FBN Holdings Plc.
Separate and Consolidated Financial Statements
for the year ended 31 December 2022

FBN Holdings Plc.

Index to the separate and consolidated financial statements

for the year ended 31 December 2022

DIRECTORS AND ADVISORS

DIRECTORS

Ahmad Abdullahi	Non-Executive Director (Group Chairman)
Nnamdi Okonkwo	Group Managing Director - with effect from January 1, 2022
Oyewale Ariyibi	Executive Director (Appointed on August 16, 2022)
Adesola Adeduntan	Non-Executive Director
Abiodun Oluwole Fatade	Non-Executive Director
Alimi Abdul-Razaq	Non-Executive Director
Peter Aliogo	Non-Executive Director
Ahmed Modibbo	Non-Executive Director
Kofo Dosekun	Non-Executive Director
Khalifa Imam	Non-Executive Director
Julius B. Omodayo-Owotuga	Non-Executive Director

AG. COMPANY SECRETARY:	Adewale Arogundade
REGISTERED OFFICE:	Samuel Asabia House 35 Marina Lagos
AUDITOR:	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, Lagos Telephone: +234 271 8955 Website: www.kpmg.com/ng
REGISTRAR:	Meristem Registrars & Probate Services Limited 213 Herbert Macaulay Way Yaba Lagos
BANKERS:	First Bank of Nigeria Limited 35 Marina Lagos FBNQuest Merchant Bank Limited 10 Keffi Street, Ikoyi Lagos
TAX IDENTIFICATION NUMBER:	15562790-0001
RC NUMBER:	916455

CORPORATE GOVERNANCE REPORT

Introduction

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

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

Our governance framework is designed to ensure compliance with international best practices and the Companies and Allied Matters Act 2020, the Nigerian Code of Corporate Governance 2018 issued by the Financial Reporting Council (FRC), the Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 issued by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission's (SEC) Corporate Governance Guidelines 2020 and Corporate Governance Guidelines issued by the National Insurance Commission (NAICOM). At the Group and across the operating entities, the Boards operate through various Committees. FBNHoldings' governance framework ensures a dynamic blend of Board autonomy and Group coordination at the operating company level.

Diversity

Through robust policies and procedures, FBNHoldings creates an environment that promotes equal opportunity, diversity, fairness, respect and inclusion for better decision-making and effective governance. Diversity ensures the Group assembles a healthy mix of people from different backgrounds, cultures and experiences to balance the voices, perspectives, insights and empathy required to thrive. We believe recruiting employees from diverse backgrounds, experiences, expertise and knowledge will improve innovation, the quality of our products and service offerings and employee productivity. This ultimately supports the values created. Diversity within FBNHoldings is reflected not only in the gender mix, which aligns with CBN's recommendations but also through the Group's various viewpoints, experiences, cultures, nationalities, religions, social and academic backgrounds and inclusive policies that prevent any form of discrimination.

Shareholder and Regulatory Engagement

Our stakeholders, which include customers, shareholders, employees, regulators, partners and the community are crucial to the success of our business. They provide the patronage, capital, skills, guidance, support and regulatory framework that shape our operations. While their interests and concerns are often diverse and may conflict, our ability to build sustainable relationships and open lines of communication is vital to success. The Board and Management remain committed to effective stakeholder engagement and interact through shareholder groups and other platforms. Engagement sessions provide valuable opportunities for the Board and Management to listen to external perspectives and gain insight into stakeholders' concerns. We are committed to engaging regulators to foster an atmosphere of trust and goodwill and ensure the highest level of compliance with relevant extant regulations across the Group.

Appointment Philosophy

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

Board Composition

There are eleven Directors: seven Independent Non-Executive Directors (INED), two Non-Executive Directors (NED) and two Executive Directors. This composition aligns with global best practices that encourage a higher ratio of Independent Non-Executive Directors to Executive Directors. All Directors are distinguished by their professional ability, integrity, and independence of opinion.

Board Changes

In 2022, the FBNHoldings' Board of Directors appointed Samson Oyewale Ariyibi as Executive Director, Finance, Investment Management and Oversight with effect from August 16, 2022.

Leadership

Alhaji Ahmad Abdullahi
Group Chairman

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

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

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

Alhaji Abdullahi graduated from the prestigious Ahmadu Bello University in 1983 with a Bachelor of Science Degree in Agricultural Economics and went further to bag an MSc in Agricultural Extension from Nigeria's premier institution, the University of Ibadan. He also obtained another Master's degree in Banking & Finance from Bayero University, Kano, Nigeria. Alhaji Abdullahi is a member of several professional bodies such as the Nigerian Institute of Management (NIM), Chartered Institute of Bankers of Nigeria (CIBN), Society of Corporate Compliance and Ethics (SCCEC), Certified Compliance & Ethics Professionals International (CCEPI), and Institute of Directors (IoD). He attended several local and international training programmes as a professional in all his roles. As an academic, he has to his credit a journal publication titled "Training and Visit Model", a tool to extend improved farming techniques among rural communities around Sokoto. He is married with children and enjoys spending his leisure time in the company of his family.

Nnamdi Okonkwo

Group Managing Director

Nnamdi Okonkwo is the Group Managing Director (GMD) of FBN Holdings Plc. His work experience spans over thirty-one (31) years of focused and results-oriented local and international banking.

Before joining FBN Holdings, Nnamdi was the Managing Director/CEO of Fidelity Bank Plc from January 2014 to December 2020. He had previously served as the Executive Director for Southern Nigeria in Fidelity Bank. During his tenure as the CEO, the institution witnessed series of significant transformations, one of which was the bank's meteoric rise from mid-table to the leading Tier 2 Bank in Nigeria and also enhanced its top ranking among banks in Africa.

It was during his seven-year service at the helm that the bank also successfully accessed the local and international markets through the issuance of Corporate bonds and Eurobonds, alongside other key transformational and financial growth achievements.

Nnamdi joined Fidelity Bank from United Bank of Africa Plc (UBA) after an 8 year career journey. He was, at various times, Regional Director (FCT, Nigeria), Regional Bank Head (Lagos Mainland) Head Conglomerates (Corporate Banking Division). On the International banking sphere, he was the Regional CEO covering the West African Monetary Zone for United Bank for Africa (UBA Plc) overseeing the Group's operations in Ghana, Liberia and Sierra Leone, a role he combined with being the substantive Managing Director/CEO of UBA Ghana. He joined Fidelity bank in 2012, upon returning to Nigeria.

Mr. Okonkwo has a rich Corporate Board experience having served as Director at various times in UBA Ghana, UBA Sierra Leone, UBA Liberia, Nigeria Interbank Settlement Scheme (NIBSS), Unified Payment Systems Limited (UPSL) and Nigeria e-Government Strategy (Negst). He also chaired the Shareholders Audit Committee of FMDQ. Nnamdi's career, which started at Merchant Bank of Africa Limited, in 1990, saw him traverse the banking space and gaining preparatory/leadership experience in leading financial institutions including Guaranty Trust Bank (Now GTCO) and FSB International Bank.

He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) Fellow Chartered Institute of Credit Administration. He also chaired the Mentoring Advisory Committee of CIBN and was a two-term Vice President of the Nigerian British Chamber of Commerce.

He holds a B.Agric. degree in Agricultural Economics from the University of Benin, Nigeria and MBA (Banking and Finance) from Enugu State University of Science and Technology, Nigeria. He is also a graduate of the Advanced Management Program (AMP) of INSEAD. Mr. Okonkwo has attended Executive Management and Board training programmes at Harvard Business School, Stanford University, Wharton Business School, IMD, Singapore, IESE Business School, University of Nevara, Barcelona, Spain, Kellogs Business School, USA. Nnamdi has been honoured with many awards and recognitions globally. He is a globally recognized thought leader on banking and finance, and highly reputed as one of the few African bank CEOs to be invited as guest speaker at the Investor Conference of major global banks.

Kofo Dosekun
Independent Non-Executive Director

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

Kofo's expertise in project finance, mergers and acquisitions has been recognised by prestigious legal directories. The Legal 500 (2020) inducted her into the Legal 500 Hall of Fame as the first and only female Lawyer in the banking, finance and capital markets practice. She has also been ranked Band 1 consistently in *Banking and Finance, Corporate Commercial, Energy and Natural Resources* by Chambers Global and has been referred to as "*a standout lawyer for banking matters: She is excellent, diligent and passionate about her work, and insists on good quality*".

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

Dr Abiodun Fatade
Independent Non-Executive Director

Dr Abiodun Fatade was appointed to the Board of Directors of FBN Holdings Plc on April 30 2021. He is a renowned Radiologist and medical practitioner with over three decades of experience in the healthcare industry. He is the MD/CEO of Crestview Radiology Limited, a foremost radio-diagnostic group in Nigeria.

In addition to his work in private practice, Dr Fatade has accumulated significant experience in collaborating with both Federal and State governments across several public private partnerships. He served as a Board member of Gulf Bank of Nigeria and on various Board committees.

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

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

Dr Fatade is an astute healthcare entrepreneur, an alumnus of the Healthcare Leadership Academy and Radiology Business Management Association of America. He is a recipient of the Postgraduate Medical College of Nigeria Award for outstanding contributions to the development of Radiology in Nigeria.

He is a Director of Medical Artificial Intelligence Laboratory, Africa (MAI LAB).
He has attended various leadership and management courses both locally and internationally.

Dr (Sir) Peter Aliogo
Independent Non-Executive Director
Dr (Sir) Peter Aliogo was appointed to the Board of Directors of FBN Holdings Plc on April 30 2021. He brings to the Board his vast experience and expertise spanning over three decades in banking, finance management, hospitality, manufacturing, real estate and insurance.

Before joining the Board of FBN Holdings Plc, he served in several executive positions as Regional Executive, South East Bank; Deputy General Manager, Union Bank of Nigeria Plc; Executive Director and Acting Managing Director, Manny Bank Plc.

He is an Associate member of both the Chartered Insurance Institutes of London and Nigeria (ACII & ACIIN). He is also an Associate Member of the Nigerian Council of Registered Insurance Brokers (ANCRIB). He holds an HND, Business Administration (Marketing) and Masters in Business Administration (Banking & Finance) from the Auchi Polytechnic and Rivers State University of Science and Technology, respectively. He has attended many professional programmes at Lagos Business School, Nigeria; Harvard Business School, Boston, USA; and Fudan University, Shangai, China.

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

Mr. Ahmed Modibbo
Independent Non-Executive Director
Ahmed Modibbo was appointed to the Board of FBN Holdings on April 30 2021 as a Non-Executive Director. An Administrator and corporate lawyer, he brings to the Board of FBN Holdings, vast and varied experience and expertise in corporate governance, corporate transformations, strategic management, corporate/commercial law practice garnered from the Financial Services, Development Banking, Maritime and Power (Electricity) Sectors.

He is currently the Managing Director of Highland Integrated Electricity Services Limited, an investment holding company with interests in the Nigerian Power Sector and core Investors in an Electricity Distribution Company. Modibbo had worked at the Nigerian Export Import Bank, as the Secretary to the Board of Directors and Legal Adviser, a position from which he managed the corporate secretariat and anchored the provision of legal advice and support on all operational and administrate matters of the Bank's operations including its interventions in the Manufacturing, Agriculture/Agro-Allied, Solid Minerals and Services Sectors. He also served as the Secretary to the Board/Legal Adviser of the Sealink Promotional Company Limited, a Special Purpose Vehicle established to promote commercial and maritime interconnectivity within the West and Central African Regions. Modibbo had stints in private legal practice.

Modibbo had also served on several Professional and Governmental Committees including being a one-time member of the Chartered Institute of Bankers of Nigeria (CIBN) Committee on Realization of Secured Credits in Nigeria, and member of the Federal Government of Nigeria Committee on the Revival of the Textile Industry in Nigeria and its Technical Sub-Committee on Fund Raising and Management. He was a member of the Nigerian Bar Association Presidential Taskforce on the Corporate Affairs Commission [CAC].

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

Modibbo obtained a degree in Law (LLB) from the Ahmadu Bello University (ABU) Zaria in 1990 and was called to the Nigerian Bar in 1991. He had further acquired the International Bar Association/College of Law of England and Wales International Practice Diplomas in International Mergers & Acquisitions, Business Organizations, Joint Ventures, Competition Law, and Intellectual Property Law, respectively. In March 2007, he became the first Nigerian to attain the status of a Fellow of the International Bar Association in International Legal Practice. Other notable Certifications include the United Nations Institute for Training & Research (UNITAR) Certificate in Negotiation of Financial Transactions and Corporate Governance Best Practice Certificate by Informa/George Washington University in 2013.

He is an active member of the Nigerian Bar Association, International Bar Association, and also a Chartered Secretary and Administrator as an Associate of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN).

He has attended several courses and programmes in Law, Management, Strategy, Leadership, Risk Management and Corporate Governance at top business, legal and management schools in Nigeria and abroad. He is married with children and enjoys reading and watching soccer.

Dr. Alimi Abdul-Razaq

Independent Non-Executive Director

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

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

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

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

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

Khalifa Imam

Independent Non-executive Director

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

A thoroughbred project management and ICT Consultant with engagement in public and private sectors of the Nigerian economy, he has implemented several impactful ICT projects across Nigeria in partnership with key multinational technology companies such as IBM, Microsoft, Cisco, and Intel Corporation to deliver Internet Technologies, e-government solutions and Enterprise Management Systems.

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

He is a member of various professional bodies, including the Royal United Services Institute (Defense and Security) London, UK, the Information Systems Audit and Control Association, IT Governance Institute, Illinois, USA. He is married and enjoys horse riding, community development and reading.

Dr Adesola Adeduntan

Non-Executive Director

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

He leads the Commercial Banking Group (CBG) of FBN Holdings Plc as the Chief Executive Officer of First Bank of Nigeria Limited. The CBG comprises First Bank of Nigeria Limited and its subsidiaries including FirstBank UK, FirstBank DRC, FirstBank Ghana, FBNBank Senegal, FBNBank Guinea, FBNBank The Gambia, FirstBank Sierra-Leone and First Pension Custodian Nigeria as well as Representative Offices in France and China. He oversees one of the most extensive transformation programmes in the sub-Saharan African financial services industry to reposition FirstBank group to market pre-eminence. He is leading FirstBank on the journey to win the most significant emerging business opportunities in the financial services industry by developing and executing a digital-led strategy that has established FirstBank as a major player in digital banking in Nigeria. The transformation programme, under the leadership of Dr Adeduntan, has enabled the Bank to grow customer accounts from about 10 million in 2015 to more than 36 million (including digital wallets), to become the second-largest issuer of cards in Africa with more than 11.7 million cards, onboard more than 18 million active customers on FirstBank's digital banking platforms, and initiate and grow the most expansive bank-led Agent Banking network in Africa with more than 167,0001 agents.

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

His career in banking and finance, spanning almost three decades, has earned him various recognitions and awards, including Forbes Best of Africa – Outstanding Leader in Africa, Distinguished Alumnus Award by School of Management Cranfield University, UK; Distinguished Alumnus Award by the University of Ibadan, Nigeria; African Banking Personality of the Year by African Leadership Magazine, Bank CEO of the Year by the AES Excellence Club and several other awards.

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

A philanthropist per excellence, Dr Adeduntan is a member of the Bretton Woods Committee - the non-partisan network of prominent global citizens that works to demonstrate the value of international economic cooperation and foster strong, effective Bretton Woods institutions as forces for global well-being. He is also a member of Sigma Educational Foundation - focused on enhancing the quality of the tertiary education system in Nigeria, a member of the Steering Committee of the Private Sector Coalition Against COVID-19 (CACOVID) in Nigeria, a member of the Governing Council of CIBN, the Chairman of CIBN's Committee on the Establishment of the Banking Museum, the Vice Chairman of CIBN's Body of Banks' Chief Executive Officers and a member of the Board of Lagos State Security Trust Fund.

He holds the traditional title of 'Apesinola' of Ibadanland, Oyo State. Dr Adeduntan is married with children and enjoys listening to music, especially African folklore music.

Julius B. (JB) Omodayo-Owotuga

Non-Executive Director

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

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

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

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

In 2011, he joined Nigeria's leading oil and gas company, Forte Oil Plc (now Ardova Plc), as Group Executive Director, Finance and Risk management. His portfolio involved overseeing the finance, risk management, treasury, inventory management, general administration, information technology and Strategy for the Group (Forte Oil and its 4 subsidiaries). In this role, he contributed immensely towards the transformation of Forte Oil Plc into a vibrant multi-million-dollar profit-making industry leader. He equally led the company's debt capital raise, acquisition, and divestment initiatives.

