)	-	-	**(46)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount (recognised in interest income)	47	-	-	**47**
Changes Other than modifications not derecognised	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	5	-	-	**5**
At 31 December 2020	**364**	-	-	**364**

26 Right-of-Use Asset

	31 December 2021 N'million	31 December 2020 N'million
Cost		
Balance at beginning of year	3,011	2,215
Additions	578	796
Disposal during the year	(123)	-
Balance	**3,466**	**3,011**
Accumulated amortization		
Balance at beginning of year	(1,359)	(686)
Amortisation for the year	(676)	(673)
Disposal during the year	46	-
Balance	(1,989)	(1,359)
Carrying amount	**1,477**	**1,652**

Expense of Low value Item :

The expense for low value item and short term lease is N68.86 million (31 December 2020: N203 million) .

27 Intangible Assets - Computer Software

	31 December 2021 N'million	31 December 2020 N'million
Cost		
Balance at 1 January	8,399	5,846
Additions	3,901	3,994
Disposal during the year	(4,890)	(1,441)
Balance as at 31 December	**7,410**	**8,399**
Accumulated amortization		
Balance at 1 January	(5,116)	(4,210)
Amortisation for the year	(3,216)	(2,347)
Disposal during the year	4,890	1,441
Balance at 31 December	(3,442)	(5,116)
Carrying amount	**3,968**	**3,283**

These relate to purchased softwares.

All intangible assets are non-current with finite useful life and are amortised over the period . The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N3,126bn for the period ended 31 December 2021 (31 December 2020: N2,347).

28 Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 32.5% as applicable (2020: 30% or 32.5%).

Deferred tax assets and liabilities are attributable to the following items:

28.1 Deferred Tax Assets

	31 December 2021 N'million	31 December 2020 N'million
Deferred tax assets		
Property,plant and equipment	(4,886)	7,679
Allowances for loan losses	9,337	4,309
Tax loss carried forward	16,332	13,819
	20,783	25,806
Unrecognised deferred tax assets	**20,783**	**25,806**
Net	-	-

28.2 The Bank has unutilised capital allowance of N47.4billion (31 Dec 2020: N40.8 billion) and unused tax losses carried forward of N7.1 billion (31 Dec 2020: N46.06 billion). There is no expiry date for the utilisation of these items.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. Although, the Order of exemption expired 1st January 2022 but the effect in prior years which resulted into tax losses has no expiration, hence the losses can be used to relieve future tax. Nonetheless, the Bank has applied caution by not recognizing deferred tax which is not considered capable of recovery.

29 Other Assets

	31 December 2021 N'million	31 December 2020 N'million
Financial assets		
Sundry receivables	39,908	38,058
Investments in SMESIS	5,330	3,997
Shared Agent Network Expansion Facility (SANEF)	50	50
	45,287	42,105
Less:		
Specific allowances for impairment	(1,648)	(1,575)
	43,639	40,530
Non financial assets		
Prepayments	13,465	2,688
Others	460	736
Other non financial assets	819	426
	14,744	3,850
Total	**58,383**	**44,380**
Reconciliation of Allowance for Impairment		
At 1 January	1,575	1,927
Charge for the year	73	(352)
Reversal of provision	-	-
Write-off during the the year	-	-
At 31 December	**1,648**	**1,575**

a The Bank's investments under the Small and Medium Enterprises Equity Investment Scheme ("SMEEIS") is in compliance with the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35).

b Prepayment relates to payments made by the bank on items whose benefits covers specified future period of time beyond the reporting period e.g. Insurance premiums, Adverts and publicity, Computer expenses and Subscriptions. They are short tenured and are quickly settled.

c Other non-financial assets comprises of balances on settlement accounts such as: Stock of ATM cards, stock electronic cards, and stock cheque books and stationeries and sundry receivables. These assets are short tenured and are quickly settled.

30 Deposits from Customers

	31 December 2021 N'million	31 December 2020 N'million
Demand	636,769	596,548
Savings	477,174	424,384
Term	503,276	384,342
Domicilliary	394,322	286,752
Others	13,264	7,000
	2,024,806	1,699,026
Current	2,024,806	1,699,026
Non-current	-	-
	2,024,806	**1,699,026**

30a Others relate to accrued interest payable of deposit liabilities which are considered to be component of deposits.

31 Other Liabilities

Customer deposits for letters of credit (see note 30.1)	50,216	39,996
Accounts payable (see note 30.2)	21,145	132,614
FGN Intervention fund (see note 30.3)	377,492	308,097
Manager's cheque	4,622	4,079
Payable on E-banking transactions (see note 30.4)	25,043	26,079
Other liabilites/credit balances (see note 30.5)	12,237	6,228
	490,755	**517,093**

31.1 Customer deposits for letters of credit relates to liabilities generated from loans granted to customers for trade finance transactions, it mirrors the value of the confirmation line enjoyed by the customer with the offshore bank for the purpose of facilitating the letters of Credit.

31.2 Account payable represent balances in internal accounts drawn for the purpose of settlement of obligations which are due against the bank either from bank expense or customer transaction settlement e.g. accrual/provision for expenses that has or will fall due, Ebanking settlement values drawn from customers account, customers deposit drawn for FX bid with CBN for letters of credit etc.