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

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

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

Oyewale Ariyibi

Executive Director

Finance, Investment Management and Oversight

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

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

He holds a Bachelor's degree Second Class Honours Upper Division in Microbiology from University of Ilorin and a Master of Business Administration (MBA) – Marketing from University of Lagos. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), Associate of the Chartered Institute of Taxation (ACIT), Certified Pension Institute of Nigeria (ACIP) and Institute of Directors (IOD) of Nigeria. He is an alumnus of the Northwestern University Kellogg Business School Advanced Management Programme and has attended several local and international workshops, conferences and executive training programmes at Havard, Wharton, London Business School amongst others.

He is happily married with children and enjoys reading and watching soccer.

Effectiveness
BOARD EFFECTIVENESS

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

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

Guiding Principles on Composition
To fulfil its mandate, the Board must appoint individuals who have demonstrated excellent business knowledge and sufficient world-view experience and exposure. The Board, as presently constituted, comprises well-rounded, knowledgeable and experienced individuals with diverse backgrounds and expertise. Hence, the Board can adopt and apply the relevant set of Governance codes that engender proper devolution of powers, efficient deployment and utilisation of resources and performance monitoring processes towards enhancing shareholder value.

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

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

Board Appraisal
The Board of Public Companies are required by regulations to undergo an annual appraisal of its performance, that of its Committees, the Chairman and individual Director.

The Board engaged PricewaterhouseCoopers (PwC) to evaluate the Board of Directors and review the Company's corporate governance processes for the year ended December 31, 2022. Specifically, the Board Appraisal covered the Board's structure and composition, processes, relationships, competencies, roles and responsibilities. The corporate governance evaluation covered the governance structures and practices, including oversight of the Company's performance, surveillance of the ethical climate within the Company, oversight of risk management, corporate compliance and internal controls, financial reporting, and stakeholder engagement.

PwC concluded that the corporate governance practices of FBNHoldings were largely in compliance with the key provisions of the Code of Corporate Governance of the Central Bank of Nigeria, the Financial Reporting Council of Nigeria, and the Securities and Exchange Commission's guidelines. They developed specific recommendations for future improvement of governance practices and forwarded same to the Board in a detailed report.

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

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

- Building long-term shareholder value by ensuring adequate systems, procedures and policies are in place to safeguard the Group's assets;
- Appointing, developing and refreshing the overall competency of the Board, as necessary;
- Articulating and approving the Group's strategies and financial objectives, as well as monitoring the implementation of those strategies and objectives;
- Approving the appointment, retention and removal of the Group Managing Director (GMD) and any other Executive Director in the Group;
- Reviewing the succession planning for the Board and Senior Management regularly and recommending changes where necessary;
- Overseeing the implementation of corporate governance principles and guidelines;
- Reviewing and approving the recommendations of the Board Governance and Nomination Committee concerning the remuneration of Directors;

- Overseeing the establishment, implementation and monitoring of a Group-wide risk management framework to identify, assess and manage business risks encountered by the Group;
- Articulating and approving the Group's risk management strategies, philosophy, risk appetite and initiatives;
- Maintaining a sound system of internal controls to safeguard shareholders' investments and the assets of the Group; and,
- Overseeing the Group's corporate sustainability practices regarding its economic, social and environmental obligations.

The Role of the Group Chairman

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

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

The Role of Group Managing Director

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

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

The Role of the Company Secretary

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

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

Leadership Appointments Across the Operating Entities

On August 16 2022, the Board approved the nomination of:

1. Patrick Iyamabo for appointment as an Executive Director, Chief Financial Officer First Bank of Nigeria Limited.
2. Dr Irene Akpofure as a Non-Executive Director FBNQuest Merchant Bank Limited.

MAKING BOARD MEETINGS EFFECTIVE

How FBNHoldings Board meetings work:

- The Board meets quarterly and as necessary;
- The annual calendar of Board meetings is approved in advance at the last Board meeting of the preceding year. This is flexible and can include additional meetings to respond to new business needs or issues effectively;
- The annual calendar of Board activities includes a Board retreat to consider strategic matters, Group policy directions, review opportunities as well as challenges encountered by the Group;
- The Board may take urgent and material decisions between meetings through written resolutions, and will ratify such resolutions at the next Board meeting;
- The Company Secretariat transmits notices for meetings to Board members at least two weeks before the meeting;
- The Company Secretariat provides Directors with an agenda and meeting papers before each meeting. It transmits Board papers promptly to facilitate discussions and help make informed decisions at meetings;
- The agenda i.e., number of issues identified for deliberation and, more importantly, their complexity, are significant factors in determining the duration of the meetings. However, the Board devotes sufficient time and rigour to deal with all matters scheduled for deliberations;
- Any Director may request the consideration of a topic at meetings. In addition, any Director may raise any issue deemed deserving of discussion; members usually consider this under the 'Any Other Business' item on the agenda; and,
- The Company requires all Directors to declare their interest in any item slated for Board consideration before the commencement of each meeting.

Board Focus Areas

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

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

9. Consideration of updates on workforce compensation and engagement; and,
10. Reviewed the cyber security framework and initiatives.

Attendance at Board Meetings

The Board of FBNHoldings met eight times in 2022.

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

* *Oyewale Ariyibi was appointed as an Executive Director, Finance, Investment Management & Oversight in August 16, 2022.*

BOARD COMMITTEES

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

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

Board Governance and Nomination Committee (BGNC)

Membership

- Kofo Dosekun – Chairman

- Dr Alimi Abdul-Razaq
- Ahmed Modibbo
- Dr Abiodun Fatade
- Julius B. Omodayo-Owotuga
-

Attendance at the Board Governance and Nomination Committee Meetings

The Board Governance and Nomination Committee met seven times in 2022.

Name	3 January	17 January	11 April	25 April	19 July	09 August	20 October
Kofo Dosekun	✓	✓	✓	✓	✓	✓	✓
Dr Alimi Abdul-Razaq	✓	✓	✓	✓	✓	✓	✓
Ahmed Modibbo	✓	✓	✓	✓	✓	✓	✓
Dr Abiodun Fatade	✓	✓	✓	✓	✓	✓	✓
*Julius B. Omodayo-Owotuga	N/A	N/A	N/A	N/A	✓	✓	✓

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

Key Responsibilities

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

for the annual Board appraisal as it deems fit. The evaluation process will be in line with the Group's Evaluation Policy;

- Perform such other functions relating to the operations of the Group as may be expressly delegated to the Committee by the Board;
- Evaluate the role of the Board Committees and Boards of subsidiary companies and ratify the performance appraisals of the Executive Directors as presented by the GMD; and,
- Ensure compliance with the Codes of Corporate Governance of CBN, FRCN, the guidelines of SEC and global best practices on corporate governance.

Board Audit and Risk Assessment Committee (BARAC)
Membership

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

Attendance at the Board Audit and Risk Assessment Committee Meetings
The Board Audit and Risk Assessment Committee met eight times in 2022.

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

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

Key Responsibilities
The Responsibilities of the Committee are to:

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

Board Finance and Investment Committee (BFIC)
Membership

- Dr (Sir) Peter Aliogo - Chairman
- Dr Abiodun Fatade
- Khalifa Imam

- Dr Adesola Adeduntan
- Nnamdi Okonkwo
- Julius B. Omodayo-Owotuga
- Oyewale Ariyibi (appointed to BFIC on December 20, 2022)

Attendance at the Board Finance and Investment Committee Meetings

The Board Finance and Investment Committee met ten times in 2022.

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

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

Key Responsibilities
The Responsibilities of the Committee are to:

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

STATUTORY AUDIT COMMITTEE (SAC)

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

Shareholder Representative Profile

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

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

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

Kashimawo Taiwo FCA
Kashimawo Taiwo, FCA, was elected as Shareholder Representative on the SAC on April 27 2021. Kashimawo Taiwo is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate Member of the Chartered Institute of Taxation of Nigeria (CITN). A seasoned accountant and finance expert, Taiwo has held several high-profile positions in his career in the private sector and accounting practice. He retired in 2000 from West African Portland Cement Plc (now Lafarge) as Finance Controller. He has since been in practice, and is currently the Managing Partner of Accounting Firm – KASH TAIWO & CO. He was the Chairman of Flour Mills of Nigeria Plc Audit Committee between 2015 and 2017. He is presently the Chairman of GlaxoSmithKline Consumer Nigeria Plc (GSK) Audit Committee and a member of Total Energies Marketing Nigeria Plc Audit Committee.

Vitalis Ekwem Anyiam

Vitalis Ekwem Anyiam is an experienced professional banker who in the pre-merger of United Bank for Africa Plc, managed and supervised branches as a senior management staff, then at post- merger, he moved to Head Office where he worked for years before retirement.

While in banking, he served in various ad-hoc committees and task- forces aimed at facilitating systems and processes in the organization. He attended many courses, trainings and seminars in all segments of banking and management. Currently, he is a consultant in banking, finance, and investment, in addition, a director in X-unlimit Resources Nigeria Limited and in Bevic interglobal link Nigeria Limited as well as a principal partner in Ekwemma Enterprises.

Vitalis has been an executive member of the Independent Shareholders Association of Nigeria and has benefited in most of its trainings and seminars organized for effective performance in Audit committees, also trainings in capital/money market and investment for members. Furthermore, he was once the Audit committee Chairman of Law Union and Rock Insurance Plc for some years while currently a member of Audit committees of Arbico Plc and Union Dicon Salt Plc (now bouncing back). Vitalis is a deacon of nearly 30 years and belongs to the following institutions and bodies: (a) University of Lagos with masters in banking and finance (MBF) (b) a fellow of the Chartered Institute of Bankers of Nigeria (FCIB) (c) associate of Institute of Commercial Management London (Am inst.cm) (d) associate of British Society of Commerce London (ABSC) (e) associate of the International association of Book-Keepers- London (AIAB) (f) a certificate in internal auditing of the Institute of Internal Auditors (g) a certificate in Theology

Audit Committee Members

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

Independence of the Statutory Audit Committee (SAC)

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

Attendance at Statutory Audit Committee Meetings

The Statutory Audit Committee met four times in 2022.

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

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

The Responsibilities of the Committee

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

- Ascertain whether the Company's accounting and reporting policies are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- Keep under review the effectiveness of the Company's system of accounting and internal control;
- Make recommendations to the Board regarding the appointment, remuneration and removal of the external auditor of the Company, ensuring the independence and objectivity of the external

auditor and ensuring there is no conflict of interest which could impair the independent judgement of the external auditor;

- Authorise the internal auditor to carry out investigations into any activity of the Company that may be of interest or concern to the Committee; and,
- Assist in the oversight of the integrity of the Company's financial statements and establishing and developing the internal audit function.

Group Executive Committee (GEC)

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

Membership

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

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

Key Responsibilities

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

Management Committee (MANCO)

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

Membership

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

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

Key Responsibilities

- Develop and review, on an ongoing basis, the Company's business focus and strategy, subject to the approval of the Board;

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

Going Concern

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

External Auditors

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

2022 Audit Fees

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

Prohibition of Insider Dealings

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

Succession Planning

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

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

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

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

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

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

REMUNERATION STRUCTURE

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

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

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

Compensation Policy
The Group's Compensation Policy provides guidelines for the administration of staff compensation and aims to attract, reward, and retain a motivated talent pool. The Company categorises the compensation structure into Remuneration, Perquisites and Benefits. Remuneration includes base pay and allowances, as well as performance-based bonuses and incentives, detailed as follows:

Base pay includes the salary component for the defined job grade and is mainly cash-based. It is the basis for the computation of some allowances and most benefits. It is guaranteed and payable monthly in arrears per the employment contract.

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

- Bonuses and incentives are related to achieving organisational and individual targets and may be cash or non-cash, such as performance bonuses and commendation letters.
- Perquisites are usually lifestyle-oriented and designed to ensure comfort, motivation, commitment, and staff retention, particularly those at the senior level or with high potential. These may include status cars, power generators, gym equipment and other choice items.
- Benefits are entitlements usually attainable, subject to organisational conditions. They include leave, medical allowances and social club subscriptions. To guarantee staff convenience and in line with the Group's ethical stance of being socially responsible and a good corporate citizen, payments are structured while ensuring adequate cash flow for staff; the Group's policy does not run contrary to tax laws and other statutory regulations.

Executive Remuneration

As a Board, we are mindful of the views of the various stakeholders on executive remuneration. We aim to motivate, incentivise and retain the best talents while keeping an eye on the prevailing economic outlook.

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

BOARD COMPENSATION

Non-Executive Directors

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

Remuneration for Executive Directors

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

FBN Holdings Plc.

Directors' Report for the year ended December 31, 2022

The Directors present their report on the affairs of FBN Holdings Plc (“the Company”) and its subsidiaries ("the Group"), together with the separate and consolidated financial statements and auditors' report for the year ended December 31, 2022.

(a) Legal Form

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

(b) Principal Activity and Business Review

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

The Company has six direct subsidiaries, namely: First Bank of Nigeria Limited, FBNQuest Merchant Bank Limited, FBNQuest Capital Limited, FBNQuest Trustees Limited, FBN Insurance Brokers Limited, Rainbow Town Development Limited; and indirect subsidiaries, namely: FBNBank (UK) Limited, FBNBank DR Congo Limited, FBNBank Ghana Limited, FBNBank Sierra Leone Limited, FBNBank Guinea Limited, FBNBank Gambia Limited, FBNBank Senegal Limited, First Pension Custodian Nigeria Limited, FBNQuest Asset Management Limited, FBNQuest Securities Limited, FBNQuest Funds Limited, FBNQuest Capital Partners Limited, FBNQuest Property Ventures Limited and FBN Ivory Nigeria Limited.

The financial results of all the subsidiaries have been consolidated in these financial statements.

(c) Operating results

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

	Group		Company	
	Dec. 2022 N 'million	Dec. 2021 N 'million	Dec. 2022 N 'million	Dec. 2021 N 'million
Gross earnings	805,128	757,296	24,285	17,135
Profit before income tax	157,902	166,662	19,483	13,053
Income tax expense	(21,591)	(15,515)	(23)	(5)
Profit for the year from continuing operations	136,311	151,147	19,460	13,048
Loss for the year from discontinuing operations	(138)	(68)	-	-
Profit for the year	136,173	151,079	19,460	13,048
Profit attributable to:				
Non-controlling interests	1,770	1,370	-	-
Equity holders of the parent entity	134,403	149,709	19,460	13,048
	136,173	151,079	19,460	13,048
Earnings per share (in Naira):				
Basic	374.43	417.07	54.21	0.36
Diluted	374.43	417.07	54.21	0.36

(d) Dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend *of 50 kobo per ordinary share, amounting to N17,947,646,398* (2021: N12,563,352,477). Witholding tax will be deducted at the time of payment.

(e) Directors' Shareholding

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

	Dec. 2022		Dec. 2021	
	Direct	**Indirect**	**Direct**	**Indirect**
Ahmad Abdullahi	-	-	-	-
Kofoworola Dosekun	-	-	-	-
Sir Peter Aliogo	-	-	-	-
Ahmed Modibbo	-	-	-	-
Khalifa Imam	-	-	-	-
Dr. Abiodun Fatade	-	-	-	-
Dr. Alimi Abdul-Razaq	-	-	-	-
Dr. Adesola Adeduntan	18,871,689	-	18,871,689	-
Julius B. Omodayo Owotuga	-	-	-	-
Nnamdi Okonkwo[1]	9,019,300	-	-	-
Oyewale Ariyibi[2]	4,008,850	-	2,848,850	-

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

[2] - *Appointed with effect from August 16, 2022*

(f) Analysis of Shareholding

The analysis of the distribution of the shares of the Company as at December 31, 2022 is as follows:

Range			No. of Holders	% Holders	Units	% Units
1	-	1,000	294,687.00	24.71	213,312,468	0.59
1,001	-	5,000	490,405.00	41.12	1,178,372,372	3.28
5,001	-	10,000	169,006.00	14.17	1,161,744,179	3.24
10,001	-	50,000	199,797.00	16.75	4,045,666,716	11.27
50,001	-	100,000	19,790.00	1.66	1,376,363,375	3.83
100,001	-	500,000	15,506.00	1.30	3,046,560,699	8.49
500,001	-	1,000,000	1,709.00	0.14	1,192,042,050	3.32
1,000,001	-	5,000,000	1,306.00	0.11	2,437,534,148	6.79
5,000,001	-	10,000,000	144.00	0.01	1,039,043,492	2.89
10,000,001	-	50,000,000	137.00	0.01	2,983,392,322	8.31
50,000,001	-	100,000,000	27.00	-	1,844,324,598	5.14
100,000,001	-	35,895,292,791	43.00	-	15,376,936,372	42.84
			1,192,557	**100**	**35,895,292,791**	**100**

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

Range			No. of Holders	% Holders	Units	% Units
1	-	1,000	293,689	24.63	213,111,549	0.59
1,001	-	5,000	491,084	41.18	1,180,445,389	3.29
5,001	-	10,000	169,734	14.23	1,167,051,351	3.25
10,001	-	50,000	201,773	16.92	4,091,194,608	11.40
50,001	-	100,000	20,273	1.70	1,411,180,398	3.93
100,001	-	500,000	16,128	1.35	3,182,904,511	8.87
500,001	-	1,000,000	1,861	0.16	1,299,300,242	3.62
1,000,001	-	5,000,000	1,434	0.12	2,708,094,245	7.54
5,000,001	-	10,000,000	175	0.01	1,245,362,131	3.47
10,000,001	-	50,000,000	158	0.01	3,423,147,280	9.54
50,000,001	-	100,000,000	26	-	1,856,601,967	5.17
100,000,001	-	35,895,292,791	44	-	14,116,899,120	39.33
			1,196,379	**100**	**35,895,292,791**	**100**

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

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

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

(h) Directors' Interests in Contracts

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

(i) Donation and charitable gifts

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

(j) Property and equipment

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

(k) Events after the reporting date

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

(l) Human Resources

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

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

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

Employee Involvement and Training
The Company encourages participation of employees in arriving at decisions in respect of matters affecting their wellbeing, through various forums including Town Hall meetings. Towards this end, the Company provides opportunities for employees to deliberate upon issues affecting the Company and employees' interests, with a view to making inputs to decisions therein.

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

Health, Safety and Welfare at Work
The Company maintains business premises designed with a view to guaranteeing safety and healthy working conditions of its employees. Employees are adequately insured against occupational and other hazards.

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

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

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

Gender Analysis

The number and percentage of men and women employed as at 31 December 2022 vis-à-vis total company workforce are as follows:

	Number		**Percentage (%)**	
	Male	**Female**	**Male**	**Female**
Employees	26	12	68	32

The Company's Gender analysis in terms of Board and Top Management as at December 31, 2022 is as follows:

	Number		**Percentage (%)**	
	Male	**Female**	**Male**	**Female**
Board	10	1	91	9
Management	5	1	83	17

(m) Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate rules on their tenure in office have indicated their willingness to continue in office. In accordance with section 401 (2) of the Companies and Allied Matters Act 2020 (CAMA 2020) and section 20.2 of the Nigerian Code of Corporate Governance 2018, therefore, the auditor will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Adewale L.O Arogundade
Ag. Company Secretary
FRC/2014/NBA/00000006810
April 19, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE SEPERATE AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Ahmad Abdullahi
Group Chairman
FRC/2022/PRO/DIR/003/00000023773
April 19, 2023

Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICAN/00000006963
April 19, 2023

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

i. That we have reviewed the audited separate and consolidated financial statements of the Company for the year ended 31 December 2022.

ii. That the audited separate and consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

iii. That the audited separate and consolidated financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2022.

iv. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the year end 31 December 2022

v. That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited separate and consolidated financial statements, and certify that the Company's internal controls are effective as of that date

vi. That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weakness.

vii. That we have disclosed the following information to the Company's Auditors and Audit Committee:

(a) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and

(b) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

Nnamdi Okonkwo
Group Managing Director
FRC/2014/ICAN/00000006963
April 19, 2023

Oyewale Ariyibi
Executive Director/CFO
FRC/2013/ICAN/00000001251
April 19, 2023

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

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

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

Ahmad Abdullahi
Group Chairman
FRC/2022/PRO/DIR/003/00000023773
April 19, 2023

Adewale L.O Arogundade
Ag. Company Secretary
FRC/2014/NBA/00000006810
April 19, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FBN Holdings Plc

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

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

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

In our opinion, the accompanying separate and consolidated and separate financial statements give a true and fair view of the separate and consolidated financial position of the Company and its subsidiaries as at 31 December 2022, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011,the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

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

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

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

Procedures
Our procedures included the following:

- we evaluated the design and implementation of the key controls over the impairment determination process such as the management review of ECL allowance on loans and advances to customers and management review of relevant data elements used in the calculation of expected credit losses including evaluation of ECL impairment computation.

- we assessed the Group's default definition and other qualitative default indicators by checking it to the requirements of the relevant accounting standards.

- we tested the appropriateness of the Group's determination of SICR, defaults and the resultant classification of loans into stages on a sample basis by reviewing customer files for the terms of the loans and account statements for due and unpaid obligations

- assisted by our Financial Risk Management specialists, we checked the key data and assumptions inputted into the ECL model used by the Group. Our procedures in this regard included the following:
    I. we challenged the appropriateness and reasonableness of Group's ECL methodology by considering whether it reflects unbiased and probability weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.
    II. for forward looking assumptions comprising Gross Domestic Product (GDP) growth rate, Crude oil price, Foreign exchange rate and Year on Year inflation rate used, we corroborated the Group's assumptions using publicly available information from external sources and checked that they are appropriate in the Group's circumstances;

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Separate and Consolidated Financial Statements

The Directors are responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

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

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.

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

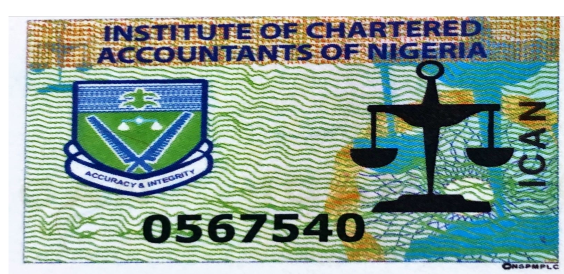
Compliance with Section 26 (3) of The Bank's and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

I. The Group paid penalties in respect of contravention of the Bank's and Other Financial Institutions Act, 2020 during the year ended 31 December 2022. Details of penalties paid are disclosed in note 46 to the financial statements.

II. Related party transactions and balances are disclosed in note 44.1 to the separate and consolidated financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabir

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



FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

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

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

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
ASSETS					
Cash and balances with central banks	19	1,790,863	1,586,769	-	-
Loans and advances to banks	21	1,223,061	1,015,122	18,331	16,477
Loans and advances to customers	22	3,789,061	2,881,916	39	49
Financial assets at fair value through profit or loss	23	278,466	351,146	1,601	1,337
Investment securities	24	2,321,885	1,957,478	3,963	4,210
Asset pledged as collateral	25	595,171	718,662	-	-
Other assets	26	373,130	218,638	19,032	13,344
Investments in associates accounted for using the equity method	27	1,185	1,009	-	-
Investment in subsidiaries	28	-	-	262,671	262,671
Property and equipment	30	125,167	115,987	718	397
Intangible assets	31	15,859	19,018	-	-
Deferred tax assets	32	30,909	28,710	-	-
		10,544,757	8,894,455	306,355	298,485
Assets held for sale	29	32,953	37,918	-	-
Total assets		**10,577,710**	**8,932,373**	**306,355**	**298,485**
LIABILITIES					
Deposits from banks	33	1,055,254	1,098,107	-	-
Deposits from customers	34	7,124,086	5,849,487	-	-
Derivative liabilities	23a	38,384	19,648	-	-
Current income tax liability	18b	27,901	17,741	29	7
Other liabilities	35	652,554	654,350	17,269	16,192
Borrowings	36	675,440	405,304	-	-
Retirement benefit obligations	37	5,699	5,392	-	-
Deferred tax liabilities	32	868	366	-	-
		9,580,186	8,050,395	17,298	16,199
Liabilities held for sale	29	1,783	2,122	-	-
Total liabilities		**9,581,969**	**8,052,517**	**17,298**	**16,199**
EQUITY					
Share capital	38	17,948	17,948	17,948	17,948
Share premium	39	233,392	233,392	233,392	233,392
Retained earnings	39	397,709	311,877	39,391	32,494
Statutory reserve	39	156,553	135,372		-
Capital reserve	39	-	1,223	10	10
Small scale investment reserve	39	6,076	6,076	-	-
Fair value reserve	39	98,060	87,964	(1,684)	(1,558)
Regulatory risk reserve	39	20,224	3,240	-	-
Foreign currency translation reserve	39	53,667	72,359	-	-
		983,629	869,451	289,057	282,286
Non-controlling interests	40	12,112	10,405	-	-
Total equity		**995,741**	**879,856**	**289,057**	**282,286**
Total equity and liabilities		**10,577,710**	**8,932,373**	**306,355**	**298,485**

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

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

FBN Holdings Plc.

SEPARATE STATEMENT OF CHANGES IN EQUITY

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

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

FBN Holdings Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent											
	Share capital	Share premium	Retained earnings	Capital reserve	Statutory reserve	Small scale investments reserve	Fair value reserve	Regulatory risk reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
Balance at 1 January 2021	17,948	233,392	132,421	1,223	110,667	6,076	171,696	18,060	64,603	756,086	9,085	765,171
Profit for the year	-	-	149,709	-	-	-	-	-	-	149,709	1,370	151,079
Other comprehensive income												
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	7,756	7,756	(50)	7,706
Fair value movements on financial assets	-	-	-	-	-	-	(31,327)	-	-	(31,327)	-	(31,327)
Remeasurement of defined benefit pension scheme	-	-	3,268	-	-	-	8	-	-	3,276	-	3,276
Share of OCI of associates, net of tax	-	-	-	-	-	-	104	-	-	104	-	104
Total comprehensive income	-	-	152,977	-	-	-	(31,215)	-	7,756	129,518	1,320	130,838
Transactions with owners										-		
Dividends	-	-	(16,153)	-	-	-	-	-	-	(16,153)	-	(16,153)
Transfer between reserves	-	-	42,632	-	24,705	-	(52,518)	(14,820)	-	-	-	-
Total transactions with Owners	-	-	26,479	-	24,705	-	(52,518)	(14,820)	-	(16,153)	-	(16,153)
At 31 December 2021	17,948	233,392	311,877	1,223	135,372	6,076	87,964	3,240	72,359	869,451	10,405	879,856
Balance at 1 January 2022	17,948	233,392	311,877	1,223	135,372	6,076	87,964	3,240	72,359	869,451	10,405	879,856
Profit for the year	-	-	134,403	-	-	-	-	-	-	134,403	1,770	136,173
Other comprehensive income												
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	-	(18,692)	(18,692)	(63)	(18,755)
Fair value movements on financial assets	-	-	-	-	-	-	11,101	-	-	11,101	-	11,101
Remeasurement of defined benefit pension scheme	-	-	(72)	-	-	-	-	-	-	(72)	-	(72)
Share of other comprehensive income of associates	-	-	-	-	-	-	1	-	-	1	-	1
Total comprehensive income	-	-	134,331	-	-	-	11,102	-	(18,692)	126,741	1,707	128,448
Transactions with owners												
Dividends	-	-	(12,563)		-	-	-	-	-	(12,563)	-	(12,563)
Transfer between reserves	-	-	(35,936)	(1,223)	21,181	-	(1,006)	16,984	-	-	-	-
Total transactions with Owners	-	-	(48,499)	(1,223)	21,181	-	(1,006)	16,984	-	(12,563)	-	(12,563)
At 31 December 2022	17,948	233,392	397,709	-	156,553	6,076	98,060	20,224	53,667	983,629	12,112	995,741

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

FBN Holdings Plc.

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
	Note	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Operating activities					
Cash flow (used in)/generated from operations	41	228,268	281,748	(1,821)	(1,199)
Income taxes paid	18b	(13,053)	(8,390)	-	(163)
Interest received	41b(xii)	414,267	316,522	2,209	1,912
Interest paid	41b(xiii)	(161,707)	(136,929)	-	-
Net cash flow generated from operating activities		467,775	452,951	388	550
Investing activities					
Purchase of investment securities	41b(v)	(1,528,187)	(1,112,007)	-	(1,206)
Proceeds from the sale of investment securities	41b(xvii)	1,267,250	216,534	-	5,046
Dividends received	41b(vii)	3,166	6,520	14,531	17,355
Purchase of property and equipment	30	(30,758)	(22,491)	(643)	(432)
Purchase of intangible assets	31	(6,676)	(11,798)	-	-
Proceeds on disposal of property and equipment	41b(xi)	2,059	725	103	53
Net cash flow (used in)/generated from investing activities		(293,146)	(922,517)	13,991	20,816
Financing activities					
Dividend paid	48	(12,563)	(16,153)	(12,563)	(16,153)
Proceeds from new borrowings	36	266,837	58,978	-	-
Repayment of borrowings	36	(24,129)	(51,770)	-	-
Principal element of lease payments	30	(3,241)	(3,063)	-	-
Net cash flow generated from/(used in) financing activities		226,904	(12,008)	(12,563)	(16,153)
(Decrease)/increase in cash and cash equivalents		401,533	(481,574)	1,816	5,213
Cash and cash equivalents at start of year		1,454,461	1,932,893	16,477	11,240
Effect of exchange rate fluctuations on cash held	20	6,457	3,142	38	24
Cash and cash equivalents at end of year	20	1,862,451	1,454,461	18,331	16,477

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

1 General information

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

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

The Directors believe that the underlying assumptions are appropriate and that the separate and consolidated financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate and consolidated financial statements, are disclosed in Note 5.

2.1.1 Basis of measurement

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

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

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted by the Group

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

• Annual Improvements to IFRS Standards 2018–2020 – Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture

• Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations

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

• Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

(i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
(ii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
(iii) Definition of Accounting Estimate - Amendment to IAS 8
(iv) Lease Liability in a Sale and Leaseback (Amendments to IFRS Standards 16)
(v) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28

2.3 Basis of consolidation

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

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

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

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

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

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

b. Subsidiaries

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

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

c. Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

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

e. Loss of control

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

f. Transactions eliminated on consolidation

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

g. Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates is measured at cost in the separate financial statements of the investor. Investments in associates are accounted for using the equity method of accounting in the Consolidated Financial Statements of the Group. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The group’s investment in associates includes goodwill identified on acquisition.

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

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

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

h. Investment entities

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

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

All transactions between business segments are conducted at arm’s length, with inter-segment revenue and expenditure eliminated at the Group. Income and expenses directly associated with each segment is included in determining the segment’s performance.

2.5 Common control transactions

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

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

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

2.6 Foreign currency translation

a. *Functional and presentation currency*

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

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

b. *Transactions and balances*

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

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

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

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

• assets and liabilities of each foreign operation are translated at the rates of exchange ruling at the reporting date;

• income and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case income and expenses are translated at the exchange rate ruling at transaction date; and

• all resulting exchange differences are recognised in other comprehensive income.

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

2.7 Income taxation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:
(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

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

2.9.1 *Financial assets*
Classification and measurement
The group classifies its debt financial assets in the following measurement categories:
● Fair Value through Other Comprehensive Income (FVOCI)
● Fair Value through Profit or Loss (FVTPL)
● Amortised Cost

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

Business Model Assessment
Business Model assessment involves determining whether financial assets are held to collect the contractual cashflows (rather than sell the instrument prior to its contractual maturity to realise its fair value changes).
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
• Investment strategy for holding or selling the assets
• Past experience on how cash flows for these assets were collected.
• How the asset's performance is evaluated and reported to key management personnel
•The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
• The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model for each portfolio of financial assets are to be categorized into one of the following models:
• Hold-to-collect contractual cash flows: Financial assets held with the sole objective to collect contractual cashflows;

• Hold-to-collect contractual cash flows and sell: Financial assets held with the objective to both collect contractual cashflows and sell;

• Fair value through profit or loss (FVTPL) business model: Financial assets held with neither of the objectives mentioned in the two categories above. They are basically financial assets held with the sole objective to trade and realize fair value changes.

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

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset due to repayments. Thus the principal is not the legal amount due under the contractual terms of an instrument. This definition allows assets acquired at a discount or premium pass the SPPI test.
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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

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

A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions and is not designated as at FVTPL:
• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
If a financial asset does not meet both of these conditions, then it is measured at fair value.

b. *Financial assets measured at FVOCI*
A debt instrument shall be measured at FVOCI if both of the following conditions are met and is not designated as at FVTPL:
• The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets;
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Gains and losses are recognised in OCI within a separate component of equity, except for the following items, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:
• interest revenue using the effective interest method;
• expected credit losses and reversals; and
• foreign exchange gains and losses.
When the debt instrument is disposed or derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in “other gains or (losses)”.