31.3 FGN Intervention Fund (On Lending facilities)

	2021 N'million	2020 N'million
CBN stete bailout fund	89,782	89,782
Real Sector Support Facility - Differentiated Cash Reserves Requirement - (DCRR)	147,227	77,062
Real Sector Support Facility - (RSSF)	15,383	18,800
Commercial Agricuture Ccredit Scheme - (CACS)	10,217	18,273
Bank of Industry BG backed	71,920	69,618
Bank of Industry - Restructured and Refinance scheme	457	824
Bank of Industry on lending	123	435
Develoment Bank of Nigeria - (DBN)	19,985	12,916
Nigeria Export Import Bank - (NEXIM)	16,094	10,225
Power Airline Intervention Fund - (PAIF)	5,911	7,639
Accelerated Agiculture Credit Scheme - (AADS)	375	1,500
Rice Distributors Facility - (RDF)	-	1,000
Nigerian Incentive-based Risk Sharing system for Agricultural Lending - (NIRSAL)	18	23
	377,492	**308,097**

a FGN Intervention fund is CBN Bailout Fund of N89.78 billion (31 Dec 2020: N89.78 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum until March 2020 , the rate was reduced to 5% for 1 year period due to Covid 19 pandemic to March 2021 but extended to March 2022 Repayments are deducted at source, by the Accountant General of the Federation (AGF), as a first line charge against each beneficiary state's monthly statutory allocation.

b The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service subsectors. The funds are received from the CBN at 1% per annum, and disbursed at 5% per annum to the beneficiary .

c The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector.The facility attracts an interest rate of 1% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of 5% per annum.Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to the Bank's customers. This facility is not secured.

d The Central Bank of Nigeria (CBN) / Bank of Industry (B0I) - SME / Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing / restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The total facility is secured by Nigerian Government Securities. A management fee of 1% per annum is deductible at source and the Bank is under obligation to on-lend to customers at an all-In interest rate of 5% per annum. The Bank is the primary obligor to CBN / BOI and assumes the risk of default.

e Federal Government through CBN, BOI and DBN to enable DMOs avail loans at single digit rates or rates lower than the normal commercial rate to qualifying institutions in line with the guidelines provided by CBN, BOI and DBN.

f Non-oil Export Stimulation Facility (NESF): This Facility was established by the Central Bank of Nigeria to diversify the economy away from the oil sector, after the fall in crude prices. The Central Bank invested N500billion debenture, issued by Nigerian Export-Import Bank (NEXIM). The facility disbursed per customer shall not exceed 70% of total cost of project, or subject to a maximum of N5billion. Funds disbursed to the Bank from CBN are at a cost of 1% which are then disbursed to qualifying customers at the rate of 5% per annum.

g The purpose of granting new loans and refinancing / restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 1% per annum payable quarterly in arrears and the Bank is under obligation to on-lend to customers at an all-in interest rate of 5% per annum. This facility is not secured.

h Accelerated Agricultural Development Scheme (AADS) was established by the Central Bank of Nigeria to help states develop at least 2 crops/agricultural commodities in which they have comparative advantage. The fund is disbursed to the Bank at 1% per annum. Each state is availed the facility at 5% per annum and repayments are made via ISPO deductions.

31.4 Payable on E-banking transactions are settlement balances for RTGS/NIBSS transaction and Etransact transactions .

31.5 Other liabilities/credit balances are credit balances for other liabilities, other than the ones relating to customers deposit.

31.6 Maturity Analysis is presented in Note 43.

32	**Provision**		**31 December 2021 N'million**	**31 December 2020 N'million**
	Provisions for year end bonus (see note 32.1)		1,014	2,548
	Provisions for litigations and claims		623	623
	Provision for guarantees and letters of credit	(Note 32.3.1 - 32.3.2)	1,776	904
			3,413	4,075

32.1 A provision has been recognised in respect of staff year end bonus, the provision has been recognised based on the fact that there is a constructive and legal obligation on the part of the Bank to pay bonus to staff where profit has been declared. The provision has been calculated as a percentage of the profit after tax.

Movement in provision for year end bonus		
At 1 January	2,548	2,580
Arising during the year	1,014	2,792
Utilised	(2,548)	(2,824)
At 31 December	1,014	2,548

Movement in provision for litigations and claims		
At 1 January	623	623
Arising during the year	-	-
Utilised	-	-
At 31 December	623	623

32.2			
	Current Provision	2,790	3,452
	Non-current provisions	623	623
		3,413	**4,075**

32.3 Impairment losses on guarantees and letters of credit

An analysis of changes in the gross carrying amount and the corresponding allwances for impairment losses in relation to guarantees and letters of credit is as follows:

32.3.1 Performance bonds and guarantees

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

	31 December 2021			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	1,846	-	-	**1,846**
Standard grade	277,663	-	-	**277,663**
Sub-standard grade	8,484	-	-	**8,484**
Past due but not impaired	-	-	-	**-**
Non- performing	-	-	-	**-**
Individually impaired	-	-	-	**-**
Total	**287,993**	**-**	**-**	**287,993**

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	96,105	-	-	**96,105**
Standard grade	106,218	-	-	**106,218**
Sub-standard grade	6,110	-	-	**6,110**
Past due but not impaired	-	-	-	**-**
Non- performing	-	-	-	**-**
Individually impaired	-	-	-	**-**
Total	**208,433**	**-**	**-**	**208,433**

32.3.1 Financial guarantees - continued

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 Decemeber 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	208,433	-	-	**208,433**
New exposures	205,686	-	-	**205,686**
Exposure derecognised or matured/lapsed (excluding write-offs)	(127,146)	-	-	**(127,146)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	1,020	-	-	**1,020**
At 31 December 2021	**287,993**	**-**	**-**	**287,993**

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	7	-	-	**7**
New exposures	351	-	-	**351**
Exposure derecognised or matured/lapsed (excluding write-offs)	(4)	-	-	**(4)**
Impact on year end ECL of exposures transferred between stages during the period		-	-	**-**
Unwind of discount		-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	5	-	-	**5**
At 31 December 2021	**359**	**-**	**-**	**359**

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2020	204,135	-	-	**204,135**
New exposures	146,740	-	-	**146,740**
Exposure derecognised or matured/lapsed (excluding write-offs)	(140,212)	-	-	**(140,212)**
Changes due to modifications not resulting in derecognition	(2,230)	-	-	**(2,230)**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2020	**208,433**	**-**	**-**	**208,433**

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2020	1	-	-	**1**
New exposures	5	-	-	**5**
Exposure derecognised or matured/lapsed (excluding write-offs)	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the year	(1)	-	-	**(1)**
Unwind of discount	1	-	-	**1**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	
At 31 December 2020	**6**	**-**	**-**	**6**

32.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	85,415	-	-	**85,415**
Standard grade	67,683	-	-	**67,683**
Sub-standard grade	626	-	-	**626**
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**153,725**	**-**	**-**	**153,725**

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	91,690	-	-	**91,690**
Standard grade	76,706	-	-	**76,706**
Sub-standard grade	4,471	-	-	**4,471**
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**172,867**	**-**	**-**	**172,867**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	134,082	-	-	**134,082**
New exposures	132,696	-	-	**132,696**
Exposure derecognised or matured/lapsed (excluding write-offs)	(114,625)	-	-	**(114,625)**
Changes due to modifications not resulting in derecognition		-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	1,572	-	-	**1,572**
At 31 December 2021	**153,725**	**-**	**-**	**153,725**

32.3.2 Letters of Credit - contnued

	31 December 2021			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2021	897	-	-	**897**
New exposures	1,262	-	-	**1,262**
Exposure derecognised or matured/lapsed (excluding write-offs)	(837)	-	-	**(837)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the period	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	96	-	-	**96**
At 31 December 2021	**1,417**	**-**	**-**	**1,417**

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	134,082	-	-	**134,082**
New exposures	97,822	-	-	**97,822**
Exposure derecognised or matured/lapsed (excluding write-offs)	(60,267)	-	-	**(60,267)**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	1,230	-	-	**1,230**
At 31 December 2020	**172,867**	**-**	**-**	**172,867**

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	591	-	-	**591**
New exposures	514	-	-	**514**
Exposure derecognised or matured/lapsed (excluding write-offs)	(50)	-	-	**(50)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	(234)	-	-	**(234)**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	77	-	-	**77**
At 31 December 2020	**898**	**-**	**-**	**898**

33 Debts Issued and Other Borrowed Funds

	31 December 2021	**31 December 2020**
	N'million	**N'million**
Long term loan from Proparco Paris (see note 33.1)	-	1,472
Long term loan from African Development Bank (ADB) (see note 33.2)	20,294	23,485
European Investment Bank Luxembourg (see note 33.3)	1,813	2,771
$400 Million Euro Bond issued (see note 33.5)	339,165	161,916
Local Bond issued (see note 33.6)	40,275	-
Repurchase transaction with Renaisance Capital (see note 33.7)	22,024	26,452
Development Bank of Nigeria (see note 33.8))	20,099	-
Afrexim (see note 33.4)	24,745	44,875
	468,413	**260,971**

Reconcilation of Borrowings during the period:	**30 June 2021**	**31 December 2020**
	N'million	**N'million**
At 1 January	260,971	251,586
Additions during the period	226,657	36,832
Accrued interest	10,909	25,719
Payment of interest	(29,299)	(24,903)
Repayment of principal during the period	(29,601)	(50,904)
Foreign exchange difference	28,777	22,641
At the end of the period	**468,413**	**260,971**

33 Debts Issued and Other Borrowed funds - Continued

33.1 The amount of N1,471.71 billion of 31 Dec 2020 represents the amortised cost balance on the syndicated on-lending facility of $40million granted to the Bank by Proparco Paris on 4 April 2016 , matured on 4 April 2021 at an interest rate of Libor plus 4.75% per annum. The Principal and Interest have been fully paid.

33.2 The amount of N20,293.89 billion (31 Dec 2020: N23,484.55 billion) represents the amortised cost balance in the on-lending facility of $50million granted to the Bank by ADB on 6 October 2014. The first tranche of $40million was disbursed on 6 October 2014 while the second tranche of $35million was disbursed 15 July 2015 both to mature 6 October 2021 at an interest rate of Libor plus 4.75% per annum. Interest is repaid semi-annually, with principal repayment at maturity.The borrowing is an unsecured borrowing.

33.3 The amount of N1,812.50 billion (31 Dec 2020: N2,771.05 billion) represents the amortised cost balance in the on-lending facility of $21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing is an unsecured borrowing.

33.4 The amount of N24,744.86 billion, (31 Dec 2020: N44,874.80 billion) represents amortised cost balance of $150 million borrowing from AFREXIM (under the repurchase agreement), with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

33.5 On 11 October 2017, Fidelity Bank PLC issued a $400 million five year Unsecured Unsubordinated 2022 Notes at a 10.50 percent coupon p.a. The Bond was used to finance the existing bondholders who subscribed to the tender offer of $256 million, while the balance (net of issuance costs) was used to support the trade finance business of Fidelity Bank. Also, on 28 October 2021, additional $400 million five year 2026 Senior Notes at a 7.625 percent coupon was issued. The proceed from the new issue is for general corporate purposes including supporting the Bank's trade finance business.. The amount of N339,164.62 billion (31 Dec 2020 : N161,916.69 billion) represents the mortised cost of both Issued Notes: $400 million, 5-year, 10.50% Senior Notes issued at 99.48% in October 2017 with maturity in October 2022 and $400 million, 5-year, 7.625% Senior Notes issued at 98.98% in October 2021 with maturity in October 2026. Coupon is paid semi-annually for both Notes

33.6 “The amount of N40,274.66 billion represents the amortized cost of 10-Year N41.2 billion Subordinated Unsecured Series I Bonds issued at 8.5% p.a. in January 2021. The coupon is paid semi-annually. The proceeds from the Series I Bonds will support the Bank’s SME and Retail Banking Businesses as well as its Information and Technology Infrastructure

33.7 The amount of N22,023.58 billion, (31 Dec 2020: N26,452.57 billion) represents a $51.6 million dollar borrowing under a repurchase agreement from Renaissance Capital, with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

33.8 The amount of N20,099.00 billion, represents the amortised cost of a N20 billion of wholesale borrowing from Development Bank of Nigeria, to mature 27th April, 2024 at an interest rate of 10% per annum. Interest is paid semi-annually, with principal repayment after 1 year moratorium period, starting 27th October 2022 to maturity. The borrowing is an unsecured borrowing.

33.9 Maturity Analysis is presented in Note 44.

34 Share Capital

	31 December 2021 N'million	31 December 2020 N'million
Authorised		
32 billion ordinary shares of 50k each (2020: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2020: 28,963 million ordinary shares)	14,481	14,481

There is no movement in the issued and fully paid shares during the period.