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

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

d. Equity Instruments
Equity investments are measured at FVTPL. However on initial recognition, the Group can make an irrevocable election to measure an equity investment at FVOCI. This option only applies to instruments that are neither held for trading nor contingent consideration, recognised by an acquirer in a business combination to which IFRS 3 applies. For equities measured at FVOCI, fair value gains and losses on the equity remeasurements are recognised in OCI. However, dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment.
The amounts recognised in OCI are never reclassified from equity to profit or loss.

e. Impairment of Financial Assets
The Group recognizes expected credit losses (“ECL”) on forward-looking basis for its financial assets measured at amortized cost, lease receivables, debt instrument at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss.
No impairment is recognised on equity investments. This is because the fair value changes would incorporate impairment gains or losses if any.
The measurement of ECL reflects:
• An unbiased and probability-weighted amount that is determined by a range of possible outcomes;
• The time value of money; and
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

f. *Modification and renegotiation of financial assets*

Where the terms of a financial asset are modified, the Group assesses whether the new terms are substantially different to the original terms. If the terms are substantially different, the Group derecognizes the original financial assets and recognizes a new asset at fair value and recalculates the effective interest rate.
Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as ‘gains and losses arising from the derecognition of financial assets measured at amortized cost’.
If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

g. *Derecognition other than on a modification*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either
(i) the Group transfers substantially all the risks and rewards of ownership, or
(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

h. *Reclassifications*

Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Group changes its business model for managing a financial assets, the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets’. Accordingly, any previously recognised gains, losses or interest should not be restated.

i. *Derivative financial instruments*

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

j. *Embedded derivatives*

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.9.2 **Financial liabilities**

Financial liabilities are classified into one of the following measurement categories:
• Fair value through profit or loss (FVTPL)
• Amortised cost

a. *Financial liabilities at fair value through profit or loss (FVTPL,*

Financial liabilities are measured at FVTPL when they are designated as such on initial recognition using the fair value option or when they meet the definition of held for trading i.e.

• it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

• on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking;

• or it is a derivative [except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

For financial liabilities designated as at FVTPL using the fair value option, the element of gains or losses attributable to changes in the Group's own credit risk are recognised in OCI, with the remainder recognised in profit or loss. The movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spread above observable market interest rates. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

However, if presentation of the fair value change in respect of the liability's credit risk in OCI creates or enlarges an accounting mismatch in profit or loss, gains and losses must be entirely presented in profit or loss. To determine whether the treatment would create or enlarge an accounting mismatch, the Group assesses whether it expects the effect of the change in the liability's credit risk to be offset in profit or loss by a change in fair value of another financial instrument, such as when the fair value of an asset is linked to the fair value of the liability. If such a mismatch does arise, the Group will be required to present all fair value changes of the liability in profit or loss.

b. Financial liabilities at amortised cost

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised costs are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

c. Derecognition of financial liabilities

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.9.3 Determination of fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, the Nigerian Stock Exchange (NSE)) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on other comprehensive income of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in Note 3.6. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The estimated fair value of loans and advances represents an estimation of the value of the loans using average benchmarked lending rates which were adjusted for specific entity risks based on history of losses.

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group. This transfer is done on the date in which the market information becomes available.

2.9.4 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Revenue recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within ‘interest income’ and ‘interest expense’ in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (`POCI') financial assets — assets that are credit-impaired at initial recognition — the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial assetinstead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

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

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

b. Fees and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. For other fees and commission income, it is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is recognised when control of goods or services have been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

Credit related fees: This includes advisory and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Group recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.

Letter of credit and commission fees: This represents commission earned on Letter of credit contracts initiated at the request of customers. The nature of this income is such that the performance obligation is the execution of customer's instruction: a direct payment is made on behalf of our customers to the beneficiary (as stated by our customer) when goods/services are received; OR, a payment is made to the stated beneficiary only when our customer cannot fulfill its obligation. Income earned on letter of credit contracts is satisfied at a point in time. This is because revenue is recognised only when payments have been received by the intended beneficiary.

Electronic banking fees: Electronic banking fees relate to fees & commission charged by the banking subsidiaries on electronic transactions carried out by its customers e.g. USSD income, Agency banking commission. The nature of this income is such that the performance obligation of the group is the provision of the platform for the execution of the transactions. Income is earned when these transactions have been successfully executed on these platforms. Income from electronic banking is satisfied at a 'point in time.

Money transfer commission: This represents commission earned on local & foreign money transfers initiated by the Group's customers. The nature of this income is such that the performance obligation of the group is the delivery of transferred monies to the intended beneficiaries. Income on money transfers is satisfied at a "point in time". This is because commission is recognized only when the transferred sums have been delivered to their intended recipients.

Commission on Bonds and Guarantees: This represents commission earned on bond and guarantees contracts. It includes commissions earned on advanced payment guarantees, performance bonds, bid bonds etc. This fee is earned over the tenor of the bond and guarantee.

Funds transfer and intermediation fees: This is principally made of commission on collections. The group acts as a collecting agent for corporate bodies or government organisations; thus, earns commissions on these collection services. The Group's performance obligation is the collection of funds on behalf of the customer. Income from funds transfer and intermediation is satisfied at a point in time as the commissioned earned is deducted & recognized when remitting these funds to the respective customer.

Account maintenance fees: This represents the fee charged by banking subsidiaries within the Group on current accounts maintained by customers. This fee is charged with respect to customer induced debit transactions to third parties as well as debit transfers/lodgements to customer's account in another bank. This was introduced by the CBN to replace COT which was abolished by the regulator in 2016. The performance obligation required from the Group in the maintenance/safe keeping of the customers' fund. Income earned from account maintenance is

Brokerage and intermediation fees: This represents fees charged by the group in order to execute transactions or provide specialized services as requested by customers. Such transaction/services include execution of primary & secondary market transaction on behalf of customers. Income from brokerage and intermediation services are satisfied at a point in time as they are earned and recognized when such services have been executed on behalf of customers.

Custodian fees: This represents commission earned by the group while rendering custodian services to its customers. This custodian services are to a large extent the safe keeping of financial assets. Income earned on custodian services are earned at a point in time.

Trust fee income: This represents income earned from the Group's trustee services. Income earned on trustee services are earned at a point in time.

c. **Dividend income:** Dividend income is recognised when the right to receive income is established. This income is earned at a point in time.

d. **Other operating income:** This largely comprises of income made from private banking services, profit on sale of plant and equipment, gain on sale of properties,recoveries from previously written off loan and other exceptional income . These income are earned at a point in time

2.11 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.12 Discontinued operations

The Group presents discontinued operations in a separate line in the income statement if an entity or a component of an entity has been disposed or is classified as held for sale and:
i. represents a separate major line of business or geographical area of operations;
ii. is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
iii. is a subsidiary aquired exlusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in the fair value of investment property is recognised in income statement for the period in which it arises.

2.13 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer in the event that the customer defaults.

The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

2.14 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
– the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
– the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group primarily leases buildings for use as office spaces for branch operations, quick service points (QSPs) and residential use, land for use as car parks and off-site ATM locations, printers for office equipment.

Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. On renewal of a lease, the terms may be renegotiated and the lease terms range from 1 year to 25 years. The lease agreements do not impose any covenants - however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected to separate lease and non-lease components and treat them accordingly.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases in which the Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease Liabilities

At the commencement date of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Right of use assets
Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets
Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N1 million when new,e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has applied the low value lease exemption for leases of printers as they are less than N1 million when new.

Extension and termination options
Extension and termination options are included in all of the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and the lessors and some of the termination options held are exercisable only by the Group

b The group is the lessor
(i) Operating lease

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

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method which allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2.15 Property and Equipment

All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Asset Class	**Depreciation rate**
Improvement & buildings	2%
Motor Vehicles	25%
Office Equipment	20%
Computer Equipment	33.33%
Plant and Equipment	20%
Furniture, fittings & equipment	20%
Right-of-use Assets	Lower of lease term or the useful life for the specificed class of item

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review on an annual basis to take account of any change in circumstances.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life. No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Work in Progress represents costs incured on the assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain/ loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

2.16 Intangible assets

a. Goodwill

Goodwill arises on the acquisition of subsidiary and associates, and represents the excess of the cost of acquisition, over the fair value of the Group's share of the assets acquired, and the liabilities and contingent liabilities assumed on the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less accumulated impairment losses, if any. Goodwill which is recognised as an asset is reviewed at least annually for impairment. Any impairment loss is immediately recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit that is expected to derive benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on acquisitions of associates is included in the amount of the investment.
Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

b. Computer software

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

i. It is technically feasible to complete the software product so that it will be available for use;
ii. Management intends to complete the software product and use or sell it;
iii. There is an ability to use or sell the software product;
iv. It can be demonstrated how the software product will generate probable future economic benefits;
v. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
vi. The expenditure attributable to the software product during its development can be reliably measured.

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

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over a period of 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

c. Derecognition

An item of intangibles is derecognised on disposal or when no future economic benefits are expected from its use or disposal.
Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.17 Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents excludes restricted balances with central banks.

2.18 Employee benefits

(i) Post-employment benefits
The Group has both defined benefit and defined contribution plans

a. Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company and all entities within the Group make contributions in line with relevant pension laws in their jurisdiction. In Nigeria, the Company contributes 16.5% of each employee's monthly emoluments (as defined by the Pension Act 2014) to the employee's Retirement Savings Account. The Act stipulates a minimum contribution of 10%.

b. Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Federal government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

(ii) Short-term benefits

Short-term benefits consists of salaries, accumulated leave allowances, bonuses and other non-monetary benefits. Short-term benefits are measured on an undiscounted basis and are expensed as the related services provided.

A liability is recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.19 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.20 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.21 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Group. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

2.22 Share capital

a. *Share issue costs*

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

b. *Dividends on ordinary shares*

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

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

c. *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

c. *Treasury shares*

Where the Company or other members of the Group purchase the Company’s equity share capital, the consideration paid is deducted from total shareholders’ equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders’ equity.

d. *Regulatory Risk Reserve*

In compliance with the Prudential Guidelines for licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as Substandard, Doubtful or Lost with attendants provision as per the table below based on objective criteria.

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A general provision is taken on all risk assets that are not specifically provisioned, including facilities with covid 19 and other related restructuring.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve "Statutory credit reserve". Where the IFRS 9 impairment is greater, no appropriation is made and the amount of the IFRS 9 impairment is recognised in income statement.

Following an examination, the regulator may also require more amounts be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to statutory risk reserve.

2.23 Financial guarantees

Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder of a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at the fair value, and the initial fair value is amortised over the life of the financial guarantee. The guaranteee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guaranteee has become probable).

3. Financial risk management

3.1 Introduction and overview

Effective risk management is fundamental to the business activities of the Group. At FBN Holdings, we promote a culture where risk management is everyone's business from board level down to risk owners and units across the Group.

Our approach to risk is supported by a robust Enterprise Risk Management framework (ERM) and a strong risk culture to identify, measure, monitor and control risks thereby promoting accountability at all levels across the group. Objectives of the ERM framework are communicated through risk policies and standards which are intended to provide consistent design and execution of strategies across the organization.

The risks arising from financial instruments to which the Group is exposed are financial risks, which includes Credit risk, Liquidity risk and Market risk. Other material risks impacting activities of the group include, Operational, Legal, Compliance, Strategic, Reputational, Information security, Environmental and Social risk.

3.1.1 Risk Management Philosophy

The key elements of the risk management philosophy are the following:

• The Group considers sound risk management to be the foundation of a long-lasting financial institution.

• The Group continues to adopt a holistic and integrated approach to risk management and, therefore, brings all risks together under one or a limited number of oversight functions.

• Risk officers are empowered to perform their duties professionally and independently without undue interference.

• Risk management is governed by well-defined policies that are clearly communicated across the Group.

• Risk management is a shared responsibility. Therefore, the Group aims to build a shared perspective on risks that is grounded in consensus.

• The Group's risk management governance structure is clearly defined.

• There is a clear segregation of duties between market-facing business units and risk management functions.

• Risk-related issues are taken into consideration in all business decisions. The Group shall continue to strive to maintain a conservative balance between risk and revenue considerations.

• Risk officers work as allies and thought partners to other stakeholders within and outside the Group and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties

• Risks are reported openly and fully to the appropriate levels once they are identified; and

• All subsidiaries are guided by the principles enshrined in the risk management policies of the Group.

3.1.2 Risk Appetite

Risk appetite is the level and type of risk the Group is willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through quantitative and qualitative means and considers extreme conditions, events and outcomes. In addition, risk appetite reflects potential impact on earnings, capital and funding / liquidity.

The Group's risk appetite is the amount of risk its willing to accept to align with and support our financial and strategic objectives, relative to our risk capacity to assume losses.

Risk Appetite Statement (RAS)

Our RAS is the expression of the maximum level of risk we would take across the major risks facing our business and accept in the pursuit of our strategic objectives. The Group would accept moderate risk in every activity it undertakes to achieve these strategic objectives by declaring its willingness to accept moderate risks related to each key value driver.

Risk Tolerance

This refers to the quantitative thresholds that allocate the Group's risk appetite to specific risk types, business units, products, customer segments, and other levels. Certain risk tolerances are policy limits that shall not be exceeded except under extraordinary circumstances (hard limits), while other risk tolerances are guideposts or trigger points for risk reviews and mitigation (soft limits).

Whereas risk appetite is a strategic determination based on long-term objectives, risk tolerance is a tactical readiness to bear a specific risk within established parameters. Enterprise-wide strategic risk appetite is thus translated into specific tactical risk tolerances that constrain risk-acceptance activities at the business level. Risk tolerances are the parameters within which a Group (or business unit or function) must operate to achieve its risk appetite.

Once established, these parameters are communicated downward throughout the Group to give clear guidelines to every stakeholder and to provide feedback when they are exceeded.

3.1.3 Risk Management Framework

The risk management framework of the Group consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group.

With an increasing focus on consistency and transparency, the Group regularly assesses and enhances its risk management framework to ensure it is fit-for purpose.

The Group's framework for management of enterprise risk specifically covers:

- Governance and oversight of the overall risk management framework.
- Risk appetite statement and risk appetite measurements.
- Policies, procedures, controls and systems through which risk is identified and managed.
- Oversight, control, assurance and delegation of authorities for each type of risk.
- Monitoring and reporting of the risk profile against risk appetite.
- Control and correction of the risk profile should it deviate from risk appetite.
- Reassessment of risk appetite and/or the Group's strategy in the light of changes in the business.

The Board of Directors has overall responsibility for the establishment of the Group's Risk Management framework and exercises its oversight function through its various committees. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Group.

3.1.4 Risk Governance Structure, Roles and Responsibilities

The Group addresses the challenge of risks by applying leading practices that are supported by a robust governance structure consisting of board level and executive management committees.

The Group adopts the 'three-pronged line of defense' model to underpin its approach to strong risk management principles. Through this model, the Group monitors, manages and mitigates its material risks on a Group-wide basis. Risk governance is maintained through delegation of authority from the board, down to management hierarchy, supported by committee structure both at the board level and at management level. The delegation of risk management responsibilities across the group is structured to ensure that decisions are enacted at the most appropriate level, in line with business objectives, subject to robust and effective review. Strategic business decisions are taken within a Board-approved risk appetite with the executive and risk committees closely monitoring risk profiles against this appetite.

RISK GOVERNANCE FRAMEWORK

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Daily risk management, monitoring and high level oversight	Risk oversight and challenges, policies and methodologies.	Independent assurance of risk management
Business units and risk-takers	Risk Committees Chief Risk Officers, Heads of Risk across the Group Risk Management function	Audit Committee Internal Audit External Audit Regulators External Assessors

a. First Line of Defence - Risk Management and Ownership

The primary responsibilities and objectives of the first line of defence include:
- Managing risks/implementing actions to manage and treat risks at transaction level;
- Implementing risk management processes on an ongoing basis as changes occur with business mix, systems, or regulatory and other requirements;
- Executing risk assessments and identifying emerging risks at the transaction/business case level.

b. Second Line of Defence - Risk Oversight

The main objective of the second line of defence is to provide oversight of the execution of the frontline controls. The second line of defence is responsible for monitoring the internal controls that have been designed with the following main responsibilities:

- Establishing risk management policies and processes;
- Strategically linking the controls of risk enterprise-wide;
- Providing guidance and coordination among all monitoring participants (risk management, compliance and legal divisions);
- Identifying enterprise trends, synergies and opportunities for change;
- Initiating change, integrating and making new monitoring processes operational; and
- Oversight over key risks.

c. Third Line of Defence - Risk Assurance

The third line of defence is responsible for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Group's overall risk management framework, policy and risk plan implementation. It provides independent perspectives on the overall control framework and tests the adequacy of the controls design and effectiveness. The main duties of this line of defense include:
- Performing periodic reviews based on a rationalized and systematized approach that allows for risk assessment and governance reporting;
- Providing oversight on the risk management process;
- Reporting to the executive management committee, the audit committee and the board of directors on the state of the control environment and gaps in the controls or monitoring environment;

Board Audit & Risk Assessment Committee evaluates the processes for identifying, assessing, monitoring and managing key risk areas; it also evaluates the adequacy of the group's risk management systems and control environment.

Management Committee is responsible for formulating policies; monitoring implementation of risk policies; reviewing risk reports for presentation to the Board/Board committees; and Implementing Board decisions across the Group.

3.2 Credit risk

Credit risk is the single largest risk for the Group's business therefore, prominence is placed on effective management of credit risk.
Credit risk is defined as the potential that a borrower or counter party will fail to meet obligations in accordance with agreed terms. It is also defined as the possibility of losses associated with diminution in the credit quality of borrowers or counter-parties.

Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities. It can also arise from credit enhancement provided such as financial guarantees, letters of credit, endorsements and acceptances.
The Risk Management function of each subsidiary has specific and overall responsibility for facilitating risk asset creation and exposure management processes across the Group.

3.2.1 Management of Credit Risk

The Credit Risk Policy Manual is the primary reference document for creating and managing credit risk exposures. The manual outlines the general policies and procedures, framework for credit risk management across the subsidiaries and incorporates provisions for marketing, risk analysis, approval, administration, monitoring and reporting of risk exposures.
The Credit Risk Management Policy Manual is designed to:
- Standardize credit policies, give employees clear and consistent direction for the creation of risk exposures across all asset creating business units;
- Provide a comprehensive guide and framework in creating and managing risk assets;
- Ensure prompt identification of problem credits and prudent management of decline in credit quality;
- Outline the requirements for administration and reporting of individual exposures and the overall risk asset portfolio; and
- Provide a framework for the on-going maintenance of the risk management policies and processes.

Credit risk management policies and procedures are articulated by the Risk Management function of each subsidiary.

3.2.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and counterparty are set by the Board of Directors on the recommendation of the Chief Risk Officer.

(a) Portfolio limits

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine appropriate portfolio and sub-portfolio limits.

The Group's Portfolio limit includes:
• Maintain aggregate large exposure of not more than 400% of shareholders’ funds.
• Maintain minimum weighted average obligor risk rating (obligor-WARR) of ‘Ba2’
• Maintain minimum weighted average facility risk rating (facility-WARR) of ‘Ba2’
• The Group adopts industry/economic sector limits on its loan portfolio, in line with the following policies:
– The Group would strive to limit its exposure to any single industry to not more than 20% of its loan portfolio and such industry must be rated ‘Baa3’ or better.
– No more than 15% of the Group’s portfolio would be in any industry rated ‘Ba3’ or worse.
– No more than 10% of the Group's portfolio in any single industry rated ‘B3’ or worse

(b) Geographical limits

Presently, the Group's exposures outside Nigeria are taken by its subsidiaries in the United Kingdom and other African countries, which operate within country limits defined by their Boards of Directors. In addition, the Group has a fully developed country risk rating system that could be employed, should the need arise. In such eventuality, limits will be graduated on country risk rating.

(c) Single obligor limits

The Group as a matter of policy does not lend above the regulatory lending limit in each of the jurisdiction in which it operates. Internal guidance limits are also set to create a prudent buffer.

For all retail borrowers, limits are kept low and graduated with credit scoring, forecast cash flow and realizable value of collateral. The group shall apply the granularity criterion on its retail credit portfolio:
– No single retail loan should amount to more than 0.2% of total retail portfolio.

The Group also sets internal credit approval limits for various levels in the credit process.

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand. Exposure to credit risk is also managed through regular analysis of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

3.2.3 Collateral held as security to mitigate credit risk

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Collateral values are assessed by a professional at the time of loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The principal collateral types for loans and advances are:

• Cash/Treasury bill/Government securities
• Legal Mortgage over residential properties, business real estates in prime locations
• Charge over business fixed and floating assets as well as inventory
• Guarantee from acceptable corporates
• Equitable Mortgage on real estates in prime locations
• Negative Pledge
• Domiciliation of receivables from acceptable corporates.

Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the Company's undertaking on one or more of its assets and keyman insurance.

No loan allowance is recognized for the portion of the Group's financial assets which are fully collateralized by cash in the same currency in accordance with the Group’s expected credit loss model. The carrying amount of such financial assets is N372.55 billion as at 31 December 2022 (2021: N137.6 bn).

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

The Group takes physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable to settle indebtedness. Any surplus funds realised from such disposal are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. The assets in such cases are not carried on the Group's balance sheet.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. The repossessed assets are sold as soon as practicable, with proceeds realised from the sale used to reduce the outstanding indebtedness of the customers. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Group

December 2022	**Gross Exposure**	**Impairment Allowance**	**Carrying Amount**	**Fair value of Collateral held**
Credit-Impaired assets	N'million	N'million	N'million	N'million
Retail portfolio				
- Overdrafts	1,107	(906)	201	107
- Credit cards	78	(16)	63	-
- Term loans	2,209	(683)	1,552	119
- Mortgages	1,159	(140)	1,019	120
Corporate portfolio				
- Overdrafts	25,176	(13,001)	12,175	8,087
- Term loans	86,611	(25,348)	78,074	197,704
- Project Finance	74,234	(40,964)	33,288	2,093
Total Credit Impaired Assets	190,575	(81,057)	126,372	208,231

Group

December 2021	**Gross Exposure**	**Impairment Allowance**	**Carrying Amount**	**Fair value of Collateral held**
Credit-Impaired assets	N'million	N'million	N'million	N'million
Retail portfolio				
- Overdrafts	5,610	4,025	1,585	1,480
- Credit cards	81	58	23	-
- Term loans	2,196	369	1,826	362
- Mortgages	1,598	333	1,264	222
Corporate portfolio				
- Overdrafts	27,560	9,309	18,251	14,633
- Term loans	92,281	27,332	64,949	170,431
- Project Finance	72,417	41,296	31,121	3,467
Total Credit Impaired Assets	201,742	82,722	119,020	190,595

3.2.4 Exposure Management

To minimise the risk and occurrence of loss as a result of decline in quality and non-performance of risk assets, clear requirements and guidelines for on-going management of the risk asset portfolio and individual risk exposures are defined. On-going exposure management entails collateral management, facility performance monitoring, exposure quality reviews, prompt and timely identification of decline in quality and risk portfolio reporting.

3.2.5 Delinquency Management/Loan Workout

The Group's delinquency management process involves effective and timely management of accounts showing signs of delinquency to reduce the crystallisation of impairment loss. In line with the Group's delinquency management process, all activities are geared towards resuscitating delinquent loans and includes restructuring and loan work-out arrangements.

3.2.6 Credit Recovery

In the event of continued delinquency and failure of remediation, full credit recovery action is initiated to recover on such exposures and minimise the overall credit loss to the Group. Recovery action may include appointment of a receiver manager, external recovery agent and/or sale of pledged assets.

3.2.7 Write Off

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

The Group may write-off financial assets that are still subject to enforcement activity.The outstanding contractual amounts of such assets written off during the year ended 31 December 2022 was N41.96billion (December 2021: N37.32 bn). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

3.2.8 Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer to notes 1.2.1.1(iv) and (v) above). The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more (for non-specialised assets) and six consecutive months or more (for specialised assets) .

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

3.2.9 Governance structure around the ECL model

The governance around ECL model centers on oversight functions of primary stakeholders. Oversight function is provided over the following:

i. Obligor ratings
ii. Loss Given Default
iii. Derivation of Credit Conversion Factor (CCF), Exposure at Default (EAD), scenarios and the use of forward looking estimates. Data utilized in deriving these estimates are sourced from credible sources. However, a team of IT experts still carry out periodic checks for system vulnerability, performance and deficiency.
Overall, review of completeness and accuracy is jointly carried out by credit risk team, internal control on regular basis and by internal audit periodically.

3.2.10 Grouping of instruments for losses measured on collective basis

To estimate credit losses for retail portfolio, the Group adopts a model which groups loans with similar or homogeneous characteristics together and this mainly based on the product types. Products are segmented in to four broad categories namely Credit Cards, Mortgages, Term loans and Overdrafts.

Models for Probability of default and loss given default are built in line with the segmentation and the output provide PD and LGD for each of the product category while EAD is applied at individual level.

PD for each product category is calculated as the ratio of the loans which have defaulted to the total count of the loans in the product group while LGD is estimated based on account balances, recoveries and collateral cover.
The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

3.2.11 Credit risk measurement

In measuring credit risk of financial assets (loans and advances to customers and to banks, Investment securities and loan commitments) at a counterparty level, the Group reflects the following components:
- The character and capacity to pay of the client or counterparty to meet its contractual obligations;
- Current exposures to the counterparty and its likely future development;
- Credit history of the counterparty; and
- The likely recovery ratio in case of default obligations – value of collateral and other ways out.

Obligor Risk Rating

The Group has a robust internal rating system it leverages on to determine credit worthiness of its borrowers and likelihood of default.
The obligor risk rating grids is based on a 21-master rating scale mapped in to 9 buckets to provide a pre-set objective basis for making credit decisions and estimating expected credit loss (ECL) in line with IFRS 9 requirements. The rating adopted depends on outcome of quantitative and qualitative factors considered on the customer and reflects the inherent risks associated with each customer.
The rating tools are reviewed and upgraded when necessary. The Group regularly validates the performance of the rating tools and their predictive powers regarding default events.

Each risk bucket may be denoted alphabetically and by range of scores as follows:

Description	Scale Rating			Grade
Highest quality, with minimal credit risk	Aaa	Aaa	1	Investment Grade
High quality, subject to very low credit risk	Aa1	Aa	2	
	Aa2		3	
	Aa3		4	
Considered upper-medium and may possess certain speculative characteristics	A1	A	5	
	A2		6	
	A3		7	
Considered medium-grade and may possess certain speculative characteristics	Baa1	Baa	8	
	Baa2		9	
	Baa3		10	
Considered to have speculative elements and are subject to substantial credit risk	Ba1	Ba	11	Non Investment Grade
	Ba2		12	
	Ba3		13	
Considered speculative and are subject to high credit risk	B1	B	14	
	B2		15	
	B3		16	
Considered to be of poor standing and are subject to very high credit risk	Caa1	Caa	17	
	Caa2		18	
	Caa3		19	
In or near default, with possibility of recovery	Ca	Ca	20	
In default with little chance of recovery	C	C	21	

3.2.12 Expected Credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on intial recognition is classified in 'Stage 1' and has the credit risk continously monitored by the Group.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 3.2.11(a) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to note 3.2.11(b) for a description of credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within th next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note 3.2.11(c) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 3.2.11(d) includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on inital recognition. Their ECL is always measured on a lifetime basis (Stage 3)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.
However, the simplified approach has been adopted for trade receivables and other assets.

a **Assessment of significant increase in credit risk**

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Corporate portfolio, Investment Securities and Placements with financial institutions

Quantitative Criteria:
This is based on the backstop policy disclosed in the next section. Downward rating migration as at reporting date compared to initial rating at origination that exceeds specified threshold as specified per table below:

Criteria	Number of notches/rating scale considered significant
Rating Notches Downgrade	>= 4
Poor Credit Rating Threshold	>=17
Default	>=20

Migrations to rating scale 17 and above is considered stage 2 while rating scale 20 and above is considered stage 3. Please refer to Note 3.2.11 on 21 rating scale adopted by the Group.

Qualitative Criteria:
If the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:
i Significant increase in credit spread
ii Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
iii Actual or expected forberance or restructuring
iv Actual or expected significant adverse change in operating results of the borrower
v Significant change in collateral value (secured facilities only) which is expected to increase risk of dafault.
vi Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

Retail Portfolio

Quantitative Criteria:
This is based on the backstop policy disclosed in the next section

Qualitative Criteria:
If the borrower meets one or more of the following criteria:
i In short-term forbearance
ii Significant modification to contractual terms
iii Previous arrears within the last 3 months
iv Negative credit bureau reports

The assessment of SICR incorporates forward-looking information (refer to note 3.2.11(d) for further information) and is performed on a periodic basis at a counterparty level for all financial instruments held by the Group.

Backstop
A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments, however specialized facilities are considered to have experienced significant increase in credit risk if the borrower is more than 90 days past due on its contractual repayment. Specialized facilities include lending for Project/ Object finance and Commercial Real Estate.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2022.

b Definition of default and credit-impaired assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments (with the sole exception of specialized lending for project, object and commercial real estate where a borrower is required to be more than 180 days past due to be considered in default).

Qualitative criteria
The following qualitative criteria indicates that a borrower is in significant financial difficulty:

• long-term forbearance
• Deceased borrower
• Insolvency or Bankruptcy
• Breach of financial covenant(s)
• Disappearance of an active market for a financial asset due to financial difficulties
• Concessions made by the lender in relation to the borrower’s financial difficulty

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

Cure Criteria
- An exposure will move from stage 2 to 1 where probationary period of 90 days is met subject to all payments being up to date with the customer demonstrating ability to maintain future repayments.
- An Exposure will move from Stage 3 to 2 where probationary period of 180 days is met and there is consistency in repayment of obligations as and when due.

c Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:
• The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
• EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
• Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

The 12M PD associated with a given rating is calibrated to a 12M Point in Time PD (PiT PD) using regression analysis while the lifetime PD is developed by applying a cross section regression model which extends the 12-month PiT PD over a long-time horizon. The cross-sectional analysis incorporates time-variant factors, time-invariant factors and idiosyncratic factors.

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

• For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower.
• For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.
The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
• For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales which has embedded cost of recovery, recovery period and haircuts.
• For unsecured products, the group leverages on a statistical model which estimates recovery rate based on analysis of default data. The model takes in to consideration the credit worthiness and borrowers industry in arriving at the recovery rate.
• LGD's are typically set at product level for retail portfolio and counterparty level for the corporate portfolio, investment securities and placements with financial institutions.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by portfolio/product type. Refer to note 3.2.11(d) for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation such as rating migration for determination of PDs and change in collateral values etc. are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

d Forward-looking information incorporated in the ECL models

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

These variables and their associated impact on the PD, EAD and LGD vary by portfolio type; in addition, expert judgment has also been applied in this process.
Forecasts of these macro-economic variables for each of the possible scenarios (upturn, baseline and downturn) are provided by Moody's Analytics economic's team (Groups Vendor) via its platform known as Data Buffet on a quarterly basis. The platform can provide an economic forecast up to 30 years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical cross sectional regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Weights are assigned to the possible outcome of each scenario based on statistical regression analysis and expert judgement taking account of the range of possible outcomes each chosen scenario is representative of.

The assessment of SICR is determined using rating migration which are linked to the PDs of each scenarios multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note 3.2.11a). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

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

e Simplified Approach

In determining the ECL for other assets, the Group applies the simplified approach to estimate ECLs, adopting a provision matrix, where the receivables are grouped based on the nature of the transactions, aging of the balances and different historical loss patterns, to determine the lifetime ECLs. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for forward looking estimates e.g. inflation, exchange rates etc.

3.2.13 Economic variable assumptions

The most significant period-end assumptions in the table below is for First Bank of Nigeria Limited (FBN) as at 31 December 2022. FBN contributes 97% of the total Loans and advances to customers of the Group, therefore the table is a representative for the Group

Corporate Portfolio, Investment Securities and Placements with financial institutions

		2023	2024	2025	2026	2027
Gross Domestic Product (NGN' billions)	Base	76,833	79,218	82,836	86,813	90,663
	Upturn	77,902	81,073	84,827	89,751	94,497
	Downturn	73,156	75,908	80,330	83,838	87,051
Stock Index Price (NGN per share)	Base	44,273	45,356	49,369	52,938	56,067
	Upturn	48,503	49,805	53,399	56,870	59,766
	Downturn	33,792	36,696	42,567	47,041	50,710
Oil price (USD per barrel)	Base	89	75	70	69	70
	Upturn	92	76	70	69	70
	Downturn	72	58	65	67	69

The most significant period-end assumptions used for the ECL estimate as at 31 December 2021 are set out below.