35 Other Equity Accounts

The nature and purpose of the other equity accounts are as follows:

Share Premium

Premiums from the issue of shares are reported in share premium.

Retained Earnings

Retained earnings comprise the undistributed profits from previous years and current period, which have not been reclassified to the other reserves noted below.

35 Other Equity Accounts - Continued

Statutory Reserve
This represents regulatory appropriation to statutory reserve of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

Small Scale Investment Reserve
The Small scale investment reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Non-Distributable Regulatory Reserve
The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-distributable regulatory risk reserve.

Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS fund is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

36 Cash Flows Generated from Operations

	Notes	31 December 2021 N'million	31 December 2020 N'million
Profit before income tax		38,066	28,054
Adjustments for:			
– Depreciation and amortisation	14	7,174	6,207
– Loss/(profit) on disposal of property, plant and equipment	11	(69)	51
– Net foreign exchange difference		17,215	18,612
– Foreign exchange (gains)/losses on deposits from customers		-	-
– Net gains from financial assets at fair value through profit or loss	12	(4,904)	(1,115)
– Increase in Provisions	32	(662)	(32)
– Credit loss expense/(reversal)	8	7,035	16,622
– Impairment on other debt instrument		-	-
– Impairment reversal / charge on other assets	8	73	(352)
– Dividend income	11	(817)	(855)
– Gain on debt instruments measured at F OCI reclassified from equity	17	(5,494)	(3,843)
– Net interest income		(94,877)	(104,123)
		-	-
		(37,261)	(40,774)
Changes in operating assets			
– Cash and balances with the Central Bank (restricted cash)	19	(145,968)	(196,783)
– Loans and advances to customers	22	(301,438)	(194,565)
– Financial assets held for Trading		(6,213)	(6,394)
– Other assets	28	(14,003)	(15,272)
Changes in operating liabilities			
– Deposits from customers	30	319,515	477,636
– Other liabilities	31	(26,338)	120,019
Cash flows from/(used in) operations		**(211,706)**	**143,867**

37 Contingent Liabilities and Commitments

37.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N4.48 billion (31 Dec 2020: N1billion). The capital commitments relate to property plant and Equipment.

37.2 Confirmed credits and other obligations on behalf of customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	31 December 2021 N'million	31 December 2020 N'million
Performance bonds and guarantees (Note 31.3.1)	287,993	208,433
Letters of credit (Note 31.3.2)	153,725	172,867
Unsettled transactions	-	
AGSMEIS Disbursement	48	37
	441,766	**381,337**

Included in Performance bonds and guarantees is N75.91 bn (31 December 2020: N69.94 billion) Bank of industry backed guarantee. Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transactions.

37.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N7.26 billion as at 31 December 2021 (31 Dec 2020: N7.26billion). Based on the advice of the Bank's legal team and the case facts, the management of the Bank estimates a potential loss of N623 million (31 Dec 2020: N623 million) upon conclusion of the cases. A provision for the potential loss of N623 million is shown in Note **32.**

38 Related party transactions with Key Management Personnel

The related party transactions in respect of Entity controlled by Key Management Personnel has been disclosed in compliance with Central Bank of Nigeria circular BSD/1/2004.

38.1 Deposits/ Interest Expense from Related Parties

Entity Controlled by Key Management Personnel	Related party	Nature Relationship	Deposits at 31 December 2021	Interest expense 31 December 2021	Deposits at 31 December 2020	Interest expense 31 December 2020
			N	N	N	N
Geoelis and Co Nig Ltd (HM) (DP)	Insider related	Former Director	-	-	-	-
Cy Incorporated Nig Ltd (DSRA)	Insider related	Former Director	-	-	28,298	-
Equipment Solutions and Logistics Services Limited	Insider related	Former Director	-	-	61,800	108
The Genesis Restaurant Limited	Insider related	Former Director	387,010	-	25,621,454	-
Next International	Insider related	Former Director	-	-	-	-
Namjid. Com Limited	Insider related	Former Director	-	-	-	-
John Holt Plc	Insider related	Former Director	16,471	-	96,330,971	185,132
Transcorp Power Limited	Insider related	Former Director	-	-	51,148,328	-
Tenderville Ltd	Insider related	Former Director	46,650	-	-	-
Rosies Textile	Insider related	Former Director	-	-	599,939	54,023
Ass. Haulages (Nig) Ltd 2	Insider related	Former Director	-	-	15,347	-
Genesis Hub Limited	Insider related	Former Director	-	-	33,069,851	-
Genesis Deluxe Cinemas	Insider related	Former Director	518,811	18,630	1,531,423	12,592
Sub total			**968,942**	**18,630**	**208,407,411**	**251,855**
A-Z Petroleum Products Limited	Insider related	Current Director	1,193,560	-	34,366,842	-
Neconde Energy Limited	Insider related	Current Director	-	-	225,314,591	-
Dangote Industries Limited	Insider related	Current Director	330,415,483	-	713,473	-
Damos Practice Limited	Insider related	Current Director	-	-	45,480	-
Alcon Nigeria Limited	Insider related	Current Director	-	-	5,603,327	-
Emeka Unachukwu	Insider related	Current Director	-	-	52,447,462	1,288
Agric Int'l Tech and Trade	Insider related	Current Director	12,615,166	-	24,200,723	1,761,554
Congregation of Holy Spirit (Spiritan University Nneochi)	Insider related	Current Director	-	-	3,631,071	-
Otunba Seni Adetu	Insider related	Former Director	-	-	339,194	-
Mr. Ernest Ebi	Insider related	Former Director	-	-	21,813,337	9,063,605
Mr. Mustafa Chike-Obi	Insider related	Current Director	14,060,896	-	30,109,472	-
Pastor Kings C. Akuma	Insider related	Current Director	416,139	29,462	273,038	14,845
Chief Charles Chidebe Umolu	Insider related	Former Director	-	-	30,068,483	93,181
Mr. Okeke Ezechukwu Michael	Insider related	Former Director	-	-	4,916,055	5,199
Mr. Mohammed Inuwa	Insider related	Current Director	11,736,133	-	4,059,621	-
Mr. Alex Chinelo Ojukwu	Insider related	Former Director	12,760	35	12,490,084	30
Mr. Chidi Agbapu	Insider related	Current Director	14,414,318	15,373	2,109,998	824
Mr. Chinedu Okeke	Insider related	Current Director	10,377,866	26,796	263,160	1,339
Mr. Henry Obih	Insider related	Current Director	85,615,526	-	43,435,176	-
Mrs. Amaka Onwughalu	Insider related	Current Director	4,609,088	8,155	2,872,517	1,931
Chief Nelson C. Nweke	Insider related	Current Director	10,169,206	-	-	-
Mrs. Morohunke Bammeke	Insider related	Current Director	5,152,174	-	-	-
Sub total			**500,788,316**	**79,821**	**499,073,103**	**10,943,797**
Transactions with Key Management Personnel	Insider related		89,395,040	208,180	697,813,787	15,024,667
TOTAL			**591,152,298**	**306,631**	**1,405,294,301**	**26,220,319**