		2022	2023	2024	2025	2026
Gross Domestic Product (NGN' billions)	Base	76,411	78,287	81,382	84,901	88,642
	Upturn	76,874	79,797	83,526	87,612	92,016
	Downturn	74,495	74,379	79,461	82,617	86,018
Stock Index Price (NGN per share)	Base	43,162	43,549	45,759	48,192	50,069
	Upturn	46,942	48,086	50,003	52,056	53,669
	Downturn	33,117	35,289	39,467	42,821	45,647
Oil price (USD per barrel)	Base	71	64	64	66	69
	Upturn	73	69	70	72	75
	Downturn	44	46	53	56	60

In current year, First Bank adopted the Gaussian distribution method of probability distribution to determine the weights of each of its selected scenarios. Expert judgement was applied for other entities. The weightings assigned to each economic scenario are as follows:

DECEMBER 2022	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	45%	33%	22%

DECEMBER 2021	Base	Upturn	Downturn
Corporate portfolio, Investment Securities and Placement with financial institutions	44%	28%	28%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

3.2.14 Sensitivity analysis on ECL Model

The most significant assumptions affecting the ECL allowance are as follows:

Corporate Portfolios

(i) GDP, given the significant impact on companies' performance and collateral valuations
(ii) Oil price, given its significant impact on Nigerian economy and industry players
(iii) Stock Price Index, given its relevance for evaluating market performance of firms.

The sensitivity analysis has been determined by changing one variable or holding it constant on the x -axis, while changing another variable or holding it constant on the y-axis. Set out below are the changes to the ECL that would result if the economic variable assumptions used to measure ECL remain as expected, as well as if each of the key asumptions used change by plus or minus 10%.

DECEMBER 2022		Oil Price		
Corporate Portfolios		N'm	N'm	N'm
		(-10%)	No change	+10%
GDP	+10%	47,705	47,545	46,088
	No Change	49,617	48,581	47,545
	(-10%)	51,074	49,617	47,705

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

3.2.15 Measurement basis of financial assets and liabilities

GROUP

	Fair Value through P/L	Fair Value through OCI	Amortised cost	Total
	N'million	*N'million*	*N'million*	*N'million*
31 December 2022				
Financial assets				
Cash and balances with central banks	-	-	1,790,863	1,790,863
Loans and advances to banks	-	-	1,223,061	1,223,061
Loans and advances to customers - Corporate Portfolio:				
- Overdrafts	-	-	1,003,552	1,003,552
- Term loans	-	-	2,233,510	2,233,510
- Project finance	-	-	288,920	288,920
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	45,132	45,132
- Term loans	-	-	165,423	165,423
- Credit cards	-	-	2,790	2,790
- Mortgage	-	-	49,735	49,735
Financial assets at fair value through profit or loss	278,466	-	-	278,466
Investment securities:				
- Investments at FVOCI	-	1,023,690	-	1,023,690
- Investments at amortised cost	-	-	1,298,195	1,298,195
Asset pledged as collateral	-	495,913	99,258	595,171
Other assets	-	-	272,849	272,849
Total Financial Assets	278,466	1,519,603	8,473,287	10,271,356

	Fair Value through P/L	Amortised cost	Total
	N'million	*N'million*	*N'million*
Financial liabilities			
Deposits from banks	-	1,055,254	1,055,254
Deposits from customers	-	7,124,086	7,124,086
Derivative liabilities	38,384	-	38,384
Other liabilities	-	649,214	649,214
Borrowings	-	675,440	675,440
Total Financial Liabilities	38,384	9,503,994	9,542,378

GROUP

	Fair Value through P/L	Fair Value through OCI	Amortised cost	Total
	N'million	N'million	N'million	N'million
31 December 2021				
Financial assets				
Cash and balances with central banks	-	-	1,586,769	1,586,769
Loans and advances to banks	-	-	1,015,122	1,015,122
Loans and advances to customers - Corporate Portfolio:				-
- Overdrafts	-	-	484,936	484,936
- Term loans	-	-	1,866,738	1,866,738
- Project finance	-	-	308,237	308,237
Loans and advances to customers - Retail Portfolio:				
- Overdrafts	-	-	21,793	21,793
- Term loans	-	-	154,838	154,838
- Credit cards	-	-	2,338	2,338
- Mortgage	-	-	43,036	43,036
Financial assets at fair value through profit or loss	351,146	-	-	351,146
Investment securities:				-
- Investments at FVOCI	-	788,928	-	788,928
- Investments at amortised cost	-	-	1,168,550	1,168,550
Asset pledged as collateral	261,224	378,334	79,103	718,661
Other assets	-	-	135,680	135,680
Total Financial Assets	612,370	1,167,262	6,867,140	8,646,772

3.2.15 Measurement basis of financial assets and liabilities continued

	Fair Value through P/L	Amortised cost	Total
	N'million	N'million	N'million
Financial liabilities			
Deposits from banks	-	1,098,107	1,098,107
Deposits from customers	-	5,849,487	5,849,487
Derivative liabilities	19,648	-	19,648
Other liabilities	-	649,917	649,917
Borrowings	-	405,304	405,304
Total Financial Liabilities	19,648	8,002,815	8,022,463

COMPANY 31 December 2022	Fair Value through P/L N'million	Fair Value through OCI N'million	Amortised cost N'million	Total N'million
Financial assets				
Loans and advances to banks	-	-	18,331	18,331
Loans and advances to customers - Retail portfolio				
- Staff loans	-	-	39	39
Financial assets at FVTPL	1,601	-	-	1,601
Investment securities:				-
- Investment securities at FVOCI	-	3,963	-	3,963
Other assets	-	-	18,772	18,772
Total Financial Assets	1,601	3,963	37,143	42,707

	Fair Value through P/L N'million	Amortised cost N'million	Total N'million
Financial liabilities			
Other liabilities	-	17,269	17,269
Total Financial Liabilities	-	17,269	17,269

COMPANY 31 December 2021	Fair Value through P/L N'million	Fair Value through OCI N'million	Amortised cost N'million	Total N'million
Financial assets				
Loans and advances to banks	-	-	16,477	16,477
Loans and advances to customers - Retail portfolio				
- Staff loans	-	-	49	49
Financial assets at FVTPL	1,337	-	-	1,337
Investment securities:				-
- Investment securities at FVOCI	-	4,210	-	4,210
Other assets	-	-	13,304	13,304
Total Financial Assets	1,337	4,210	29,830	35,377

	Fair Value through P/L N'million	Amortised cost N'million	Total N'million
Financial liabilities			
Other liabilities	-	16,192	16,192
Total Financial Liabilities	-	16,192	16,192

3.2.16 Maximum exposure to credit risk before collateral held or credit enhancements

(a) Financial instruments subject to impairment

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

GROUP

	Balances with Central Banks 31 Dec 2022				
	Stage 1 12-month ECL N'millions	**Stage 2 Lifetime ECL N'millions**	**Stage 3 Lifetime ECL N'millions**	**Purchased Credit-Impaired N'millions**	**Total N'millions**
Credit Grade					
Investment grade	-	-	-	-	-
Non Investment Grade	1,663,959	-	-	-	1,663,959
Gross Carrying Amount	1,663,959	-	-	-	1,663,959
Loss allowance	-	-	-	-	-
Carrying Amount	1,663,959	-	-	-	1,663,959

	Loans and Advances to Banks 31 Dec 2022				
	Stage 1 12-month ECL N'millions	**Stage 2 Lifetime ECL N'millions**	**Stage 3 Lifetime ECL N'millions**	**Purchased Credit-Impaired N'millions**	**Total N'millions**
Credit Grade					
Investment grade	324,024	-	-	-	324,024
Non Investment Grade	903,493	-	-	-	903,493
Gross Carrying Amount	1,227,517	-	-	-	1,227,517
Loss allowance	(4,456)	-	-	-	(4,456)
Carrying Amount	1,223,061	-	-	-	1,223,061

Loans and Advances to Customers - Retail Portfolio
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	2,894	-	-	-	2,894
Non Investment Grade	257,814	1,287	-	-	259,101
Default	-	-	4,554	-	4,554
Gross Carrying Amount	260,708	1,287	4,554	-	266,549
Loss allowance	(1,655)	(70)	(1,745)	-	(3,470)
Carrying Amount	259,053	1,218	2,809	-	263,079

Loans and Advances to Customers - Corporate Portfolio
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	674,223	-	-	-	674,223
Non Investment Grade	2,459,673	348,386	-	-	2,808,059
Default	-	-	180,378	-	180,378
Gross Carrying Amount	3,133,897	348,386	180,378	-	3,662,660
Loss allowance	(9,454)	(47,911)	(79,313)	-	(136,678)
Carrying Amount	3,124,443	300,475	101,065	-	3,525,982

Debt Investment Securities - at FVOCI
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	760,263	-	-	-	760,263
Non Investment Grade	112,508	-	-	-	112,508
Carrying Amount	872,771	-	-	-	872,771

Investment Securities - at Amortised Cost
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	1,193,137	-	-	-	1,193,137
Non Investment Grade	112,508	-	-	-	112,508
Gross Carrying Amount	1,305,644	-	-	-	1,305,644
Loss allowance	(7,449)	-	-	-	(7,449)
Carrying Amount	1,298,196	-	-	-	1,298,196

Assets Pledged as Collateral
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	595,171	-	-	-	595,171
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	595,171	-	-	-	595,171
Loss allowance	-	-	-	-	-
Carrying Amount	595,171	-	-	-	595,171

	31 Dec 2022 N'millions
Other assets	294,486
ECL	(21,638)
Carrying amount	272,849

The expected loss rate per age bracket in table below is for First Bank of Nigeria Limited (FBN) as at 31 December 2022. FBN contributes 90% of the total Other assets of the Group, therefore the table is a representative for the Group

	0-30 days	31-60 days	61-180 days	181 -365 days	> 365 days
Expected Loss rate	0.56%	0.00%	0.00%	0.00%	71.90%

GROUP

Balances with Central Banks 31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	1,465,605	-	-	-	1,465,605
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	1,465,605	-	-	-	1,465,605
Loss allowance	-	-	-	-	-
Carrying Amount	1,465,605	-	-	-	1,465,605

Loans and Advances to Banks 31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	199,003	-	-	-	199,003
Non Investment Grade	819,345	-	-	-	819,345
Gross Carrying Amount	1,018,348	-	-	-	1,018,348
Loss allowance	(3,226)	-	-	-	(3,226)
Carrying Amount	1,015,122	-	-	-	1,015,122

Loans and Advances to Customers - Retail Portfolio 31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	36,503	1,212	-	-	37,715
Non Investment Grade	187,955	1,216		-	189,171
Default	-	-	9,484	-	9,484
Gross Carrying Amount	224,458	2,428	9,484	-	236,369
Loss allowance	(8,942)	(638)	(4,785)	-	(14,365)
Carrying Amount	215,516	1,790	4,699	-	222,005

Loans and Advances to Customers - Corporate Portfolio 31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	866,923	17,211	-	-	884,134
Non Investment Grade	1,175,679	515,736	-	-	1,691,415
Default	-	-	192,258	-	192,258
Gross Carrying Amount	2,042,602	532,947	192,258	-	2,767,807
Loss allowance	(4,498)	(25,461)	(77,937)	-	(107,896)
Carrying Amount	2,038,104	507,486	114,321	-	2,659,911

Debt Investment Securities - at FVOCI 31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	647,293	-	-	-	647,293
Non Investment Grade	13,727	-	-	-	13,727
Carrying Amount	661,020	-	-	-	661,020

Investment Securities - at Amortised Cost 31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	1,107,600	-	-	-	1,107,600
Non Investment Grade	62,563	-	-	-	62,563
Default	-	-	-	-	-
Gross Carrying Amount	1,170,163	-	-	-	1,170,163
Loss allowance	(1,613)	-	-	-	(1,613)
Carrying Amount	1,168,550	-	-	-	1,168,550

Assets Pledged as Collateral
31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	718,662	-	-	-	718,662
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	718,662	-	-	-	718,662
Loss allowance	-	-	-	-	-
Carrying Amount	718,662	-	-	-	718,662

	31 Dec 2021 Total N'millions
Other assets	157,635
ECL	(21,955)
Carrying amount	135,680

Company

Loans and Advances to Banks
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	18,331	-	-	-	18,331
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	18,331	-	-	-	18,331
Loss allowance	-	-	-	-	-
Carrying Amount	18,331	-	-	-	18,331

Loans and Advances to Customers - Retail Portfolio
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	-	-	-	-	-
Non Investment Grade	39	-	-	-	39
Gross Carrying Amount	39	-	-	-	39
Loss allowance	-	-	-	-	-
Carrying Amount	39	-	-	-	39

Debt Investment Securities - at FVOCI
31 Dec 2022

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	3,963	-	-	-	3,963
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	3,963	-	-	-	3,963
Loss allowance	-	-	-	-	-
Carrying Amount	3,963	-	-	-	3,963

	31 Dec 2021 N'millions
Other assets	18,772
ECL	-
Carrying amount	18,772

Loans and Advances to Banks
31 Dec 2021

	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	16,477	-	-	-	16,477
Non Investment Grade	-	-	-	-	-
Gross Carrying Amount	16,477	-	-	-	16,477
Loss allowance	-	-	-	-	-
Carrying Amount	16,477	-	-	-	16,477

	Loans and Advances to Customers - Retail Portfolio 31 Dec 2021				
	Stage 1 12-month ECL N'millions	Stage 2 Lifetime ECL N'millions	Stage 3 Lifetime ECL N'millions	Purchased Credit-Impaired N'millions	Total N'millions
Credit Grade					
Investment grade	-	-	-	-	-
Non Investment Grade	61	-	-	-	61
Gross Carrying Amount	61	-	-	-	61
Loss allowance	-	-	-	-	-
Carrying Amount	61	-	-	-	61

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

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

(b) **Financial instruments not subject to impairment**

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment

	GROUP		COMPANY	
	31 Dec 2022 N'millions	31 Dec 2021 N'millions	31 Dec 2022 N'millions	31 Dec 2021 N'millions
Financial Assets at FVPTL				
- Debt Securities	168,852	224,005	-	-
- Derivatives	63,180	78,780	-	-

3.2.17 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2022 and 31 December 2021. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. Investment securities and financial assetsat fair value through profit or loss analysed below excludes investments in equity instruments.

GROUP

	Lagos N 'million	Southern Nigeria N 'million	Northern Nigeria N 'million	Africa N 'million	Europe N 'million	America N 'million	**Total** N 'million
Balances with central bank	1,568,340	-	-	83,571	7,058	4,990	1,663,959
Loans and advances to banks	371,279	-	-	226,137	547,735	77,911	1,223,061
Loans and advances to customers - Retail portfolio	78,911	73,325	46,364	17,049	47,419	12	263,079
Loans and advances to customers - Corporate portfolio	2,544,050	522,390	172,424	214,122	50,197	22,799	3,525,982
Financial assets at FVTPL	231,525	-	-	506	-	-	232,032
Investment securities							
- FVOCI Investments	846,770	7,432	16,606	1,964	-	-	872,771
- Amortised cost investments	1,298,195	-	-	-	-	-	1,298,195
Asset pledged as collateral	595,171	-	-	-	-	-	595,171
Other assets	266,809	-	-	-	6,040	-	272,849
31 December 2022	7,801,048	603,146	235,394	543,350	658,449	105,712	9,947,099
Credit risk exposure relating to off balance sheet items are as follows							
Loan commitments	74,862	2,694	6,480	20,849	637	-	105,521
Letters of credit and other credit related obligations	669,495	108,977	87,532	130,686	205,056	-	1,201,746
31 December 2022	744,356	111,671	94,011	151,535	205,693	-	1,307,267

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

	Lagos N 'million	Southern Nigeria N 'million	Northern Nigeria N 'million	Africa N 'million	Europe N 'million	America N 'million	**Total N 'million**
Balances with central bank	1,314,894	-	-	127,673	13,779	9,259	1,465,605
Loans and advances to banks	347,220	-	-	150,189	381,837	135,876	1,015,122
Loans and advances to customers - Retail portfolio	59,412	66,974	36,079	17,996	41,527	17	222,005
Loans and advances to customers - Corporate portfolio	1,838,723	466,033	94,677	171,344	79,093	10,041	2,659,911
Financial assets at FVTPL	299,679	-	-	1,803	2,403 -	1,101	302,784
Investment securities							
- FVOCI Investments	657,798	737	431	2,054	-	-	661,020
- Amortised cost investments	215,484	54	-	220,212	159,174	573,626	1,168,550
Asset pledged as collateral	707,742	-	-	10,920	-	-	718,662
Other assets	105,165	10,696	2,936	16,490	393	-	135,680
31 December 2021	5,546,118	544,494	134,123	718,682	678,205	727,718	8,349,340

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

	Lagos	Southern Nigeria	Northern Nigeria	Africa	Europe	America	Total
Loan commitments	63,560	22,575	1,251	14,909	-	-	102,295
Letters of credit and other credit related obligations	912,139	69,379	28,303	105,584	156,980	-	1,272,385
31 December 2021	975,699	91,955	29,554	120,493	156,980	-	1,374,680

COMPANY

	Lagos **N 'million**	Southern Nigeria **N 'million**	Northern Nigeria **N 'million**	Africa **N 'million**	Europe **N 'million**	America **N 'million**	**Total N 'million**
Loans and advances to banks	18,331	-	-	-	-	-	18,331
Loans and advances to customers							
- Term loans	39	-	-	-	-	-	39
Investment securities							
- FVOCI Investments	3,963	-	-	-	-	-	3,963
Other assets	18,772	-	-	-	-	-	18,772
31 December 2022	41,106	-	-	-	-	-	41,106

	Lagos **N 'million**	Southern Nigeria **N 'million**	Northern Nigeria **N 'million**	Africa **N 'million**	Europe **N 'million**	America **N 'million**	**Total N 'million**
Loans and advances to banks	16,477	-	-	-	-	-	16,477
Loans and advances to customers							
- Term loans	49	-	-	-	-	-	49
Investment securities							
- FVOCI Investments	4,210	-	-	-	-	-	4,210
Other assets	13,304	-	-	-	-	-	13,304
31 December 2021	34,040	-	-	-	-	-	34,040

b) Industry sectors

The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets at fair value through profit or loss analysed below excludes investments in equity instruments.

GROUP

	Balances with central bank **N 'million**	Loans and advances to banks **N 'million**	Financial assets at fair value through profit or loss **N 'million**	Investment Securities - FVOCI **N 'million**	Investment Securities - Amortised cost **N 'million**	Asset pledged as collateral **N 'million**	Other assets **N 'million**
Agriculture	-	-	-	-	17	-	-
Oil and gas	-	-	-	-	3,443	-	-
Consumer credit	-	-	-	-	-	-	-
Manufacturing	-	-	-	1,040	4,638	-	2,384
Finance and insurance	-	1,223,061	222	162,953	1,757	-	261,097
Transportation	-	-	-	-	-	-	-
Communication	-	-	3,869	-	-	-	-
General commerce	-	-	-	-	-	-	13,357
Utilities	-	-	-	18,068	-	-	5,304
Public sector	1,663,959	-	227,941	690,711	1,288,340	707,741	529
Total at 31 December 2022	1,663,959	1,223,061	232,032	872,771	1,298,195	595,171	282,671

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

	Loans and advances to customers - Retail Portfolio				
	Overdraft N 'million	Term loans N 'million	Credit Cards N 'million	Mortgage N 'million	Total N 'million
Agriculture	858	97	2	-	957
Oil and gas	176	266	3	-	445
Consumer credit	16,175	134,511	2,296	481	153,464
Manufacturing	440	35	0	-	475
Real estate	76	463	21	49,255	49,815
Construction	88	29	-	-	117
Finance and insurance	924	6	-	-	931
Transportation	34	13	-	-	47
Communication	11	221	-	-	233
General commerce	1,125	15,236	0	-	16,361
Utilities	1	34	-	-	35
Retail services	26,890	15,667	493	373	43,423
Public sector	60	188	-	-	248
Total at 31 December 2022	46,859	166,766	2,816	50,109	266,549

	Loans and advances to customers - Corporate Portfolio			
	Overdraft N 'million	Term loans N 'million	Project finance N 'million	Total N 'million
Agriculture	12,377	45,269	119	57,766
Oil and gas	522,190	683,711	14,278	1,220,179
Consumer credit	1,064	13,535	-	14,599
Manufacturing	234,616	398,886	136,208	769,710
Real estate	300	77,020	13,792	91,112
Construction	5,457	44,470	71,105	121,032
Finance and insurance	10,688	1,461	-	12,149
Transportation	1,779	24,111	759	26,649
Communication	56,823	106,113	42,806	205,742
General commerce	75,551	128,071	58	203,680
Utilities	16,507	244,530	7,493	268,530
Retail services	101,108	225,780	43,552	370,440
Public sector	1,228	299,845	-	301,073
Total at 31 December 2022	1,039,688	2,292,801	330,171	3,662,660

GROUP

	Balances with central bank N 'million	Loans and advances to banks N 'million	Financial assets at fair value through profit or loss N 'million	Investment Securities - FVOCI N 'million	Investment Securities - Amortised cost N 'million	Asset pledged as collateral N 'million	Other assets N 'million
Oil and gas	-	-	-	-	-	-	-
Manufacturing	-	-	-	2,404	7,144	-	2,384
Construction	-	-	-		-	-	-
Finance and insurance	1,465,605	1,015,122	11,730	11,254	1,144,297	10,920	114,429
Transportation	-	-	-	117,498	-	-	-
Communication	-	-	-	-	-	-	-
General commerce	-	-	-	-	-	-	13,357
Utilities	-	-	-	-	-	-	5,304
Public sector	-	-	291,054	529,864	17,108	707,741	206
Total at 31 December 2021	1,465,605	1,015,122	302,784	661,020	1,168,550	718,662	135,680

	Loans and advances to customers - Retail Portfolio				
	Overdraft N 'million	Term loans N 'million	Credit Cards N 'million	Mortgage N 'million	Total N 'million
Agriculture	140	247	4	-	391
Oil and gas	218	891	5	-	1,114
Consumer credit	8,421	121,650	1,859	6	131,936
Manufacturing	77	101	-	-	178
Real estate	17	1,033	-	43,030	44,080
Construction	420	320	-	-	740
Finance and insurance	19	101	-	-	119
Transportation	81	112	-	-	193
Communication	13	16	-	-	30
General commerce	899	641	1	-	1,540
Utilities	55	215	-	-	270
Retail services	11,360	29,395	470	-	41,226
Public sector	72	115	-	-	187
Total at 31 December 2021	21,793	154,838	2,339	43,036	222,004

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

	Loans and advances to customers - Corporate Portfolio Overdraft	Term loans	Project finance	Total
	N 'million	N 'million	N 'million	N 'million
Agriculture	11,850	52,645	83	64,578
Oil and gas	189,552	669,744	13,154	872,450
Consumer credit	3,488	18,301	-	21,789
Manufacturing	129,750	286,463	141,848	558,060
Real estate	556	31,560	16,994	49,110
Construction	14,909	53,681	73,585	142,176
Finance and insurance	12,315	4,072	-	16,387
Transportation	1,515	13,868	-	15,383
Communication	14,784	69,578	35,812	120,174
General commerce	41,896	134,564	312	176,771
Utilities	16,306	221,757	19,195	257,258
Retail services	47,788	43,180	7,254	98,222
Public sector	227	267,326	-	267,554
Total at 31 December 2021	484,936	1,866,737	308,238	2,659,913

b) Industry sectors

	Loans and advances to banks	Financial assets at fair value through profit or loss	Investment Securities - FVOCI	Investment Securities - Amortised cost	Other assets	Loans to customers Retail portfolio
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
COMPANY						
Finance and insurance	18,331	-	-	-	18,772	-
Retail services	-	-	-	-	-	39
Public sector	-	-	3,963	-	-	-
Total at 31 December 2022	18,331	-	3,963	-	18,772	39

	Loans and advances to banks	Financial assets at fair value through profit or loss	Investment Securities - FVOCI	Investment Securities - Amortised cost	Other assets	Loans to customers Retail portfolio
	N 'million	N 'million	N 'million	N 'million	N 'million	N 'million
COMPANY						
Finance and insurance	16,477	-	-	-	13,304	-
Retail services	-	-	-	-	-	49
Public sector	-	-	4,210	-	-	-
Total at 31 December 2021	16,477	-	4,210	-	13,304	49

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

	Loan commitments 31 Dec 2022	Letter of credit and other related obligations 31 Dec 2022	Loan commitments 31 Dec 2021	Letter of credit and other related obligations 31 Dec 2021
	N 'million	N 'million	N 'million	N 'million
		GROUP		
Agriculture	2,145	8,550	518	16,610
Oil and gas	48,574	210,341	63,359	189,438
Consumer credit	2,427	-	12	-
Manufacturing	17,470	283,057	16,358	464,281
Real estate	641	-	4	-
Construction	2,234	142,792	2,319	68,791
Finance and insurance	970	283,439	4,163	302,267
Transportation	27	6,491	24	2,931
Communication	10,225	28,684	4,092	37,144
General commerce	5,697	136,673	6,147	136,821
Utilities	948	27,196	51	23,227
Retail services	9,917	66,808	4,760	24,782
Public sector	4,245	7,715	486	6,093
TOTAL	105,521	1,201,746	102,295	1,272,385

3.2.18 Loans and advances to customers

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

December 2022	Loans and advances to customers				
	Overdraft	Term loans	Credit Cards	Mortgage	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**
GROUP					
Retail					
Stage 1 loans	45,748	163,696	2,737	48,526	260,708
Stage 2 loans	4	861	-	424	1,287
Stage 3 loans	1,107	2,209	78	1,159	4,554
Gross	46,859	166,766	2,816	50,109	266,549
Less: allowance for impairment (note 22)	(1,727)	(1,343)	(26)	(374)	(3,470)
Net	45,132	165,423	2,790	49,735	263,079
Lifetime ECL (see note 22)	907	732	24	152	1,815
12-months' ECL (see note 22)	820	611	2	222	1,655
Total	1,727	1,343	26	374	3,470

December 2022	Loans and advances to customers			
	Overdraft	Term loans	Project finance	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**
GROUP				
Corporate				
Stage 1 loans	786,172	2,107,305	240,419	3,133,896
Stage 2 loans	233,607	98,091	16,688	348,386
Stage 3 loans	19,909	87,405	73,064	180,378
Gross	1,039,687	2,292,801	330,171	3,662,659
Less: allowance for impairment (note 22)	(36,136)	(59,291)	(41,251)	(136,678)
Net	1,003,551	2,233,510	288,921	3,525,981
Lifetime ECL (see note 22)	34,743	51,513	40,968	127,224
12-months' ECL (see note 22)	1,393	7,778	283	9,454
Total	36,136	59,291	41,251	136,678

December 2021	Loans and advances to customers				
	Overdraft	Term loans	Credit Cards	Mortgage	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**
GROUP					
Retail					
Stage 1 loans	23,965	156,059	2,912	41,523	224,458
Stage 2 loans	1,021	933	-	474	2,429
Stage 3 loans	5,610	2,196	81	1,598	9,484
Gross	30,596	159,187	2,993	43,594	236,371
Less: allowance for impairment (note 23)	(8,803)	(4,349)	(655)	(558)	(14,365)
Net	21,793	154,839	2,338	43,036	222,006
Lifetime ECL (see note 23)	4,575	435	58	355	5,423
12-months' ECL (see note 23)	4,228	3,914	597	203	8,942
Total	8,803	4,349	655	558	14,365

December 2021	Loans and advances to customers				
	Overdraft	Term loans	Project finance	Advances under finance lease	**Total**
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**
GROUP					
Corporate					
Stage 1 loans	365,522	1,415,449	261,631	-	2,042,602
Stage 2 loans	108,474	408,724	15,749	-	532,947
Stage 3 loans	27,560	92,281	72,417	-	192,258
Gross	501,557	1,916,454	349,796	-	2,767,808
Less: allowance for impairment (note 23)	(16,621)	(49,716)	(41,559)		(107,896)
Net	484,936	1,866,738	308,238	-	2,659,911
Lifetime ECL (see note 23)	15,776	46,315	41,307	-	103,398
12-months' ECL (see note 23)	845	3,401	252	-	4,498
Total	16,621	49,716	41,559	-	107,896

	Term loans N 'million	**Total N 'million**
COMPANY		
Retail		
December 2022		
Stage 1 loans	39	39
Gross	39	39
Less: allowance for impairment	-	-
Net	39	39
Retail		
December 2021		
Stage 1 loans	49	49
Gross	49	49
Less: allowance for impairment	-	-
Net	49	49

GROUP
December 2022
Retail
(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

	Overdraft N 'million	Term loans N 'million	Credit cards N 'million	Mortgage N 'million	**Total N 'million**
Grades:					
A	22	83	-	-	105
Baa	123	2,666	-	-	2,789
Ba	43,123	140,245	2,471	2,214	188,054
B	2,481	20,638	266	46,312	69,697
Caa	-	63	-	-	63
	45,748	163,696	2,737	48,526	260,708

	Overdraft N 'million	Term loans N 'million	Credit cards N 'million	Mortgage N 'million	**Total N 'million**
(b) Loans and advances - Stage 2					
Past due up to 30 days	3	751	-	24	777
Past due by 30 - 60 days	0		-	400	400
Past due 60-90 days	1	43	-	-	43
Above 90 days	-	67	-	-	67
Gross amount	4	861	-	424	1,287
(c) Loans and advances - Stage 3					
Gross amount	1,107	2,209	78	1,159	4,554
Life time ECL- credit impaired	(906)	(683)	(16)	(140)	(1,744)
Net amount	201	1,526	63	1,019	2,809

December 2022
Corporate
(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

	Overdraft N 'million	Term loans N 'million	Project finance N 'million	**Total N 'million**
Grades:				
Aa	152	5,177	-	5,330
A	145,148	55,244	135,941	336,333
Baa	52,748	241,565	38,247	332,560
Ba	30,275	226,561	13,074	269,910
B	477,734	855,408	37,033	1,370,175
Caa	80,115	723,349	16,124	819,588
	786,172	2,107,305	240,419	3,133,896

	Overdraft	Term loans	Project finance	Total
	N 'million	N 'million	N 'million	N 'million
(b) Loans and advances - Stage 2				
Past due up to 30 days	233,058	60,245	16,688	309,991
Past due by 30 - 60 days	282	786	-	1,068
Past due 60-90 days	268	36,975	-	37,242
Above 90 days	-	85	-	85
Gross amount	233,607	98,091	16,688	348,386
(c) Loans and advances - Stage 3				
Gross amount	19,909	87,405	73,064	180,378
Life time ECL- credit impaired	(13,001)	(25,348)	(40,964)	(79,313)
Net amount	6,908	62,057	32,100	101,065

GROUP
December 2021
Retail
(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.11 for an explanation of the internal rating system).

	Overdraft	Term loans	Credit cards	Mortgage	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
Grades:					
A	1	193	-	-	194
Baa	3,374	23,511	54	277	27,216
Ba	18,594	108,949	2,452	2,093	132,088
B	1,995	23,406	406	39,152	64,960
	23,965	156,059	2,912	41,523	224,459

3.2.18 Loans and advances to customers continued

	Overdraft	Term loans	Credit cards	Mortgage	Total
	N 'million	N 'million	N 'million	N 'million	N 'million
(b) Loans and advances - Stage 2					
Past due up to 30 days	37	653	-	-	690
Past due by 30 - 60 days	93	22	-	45	160
Past due 60-90 days	892	258	-	429	1,579
Gross amount	1,021	933	0	474	2,429
(c) Loans and advances - Stage 3					
Gross amount	5,610	2,196	81	1,598	9,484
Life time ECL- credit impaired	(4,025)	(369)	(58)	(333)	(4,785)
Net amount	1,585	1,827	23	1,264	4,699

December 2021
Corporate
(a) Loans and advances to customers - Stage 1

The credit quality of the portfolio of loans and advances to customers that are categorised in Stage 1 can be assessed by reference to the internal rating system adopted by the Group (See section 3.2.2 for an explanation of the internal rating system).