38.2 Loans and Advances/ Interest Income from Related parties

Entity Controlled by Key Management Personnel	Related party	Loan amount Outstanding	Interest Income	Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
		Dec 2021	Dec 2021	Dec 2020	Dec 2020			
		N	N	N	N			
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu (Former Director)	286,276,066	0	286,276,066	-	Finance Lease/Overdraft	Lost	Perfected
Equipment Solutions And Logistics Ser	Mr. Ik Mbagwu	767,029,435	0	767,029,435	-	Term Loan/Overdraft	Lost	Perfected
Blancote Oil & Gas Ltd	Ichie Nnaeto Orazulike	171,488,694	36,529,050	195,969,649	6,561,945	Term Loan/Overdraft	Performing	Perfected
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	99,480,920	20,216,367	131,553,820	20,939,484	Term Loan/Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	249,894,114	27,314,747	388,091,382	71,111,862	Term Loan	Performing	Perfected
Genesis Hub Ltd	Ichie Nnaeto Orazulike	24,065,543	2,981,289	134,665,894	33,866,230	Term Loan/Overdraft	Performing	Perfected
Genesis Food Nigeria Ltd	Ichie Nnaeto Orazulike	948,504,359	93,644,223	1,003,690,087	102,019,598	Term Loan/Overdraft	Performing	Perfected
Genesis Sojourner Ltd	Ichie Nnaeto Orazulike	1,257,489,470	73,878,297	1,460,300,633	148,126,143	Term Loan/Overdraft	Performing	Perfected
Stanchions Nigeria Ltd	Ichie Nnaeto Orazulike	254,102,898	51,962,859	400,000,000	-	Term Loan/Overdraft	Performing	Perfected
John Holt Plc	Chief Christopher Ezeh	0	0	832,170,502	4,634,766	Term Loan	Performing	Perfected
A-Z Petroleum Products Ltd	Mr. Alex Ojukwu	11,362,245,775	859,823,881	4,099,071,134	66,814	Term Loan/Overdraft	Performing	Perfected
Agric Int'l Tech and Trade	Mr. Ernest Ebi	1,200,000,000	70,793,922	1,600,000,000	165,207,613	Term Loan	Performing	Perfected
Dangote Industries Ltd	Mr. Ernest Ebi	53,906,742,317	7,333,428,562	59,735,617,405	13,739,472,864	Term Loan	Performing	Perfected
Dangote Fertilizer Ltd	Mr. Ernest Ebi	25,256,729	20,426,626	132,346,647	-	Term Loan	Performing	Perfected
Dangote Oil Refining Company Ltd	Mr. Ernest Ebi	4,750,000,000	246,156,902	5,025,241,607	440,990,344	Term Loan	Performing	Perfected
Dangote Cement Plc -Obajana Plant	Mr. Ernest Ebi	21,244,030,777	1,352,649,082	3,633,810,371	-	Term Loan	Performing	Perfected
Dangote Agro Inputs Limited	Mr. Ernest Ebi	0	0	91,417,369	-	Term Loan	Performing	Perfected
Dangote Sugar Refinery PLC	Mr. Ernest Ebi	48,871,688	10,141,523	86,415,855	-	Term Loan	Performing	Perfected
Tenderville Ltd	Chief Christopher Ezeh	0	0	20,613,032	3,787,943	Term Loan/Overdraft	Performing	Perfected
SUB-TOTAL		**96,595,478,786**	**10,199,947,330**	**80,024,280,888**	**14,736,785,606**			
Related party	**Key management personnel**							
Onyeali-Ikpe Nnekachinwe	Managing Director	167,968,178	5,058,815	213,125,819	7,451,335	Term Loan/Credit Card	Performing	Perfected
Hassan Imam Galadanchi	Executive Director	115,219,658	4,728,132	131,388,570	3,798,150	Term Loan/Credit Card	Performing	Perfected
Kevin Chukwuma Ugwuoke	Executive Director	122,391,885	3,635,475	36,206,119	1,665,412	Term Loan/Credit Card	Performing	Perfected
Kenneth Onyewuchi Opara	Executive Director	126,870,555	4,323,178	-	-	Term Loan/Credit Card	Performing	Perfected
Kings Chukwu Akuma	Non Executive Director	1,855,565	998,180	11,089,180	820,750	Credit Card	Performing	Perfected
Chidozie Bethram Agbapu	Non Executive Director	88,034,188	10,428,277	-	-	Overdraft	Performing	Perfected
Kennedy Onyeali Ikpe	Managing Director	513	35,974	-	-	Credit Card	Performing	Perfected
Reginald U. Ihejiahi	Former Director	2,775,224	1,552,812	-	-	Credit Card	Performing	Perfected
Ikemefuna A. Mbagwu	Former Director	194,388	85,139	-	-	Credit Card	Performing	Perfected
Ichie Nnaeto Orazulike	Former Director	1,651,924	983,275	4,913,135	2,586,952	Credit Card	Performing	Perfected
Chief Charles Chidebe Umolu	Former Director	92,479	10,880	-	-	Credit Card	Performing	Perfected
Okonkwo Nnamdi John	Former Director	97,041,180	5,786,792	112,969,326	12,325,851	Term Loan/Credit Card	Performing	Perfected
Odinkemelu Aku	Former Director	86,820,472	3,221,567	96,467,191	5,382,522	Term Loan	Performing	Perfected
Adegbolahan Simisola Joshua	Former Director	119,579,493	4,772,549	144,865,952	1,374,458	Term Loan	Performing	Perfected
Obaro Alfred Odeghe	Former Director	172,957,865	11,072,424	205,294,554	5,964,961	Term Loan/Credit Card	Performing	Perfected
Yahaya Umar Imam	Former Director	34,331,844	3,905,910	-	-	Overdraft/Credit Card	Performing	Perfected
Chijioke Ugochukwu	Former Director	0	0	29,790,057	4,125,329	Term Loan/Credit Card	Performing	Perfected
Nnamdi I. Oji	Former Director	0	0	-	421,728	Term Loan/Credit Card	Performing	Perfected
Alex Chinelo Ojukwu	Former Director	0	0	-	184,072	Term Loan/Credit Card	Performing	Perfected
Mohammed Balarabe	Former Director	0	0	-	1,363,049	Term Loan/Credit Card	Performing	Perfected
SUB-TOTAL		**1,137,785,410**	**60,599,380**	**986,109,904**	**47,464,569**	Term Loan/Credit Card	Performing	Perfected
TOTAL		**97,733,264,197**	**10,260,546,710**	**81,010,390,791**	**14,784,250,175**			

38.3 Bank Gurantees in Favour of Key Management Personnel

December 2021

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
BOI	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	27,450,973.76
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	808,825,277.56
BOI	GENESIS SOJOURNER LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	1,233,111,319.14
FLOUR MILLS OF NIG	GENESIS F&B NIGERIA LIMITED - OPS A-C	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000.00
				2,094,387,570

December 2020

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
BOI	GENESIS SOJOURNER LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	1,456,514,336.81
BOI	GENESIS DELUXE CINEMAS-GATEWAY ABUJA	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	81,653,453.94
BOI	GENESIS DELUXE CINEMAS A/C 2 (IMPREST)	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	318,272,349.72
RESILIENT AFRICA REAL ESTATE LTD	GENESIS DELUXE CINEMAS (REVENUE) WARRI	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	5,503,207.50
CONTINENTAL OIL AND GAS LIMITED	HEDO-BEC ENGINEERING & CONSTRUCTION LIMITED	PASTOR KINGS C. AKUMA	DIRECTOR	504,000,000.00
FLOUR MILLS OF NIG	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000.00
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	973,522,817.28
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVEI	ICHIE NNAETO ORAZULIKE / MRS. PAULINE ODINKEMELU	FORMER DIRECTOR / E	200,000,000.00
				3,564,466,165

38.4 Key Management Compensation

	December 2021 N'million	December 2020 N'million
Salaries and other short-term employee benefits (Executive directors only)	362	486
Pension cost	11	14
Post-employment benefits paid- Gratuity	-	-
Post-employment benefits paid- Retirement	-	-
Other employment benefits paid	153	176
	526	**676**

39 Employees

The number of persons employed by the Bank during the year was as follows:

Executive directors	5	7
Management	433	412
Non-management	2,536	2,526
	2,974	**2,945**

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contribtionss and certain benefits) were:

	Number 2021	Number 2020
N300,000 - N2,000,000	9	15
N2,000,001 - N2,800,000	12	6
N2,800,001 - N3,500,000	806	773
N3,500,001 - N6,500,000	1,185	1,257
N6,500,001 - N7,800,000	330	274
N7,800,001 - N10,000,000	318	344
N10,000,001 and above	314	276
	2,974	**2,945**

40 Directors' Emoluments

Remuneration paid to the Bank's executive and non-executive directors (excluding certain allowances) was:

	Number 2021 N'million	Number 2020 N'million
Fees and sitting allowances	116	92
Executive compensation	196	437
Other director expenses	172	260
	484	**789**

Fees and other emoluments disclosed above include amounts paid to:

Chairman	28	28
Highest paid director	**110**	**110**

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

	Number 2021	Number 2020
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	14	14
	14	**14**

41 Compliance with Banking Regulations

41.1 The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions Act, 2020 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the Period ended 31 December 2021

Schedule of Regulatory Contraventions As At 31 December 2021

Nature of Contravention	Amount (N'000)
Penalty - late returns - CBN	900
Penalty - Cryptocurrecy Infraction - CBN	14,286
Penalty - Excess Bank charges - CBN	5,000
Penalty - Credit Policy manual Infraction - CBN	5,150
Penalty - Fx trade Infraction - CBN	60,000
	85,336

Schedule of Regulatory Contraventions As At 31 Deceember 2020

Nature of Contravention	Amount (N'000)
Penalty for FX Infraction in textile importation as directed by CBN	2,000
Penalty for substituting OMO BILL Prior to Maturity by the Bank	2,000
Penalty for FX Infraction in textile importation as directed by CBN	410,000
Sanction on trade Infraction by the Bank	500
FX Infraction - CBN	32,400
	446,900

41.2 In line with circular FDR/DIR/CIR/GEN/01/20, the returns on customers' complaints for the period ended 31 December 2021 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		December 2021	December 2020	December 2021	December 2020	December 2021	December 2020
				Million	Million	Million	Million
1	Pending complaints b/f	60	79	2,002	19,964	N/A	N/A
2	Received complaints	907,715	1,217	40,812	8,454	N/A	N/A
3	Resolved complaints	852,866	1,233	41,272	26,340	1,718	595
4	Unresolved complaints escalated to CBN for intervention	2	3	91	76	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	54,909	60	1,542	2,002	N/A	N/A

41.3 Whistle Blowing Policy

The Bank complied with the CBN circular of May 2014 - FPR/DIR/GEN/01/004 code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing Policy in Nigeria for the period ended 31 December 2021.

42 Gender Diversity

31 December 2021

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	11	26%	32	74%	43
Total	**14**		**43**		**57**

31 December 2020

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	2	14%	12	86%	14
Management staff (AGM & Above)	8	21%	30	79%	38
Total	**10**		**42**		**52**

43 Statement of Prudential Adjustments

a Provisions under prudential guidelines are determined using the time-based provisioning specified by the revised Prudential Guidelines issued by the Central Bank of Nigeria. This is at variance with the expected credit loss (ECL) model required under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments provisions required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS when IFRS is adopted. However, Banks would be required to comply with the following:

Transfer to Regulatory Risk Reserve

The regulatory body Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Commission (NDIC) stipulates that provisions recognized in the profit or loss account shall be determined based on the requirements of IFRS (International Financial Reporting Standards). The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the retained earnings to a non-distributable regulatory reserve.

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

b The non-distributable reserve is classified under Tier 1 as part of the core capital for the purpose of determining capital adequacy.

In the guidelines to IFRS implementation, the Central Bank of Nigeria (CBN) directed banks to maintain a regulatory credit risk reserve in the event that the impairment on loans determined using the CBN prudential guideline is higher than the impairment determined using IFRS principles. As a result of this directive, the Bank holds credit risk reserves of N27.4billion as at 31 December 2021.

	31 December 2021 N'million	31 December 2020 N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	47,595	55,926
General provision	56,871	17,957
Provision for other assets	2,669	1,575
Provision for litigations and claims	-	623
Provision for investments	-	2,041
Provision for off-balance sheet exposure	-	904
Total prudential provision (A)	**107,135**	**79,026**
IFRS provision:		
Specific impairment (see note 22)	28,690	36,539
Collective impairment	45,441	30,979
Provision for other assets (see note 28)	1,648	1,575
Provision for litigations and claims (see note 31)	623	623
Provision for investments (see note 24)	1,517	2,041
Provision for off-balance sheet exposure	1,776	904
Total IFRS provision (B)	**79,694**	**72,661**
Difference between prudential and IFRS impairment (A-B)	**27,440**	**6,365**
Movement in Non-Distributable Regulatory Risk Reserve (RRR)		
Opening balance in RRR	6,365 -	13,897
Net changes in the year	21,075	(7,532)
Balance in RRR at the end of the year	**27,440**	**6,365**

44 Maturity Analysis Of Assets and Liabilities

Maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December 2021

	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and Cash equivalents	219,253	-	219,253
Restricted balances with central bank	265,068	421,029	686,097
Loans and advances to customers	663,151	995,261	1,658,412
Derivative financial assets	49,574	-	49,574
Investments:			-
- Financial assets at fair value through profit or loss	4,749	458	5,207
- Debt instruments at fair value through other comprehensive income	75,236	24,773	100,009
- Equity instruments at fair value through other comprehensive income	-	26,207	26,207
- Debt instruments at amortised cost	246,925	194,527	441,452
Other assets	45,261	13,122	58,383
Property, plant and equipment	-	39,440	39,440
Right of Use Assets	-	1,477	1,477
Intangible assets	-	3,968	3,968
TOTAL ASSETS	**1,569,218**	**1,720,263**	**3,289,480**
LIABILITIES			
Deposits from customers	125,556	1,899,250	2,024,806
Derivative financial liability	425		425
Current income tax payable	3,899	-	3,899
Other liabilities	76,998	413,757	490,755
Provision	3,413	-	3,413
Debts issued and other borrowed funds	22,863	445,550	468,413
TOTAL LIABILITIES	**233,154**	**2,758,556**	**2,991,710**

As at 31 December 2020

	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and Cash equivalents	328,493	-	328,493
Restricted balances with central bank	-	540,129	540,129
Loans and advances to customers	420,782	905,324	1,326,106
Derivative financial assets	7,072	-	7,072
Investments:			
- Financial assets at fair value through profit or loss	16,624	30,494	47,118
- Debt instruments at fair value	189,473	76,507	265,980
- Equity instruments at fair value	-	17,685	17,685
- Debt instruments at amortised cost	62,350	75,454	137,804
Other assets	42,105	2,275	44,380
Property, plant and equipment	-	1,652	1,652
Right of Use Assets	-	38,446	38,446
Intangible assets	-	3,283	3,283
TOTAL ASSETS	**1,066,899**	**1,691,249**	**2,758,148**

44 Maturity Analysis of Assets and Liabilities - continued

LIABILITIES	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Deposits from customers	1,699,026	-	1,699,026
Derivative financial liability	1,143	-	1,143
Current income tax liability	2,307	-	2,307
Other liabilities	157,400	359,693	517,093
Provision	3,452	623	4,075
Debts issued and other borrowed funds	51,409	209,562	260,971
TOTAL LIABILITIES	**1,914,737**	**569,878**	**2,484,615**

45 Reclassifications

During the year, Cash and Balance with Central Bank of Nigeria(CBN) was seperated into Cash and Cash Equivalent ,and Balances with Central as line items in the Statement of Financial Position to reflect best practice . This was done to comply with IAS 1. and the requirement of Financial Reporting Council of Nigeria (FRCN) .

46 Restatements

There were no significant events requiring restatements during the reporting period which could have had a material effect on the financial position of the Bank as at 31 December 2021 and on the profit or loss and other comprehensive income for the period then ended.

47 Events after reporting period

a Finance Act 2021

The Finance Act was signed into Law on 31 December, 2021, with an effective date of 1 January, 2022. The signing into law of the Finance bill on 31 December 2021 qualifies as an adjusting event as the bill had been in existence at the end of the financial year. In view of this development, the Bank has reviewed the provisions of the Act ,reflected its impact . There were no material adjustments requiring restatement of the financial estimates disclosed in the Financial statement in line with the relevant provisions of the Finance Act. The Impacts were recognized in Note 16 includes recognition of National Agency for science and engineering infrastructure of 0.25% (N95million) ; Note 16 D - the extention of minimum tax assessment at 0.25% of Gross Earning Income from the provision of Finance Act 2020 as against 0.5% applicable before Finance Act 2020 and Note 16g - Tertiary Education Tax (TET) amended by Finance Act 2021 to 2.5% from 2% .

b Other events

Management has assessed the impact of the Covid-19 variants on the going concern of the Bank and has concluded that the use of the going concern concept is appropriate and that the Bank will be able to recover its assets and discharge its liabilities in the foreseeable future.

On IBOR reform, Bank is working with leading experts to assess the impact of IBOR transition on products and financial instruments based on exposure, maturity profile, and product features, as well as the impact on legal contracts to determine the potential need for base rate and fallback language amendment, re-pricing, repapering, and client outreach.
The team has developed a robust communication plan to engage with customers and ensure they understand this transition and its significance Client relationship managers are also prepared to further support our customers on inquiries regarding the LIBOR transition.

Russian / Ukrain war , Management has assessed the impact of the Russian / Ukrain situation on the entity as well as the going concern of the Bank and has concluded that it does not have any immedaite impact on the business .

Value Added Statement

	2021 N'million	%	2020 N'million	%
Interest and similar income	203,564	271	176,753	270
Interest and similar expense	(108,687)	(145)	(72,630)	(111)
	94,877	127	104,123	159
-Brought in services	(19,891)	(27)	(38,702)	(59)
Value added	**74,986**	**100**	**65,421**	**100**
Distribution				
Employees:				
Salaries and benefits	23,470	31	25,367	39
Shareholders:				
Dividends paid during the year	6,372	8	5,793	9
Government:				
				-
Income tax	625	1	514	1
Tertiary education tax	1,384	2	608	1
Police trust fund levy	2	0	1	0
Capital gain tax	-	-	-	-
IT levy	381	1	281	0
The future:				
-Asset replacement (depreciation and amortisation)	7,174	10	6,207	9
-Profit retained for the year (transfers to reserves)	35,579	47	26,650	41
	74,986	**100**	**65,421**	**100**

Value added represents the additional wealth the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among the employees, shareholders, government and the portion re-invested for creation of more wealth.

Financial Position as at	**31 December 2021 N million**	**31 December 2020 N million**	**31 December 2019 N million**	**31 December 2018 N million**	**31 December 2017 N million**
Assets:					
Cash and Cash equivalents	219,253	328,493	259,915	246,950	140,895
Restricted balances with central bank	686,097	540,129	343,346	249,614	181,017
Loans and advances to customers	1,658,412	1,326,106	1,126,974	849,880	768,737
Derivative assets	49,574	7,072	-	-	-
Investments:					
Financial assest at fair value through profit or loss	5,207	47,118	45,538	14,052	20,639
Debt instruments at fair value through other comprehensive income	100,009	265,980	134,846	157,639	-
Equity instruments at fair value through other comprehensive income	26,207	17,685	14,536	9,977	-
Debt instruments at amortised cost	441,452	137,804	118,569	118,662	-
Available for sale	-	-	-	-	76,815
Held to maturity	-	-	-	-	108,784
Other assets	58,383	44,380	28,756	35,124	43,194
Property, plant and equipment	39,440	38,446	38,392	36,909	38,504
Right of Use Assets	1,477	1,652	1,529	-	-
Intangible assets	3,968	3,283	1,636	1,076	629
Total Assets	**3,289,479**	**2,758,148**	**2,114,037**	**1,719,883**	**1,379,214**
Financed by:					
Liabilities					
Deposits from customers	2,024,806	1,699,026	1,225,213	979,413	775,276
Derivative liabilities	425	1,143	-	-	-
Current income tax payable	3,899	2,307	2,339	1,609	1,445
Deferred income tax liabilities	-	-	-	-	-
Other liabilities	490,755	517,093	397,074	300,335	185,154
Provision	3,413	4,075	3,795	3,343	2,745
Debts issued and other borrowed funds	468,413	260,971	251,586	240,767	213,233
Retirement benefit obligations	-	-	-	-	-
			-	-	-
Total Liabilities	**2,991,710**	**2,484,615**	**1,880,007**	**1,525,467**	**1,177,853**
Equity					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium	101,272	101,272	101,272	101,272	101,272
Retained earnings	67,716	66,700	43,642	37,133	23,372
Statutory reserve	44,343	39,006	35,008	30,744	27,305
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	27,440	6,365	13,897	408	28,837
Fair value reserve/ Remeasurement reserve	34,644	39,615	20,969	7,038	5,330
AGSMEIS reserve	7,109	5,330	3,997	2,576	-
Total Equity	**297,769**	**273,533**	**234,030**	**194,416**	**201,361**
Total Liabilities and Equity	**3,289,479**	**2,758,148**	**2,114,037**	**1,719,883**	**1,379,214**

Statement Of Profit Or Loss And Other Comprehensive Income

	31 December 2021 N million	**31 December 2020 N million**	**31 December 2019 N million**	**31 December 2018 N million**	**31 December 2017 N million**
Operating income					
Net interest income	94,877	104,123	83,055	73,356	68,141
Impairment charge for credit losses	(7,035)	(16,858)	5,292	(4,215)	(11,315)
Net interest income after impairment charge for credit losses	**87,842**	**87,265**	**88,347**	**69,141**	**56,826**
Commission and other operating income	33,681	30,566	33,971	31,422	29,151
Modification loss on financial asset	-	-	-	-	-
Other operating expenses	(83,458)	(89,777)	(91,965)	(75,474)	(66,764)
Profit before income tax	**38,066**	**28,054**	**30,353**	**25,089**	**19,213**
Income tax expense	(2,487)	(1,404)	(1,928)	(2,163)	(1,445)
Profit after tax	**35,579**	**26,650**	**28,425**	**22,926**	**17,768**
Other comprehensive income	(4,971)	18,646	14,375	(2,207)	3,110
Total comprehensive income for the year	**30,608**	**45,296**	**42,800**	**20,719**	**20,878**
Per share data in kobo:					
Earnings per share (basic & diluted)	**123k**	**92k**	**98k**	**79k**	**31k**
Net assets per share	**1,028k**	**944k**	**808k**	**671k**	**695k**

Note:
The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at year end .
Net assets per share have been computed based on the net assets and the number of issued shares at year end.