	Overdraft	Term loans	Project finance	Total
	N 'million	N 'million	N 'million	N 'million
Grades:				
Aaa	-	-	-	-
Aa	57,297	91,243	133,929	282,470
A	10,829	67,788	8,170	86,788
Baa	71,494	413,465	21,726	506,684
Ba	172,889	536,147	70,521	779,557
B	53,013	306,806	27,284	387,103
Caa	-	23,155	-	23,155
	365,522	1,438,604	261,631	2,065,756

	Overdraft	Term loans	Project finance	Total
	N 'million	N 'million	N 'million	N 'million
(b) Loans and advances - Stage 2				
Past due up to 30 days	106,768	403,002	15,749	525,519
Past due by 30 - 60 days	872	618	-	1,490
Past due 60-90 days	833	5,105	-	5,938
Gross amount	108,474	408,724	15,749	532,947

(c) Loans and advances - Stage 3

Gross amount	27,560	92,281	72,417	182,138
Life time ECL- credit impaired	(9,309)	(27,332)	(41,296)	(48,360)
Net amount	18,252	64,948	31,121	133,778

3.2.19 Collaterized Assets

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset. The effect of collateral at 31 December 2022 and 31 December 2021 are as shown below

GROUP	**Over-collateralised assets**		**Under-collateralised assets**	
31 December 2022	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	178,179	178,179	975,037	-
Financial assets at fair value through profit or loss	-	-	214,751	-
Total Financial Assets	178,179	178,179	1,189,788	-

GROUP	**Over-collateralised assets**		**Under-collateralised assets**	
31 December 2021	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	588,489	591,742	407,329	-
Financial assets at fair value through profit or loss	-	-	294,799	8,574
Total Financial Assets	588,489	591,742	702,127	8,574

COMPANY	**Over-collateralised assets**		**Under-collateralised assets**	
31 December 2022	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	-	-	18,331	-
Financial assets at fair value through profit or loss	-	-	1,601	-
Total Financial Assets	-	-	19,932	-

COMPANY	**Over-collateralised assets**		**Under-collateralised assets**	
31 December 2021	Carrying value of the assets	Fair value of collateral held	Carrying value of the assets	Fair value of collateral held
Financial assets				
Loans and advances to banks	-	-	16,477	-
Financial assets at fair value through profit or loss	-	-	1,337	-
Total Financial Assets	-	-	17,814	-

The underlisted financial assets are not collaterised:

Cash and balances with Central Banks
Investment securities:
- Investment securities at fair value through other comprehensive income
- Amortised cost investments

Asset pledged as collateral
Other assets

The Group's investment in risk-free government securities and its Cash and balances with Central Banks are not considered to require collaterals given their sovereign nature.

3.3 Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows.

Funding risk is a form of liquidity risk that arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The objective of the Group’s liquidity risk management is to ensure that all anticipated funding commitments can be met when due and that access to funding sources is coordinated and cost effective.

3.3.1 Management of liquidity risk

The Group’s liquidity management process includes:

• Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
• Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
• Active monitoring of the timing of cashflows and maturity profiles of assets and liabilities to ensure mismatches are within stipulated limits;
• Monitoring the liquidity ratios against internal and regulatory requirements; and
• Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets

Particular attention is also paid to the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Liquidity risk on derivatives is managed using the same source of funding as for the non derivative liabilities.

3.3.2 Funding approach

The Group is funded primarily by a well diversified mix of retail, corporate and public sector deposits. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and interbank takings as significant sources of funding.

3.3.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in table A below are the contractual undiscounted cash flow, whereas the Group manages the liquidity risk on a behavioural basis which is shown in table B below. See note 32b for maturity analysis of leases.

GROUP

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

	Carrying Amount N 'million	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2022								
Financial liabilities								
Deposits from banks	1,055,254	551,867	319,675	104,174	79,538	-	-	1,055,254
Deposits from customers	7,124,086	5,868,570	634,117	197,877	290,926	107,963	24,633	7,124,086
Derivative liabilities	38,384	38,384	-	-	-	-	-	38,384
Borrowings	675,440	44,700	83,628	53,999	45,777	437,144	10,193	675,440
Other liabilities	652,554	468,199	82,582	46,356	48,490	2,844	743	649,214
Total financial liabilities	9,545,718	6,971,719	1,120,002	402,406	464,731	547,951	35,568	9,542,378
Loan commitments	105,521	46,402	17,634	9,115	27,356	5,014	-	105,521
Letters of credit and other credit related obligations	1,201,746	258,236	202,954	215,902	471,481	51,417	1,756	1,201,746
Total commitments	1,307,267	304,638	220,588	225,017	498,837	56,431	1,756	1,307,267
Assets held for managing liquidity risk	9,763,415	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	11,758,637
31 December 2021								
Financial liabilities								
Deposits from banks	1,098,107	477,701	250,365	140,246	223,473	1,743	-	1,093,528
Deposits from customers	5,849,487	4,701,431	580,989	127,401	203,690	162,678	10,422	5,786,613
Derivative liabilities	19,648	19,293	355	-	-	-	-	19,648
Borrowings	405,304	266,273	33,234	7,644	12,865	30,995	54,292	405,304
Other liabilities	654,350	350,250	95,176	41,149	66,521	24,338	243	577,678
Total financial liabilities	8,026,896	5,814,949	960,120	316,440	506,550	219,754	64,958	7,882,771
Loan commitments	87,263	24,196	20,537	32,652	24,125	767	18	102,295
Letters of credit and other credit related obligations	1,272,385	131,818	232,074	250,463	555,451	96,909	5,670	1,272,385
Total commitments	1,359,648	156,014	252,611	283,115	579,576	97,676	5,689	1,374,680
Assets held for managing liquidity risk	8,882,535	1,328,152	1,268,480	941,476	656,106	529,350	139,663	4,863,228

3.3 Liquidity risk continued

COMPANY

	Carrying Amount N 'million	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2022								
Financial liabilities								
Other liabilities	17,269	15,024	2,245	-	-	-	-	17,269
Total financial liabilities	17,269	15,024	2,245	-	-	-	-	17,269
Assets held for managing liquidity risk		5,232	13,523	1,210	185	2,192	5,866	28,208
31 December 2021								
Financial liabilities								
Other liabilities	16,192	12,386	3,805	-	-	-	-	16,191
Total financial liabilities	16,192	12,386	3,805	-	-	-	-	16,191
Assets held for managing liquidity risk	5,870	5,870	10,713	141	247	2,099	7,334	26,404

(b) Table B below presents the undiscounted cashflows payable by the Group based on their behavioral patterns. In managing its liquidity risk, the Group profiles its cashflows statistically using historical observations, to ensure that projections are in tune with demonstrated behavioral trends. The Group adopts a Behavioral run-off model in estimating Core and Volatile components of its non-maturing liabilities, complemented by qualitative factors e.g. changes in collection sweep cycles, effect of new fiscal or monetary policies etc. The objective is to determine the proportion of the non-contractual balances to be spread across the Group's maturity bands.

TABLE B - LIQUIDITY ANALYSIS ON A BEHAVIOURAL BASIS
GROUP

	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2022							
Financial liabilities							
Deposits from banks	7,961	769,808	127,614	106,291	-	-	1,011,674
Deposits from customers	749,767	804,584	426,694	573,418	4,333,878	7,434	6,895,774
Borrowings	345,668	103,699	39,396	134,432	27,187	62,975	713,356
Other liabilities	396,645	82,582	46,356	48,490	2,844	743	577,660
Total financial liabilities	1,500,041	1,760,672	640,060	862,631	4,363,908	71,151	9,198,464

TABLE B - LIQUIDITY ANALYSIS ON A BEHAVIOURAL BASIS
GROUP (Cont'd)

	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
Loan commitments	46,360	17,634	9,115	27,356	5,014	-	105,478
Letters of credit and other credit related obligations	256,395	202,954	215,902	471,481	51,417	1,756	1,199,905
Total commitments	302,755	220,588	225,017	498,837	56,431	1,756	1,305,383
Assets held for managing liquidity risk	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	1,959,773	11,758,638

	0 - 30 days N 'million	31 - 90 days N 'million	91 - 180 days N 'million	181 - 365 days N 'million	Over 1 year but less than 5 yrs N 'million	Over 5 years N 'million	Total N 'million
31 December 2021							
Financial liabilities							
Deposits from banks	167,878	472,163	228,271	223,474	1,743	-	1,093,528
Deposits from customers	335,687	815,138	256,076	458,188	3,907,875	13,649	5,786,612
Borrowings	266,273	33,234	7,644	12,865	30,995	54,292	405,304
Other liabilities	326,517	117,328	43,242	66,521	24,338	243	578,189
Total financial liabilities	1,096,355	1,437,863	535,233	761,048	3,964,951	68,184	7,863,634
Loan commitments	24,166	20,537	32,652	24,125	767	18	102,265
Letters of credit and other credit related obligations	129,721	232,074	250,463	555,451	96,909	5,670	1,270,288
Total commitments	153,887	252,611	283,115	579,576	97,676	5,689	1,372,553
Assets held for managing liquidity risk	1,328,152	1,268,480	941,476	656,106	529,350	139,663	4,863,228

3.3.4 Assets held for managing liquidity risk

The Group holds a diversified portfolio of liquid assets - largely cash and government securities to support payment and funding obligations in normal and stressed market conditions across foreign and local currencies. The Group's liquid assets comprise

- Cash and balances with the central bank comprising reverse repos and Overnight deposits
- Short term and overnight placements in the interbank market
- Government bonds and T-bills that are readily accepted in repurchase agreements with the Central bank and other market participants
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.
- The ability to access incremental short term funding by interbank borrowing from the interbank market

First Bank of Nigeria Limited, the commercial banking segment of the group, is most exposed to liquidity risk. The bank is largely deposit funded and thus, as is typical amongst Nigerian banks, has significant funding mismatches on a contractual basis, given that the deposits are largely demand and short tenured, whilst lending is longer term. On an actuarial basis, the bank's demand deposits exhibit much longer duration, with 80.83% of the bank's current account balances and 88.57% of savings account balances being deemed core.

To manage liquidity shocks in either foreign or local currency, largely as a result of episodic movements, the bank typically holds significant short term liquidity in currency placements or taps the repo markets to raise short term funding as is required. To grow local currency liquidity, the bank has also systematically worked towards reducing the duration of our securities portfolio in the last year, shifting the emphasis to holding more liquid shorter dated treasury bills over longer term bonds, to allow more flexibility in managing liquidity. Whilst on the foreign currency side, the bank has built up placement balances with our offshore correspondents.

3.3.5 Derivative liabilities

(a) Derivatives settled on a net basis

The out options and the foreign exchange (FX) contract will be settled on a net basis.

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Up to 1 month N 'million	1-3 months N 'million	3-6 months N 'million	6 - 12 months N 'million	1-5 years N 'million	Over 5 years N 'million	Total N 'million
At 31 December 2022							
Derivative liabilities							
FX Futures	-	-	-	145	-	-	145
FX Swap	290	201	-	-	-	-	491
Forward Contract	1,675	1,622	820	29	-	-	4,146
Put Option	-	-	193	12,855	-	-	13,048
	1,966	1,823	1,012	13,029	-	-	17,830
Derivative assets							
FX Futures	-	-	-	145	-	-	145
Put Option	-	-	227	-	-	-	227
FX Swap	22,219	19,200	-	6,060	-	-	47,479
Forward Contract	1,860	2,118	978	10,174	-	-	15,130
	24,079	21,318	1,205	16,379	-	-	62,982
	22,113	19,495	193	3,350	-	-	45,152
At 31 December 2021							
Derivative liabilities							
FX Futures	990	1,297	136	32	-	-	2,455
Cross-Currency Swap	8	-	-	46,394	-	-	46,402
Put Options	2,010	149	102	39	10	-	2,310
	3,009	1,446	238	46,465	10	-	51,168
Derivative assets							
FX Futures	(120)	1,193	136	32	-	-	1,241
Put Options	2,148	174	126	312	42	-	2,802
Forward Contract	(8)	-	-	-	-	-	(8)
	2,020	1,367	262	343	42	-	4,035
	(989)	(79)	25	(46,122)	32	-	(47,133)

(b) Derivatives settled on a gross basis.

The Group's derivatives that will be settled on a gross basis are foreign exchange derivatives. The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cashflows on all derivatives including derivatives classified as 'liabilities held for trading'. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month	1-3 months	3-6 months	6 - 12 months	1-5 years	Over 5 years	Total
GROUP							
At 31 December 2022 (N'million)							
Assets held for trading							
FX Swap - Payable	219,919	221,856	-	136,200	-	-	577,975
FX Swap - Receivable	242,157	241,119	-	142,792	-	-	626,068
Forward Contract - Payment	35,202	52,851	46,628	5,842	-	-	140,524
Forward Contract - Receipt	37,064	54,982	47,621	5,878	-	-	145,545
	534,342	570,808	94,250	290,712	-	-	1,490,111
3.3.5 Derivative liabilities continued							
Liabilities held for trading							
FX Swap - Payable	8,881	11,891	-	-	-	-	20,772
FX Swap - Receivable	8,590	11,690	-	-	-	-	20,280
Forward Contract - Payment	39,288	46,567	44,209	5,878	-	-	135,942
Forward Contract - Receipt	37,611	44,936	43,377	5,849	-	-	131,771
	94,370	115,084	87,586	11,727	-	-	308,766
At 31 December 2021 (N' million)							
Assets held for trading							
FX Swap - Payable	195,395	197,879	4,581	125,100	125,100	-	648,055
FX Swap - Receivable	215,169	310,230	35,566	127,291	127,291	-	815,547
Forward Contract - Payment	54,799	97,596	47,379	-	-	-	199,774
Forward Contract - Receipt	57,407	184,222	127,516	-	-	-	369,145
	522,770	789,926	215,043	252,391	252,391	-	2,032,520
Liabilities held for trading							
FX Swap - Payable	-	1,932	24,613	-	-	-	26,545
FX Swap - Receivable	-	94,508	55,584	4,517	-	-	154,609
Forward Contract - Payment	48,714	74,449	36,575	-	-	-	159,739
Forward Contract - Receipt	46,955	153,531	111,702	149,397	-	-	461,586
Put option	-	-	-	-	-	-	
	95,669	324,420	228,475	153,915	-	-	802,479

3.4 Market risk

Market risk is the potential for adverse changes in the value of a trading or an investment portfolio due to changes in market risk variables such as equity and commodity prices, interest rates, and foreign exchange rates.

Market risk arises from positions in currencies, interest rate and securities held in our trading portfolio and from our retail banking business, investment portfolio, and other non-trading activities. The movement in market risk variables may have a negative impact on the balance sheet and or income statement.
Through the financial year, the Group was exposed to market risk in its trading, and non-trading activities mainly as a result of:
• interest rate movements in reaction to monetary policy changes by the Central Banks in each juridisdiction, fiscal policies changes, and market forces;
• foreign exchange fluctuations arising from demand and supply as well as government policies; and
• equity price movements in response to market forces and changing market dynamics, such as market making on the Stock Exchange.

3.4.1 Management of market risk

The Group's market risk management process applies disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilisation of risk capital. Thus, the Group market risk management policy ensures:

• formal definition of market risk management governance – recognised individual roles and committees, segregation of duties, avoidance of conflicts, etc.;
• management is responsible for the establishment of appropriate procedures and processes in implementing the Board-approved market risk policy and strategy. The procedures are documented in a periodically reviewed market risk procedural manual that spells out the procedures for executing relevant market risk controls.;
• an independent market risk management function;
• a Group-wide market risk management process to which all risk-taking units are subjected;
• alignment of market risk management standards with international best practice. Risk measurements are progressively based on modern techniques such as sensitivity, value-at-risk methodology (VaR), stress testing and scenario analysis;
• a robust market risk management infrastructure reinforced by a strong management information system (MIS) for controlling, monitoring and reporting market risk;
• continual evaluation of risk appetite, communicated through risk limits and overall effectiveness of the market risk management process;
• the Group does not undertake any risk that cannot be managed, or risks that are not fully understood especially in new products and;
• where the Group takes on any risk, full consideration is given to product maturity, financial market sophistication and regulatory pronouncement, guidelines or policies. The risk taken must be adequately compensated by the anticipated reward.

3.4.2 Market risk measurement techniques

The major measurement techniques used to measure and control market risk are outlined below:

(a) Value at risk (VAR)

VaR measures potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level.
VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 99% and a 10-day holding period. The confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced three times per year in every 250 days. Only First Bank of Nigeria (the bank) is subject to the VaR methodology. The Group measures interest rate risk and foreign exchange risk using sensitivity analysis, see note 3.4.6 and 3.4.3 respectively.

The Bank continues to use VaR to estimate the potential losses that could occur on its positions as a result of movements in market factors.

The Bank uses the parametric method as its VaR methodology with an observation period of two years obtained from published data from pre-approved sources. VaR is calculated on the Bank's positions at close of business daily.

The table below shows the trading VaR of the Bank. The major contributors to the trading VaR are Treasury Bills and Foreign Exchange due to volatility in those instruments impacting positions held by the Bank during the period.

The assets included in the VAR analaysis are the held for trading assets.

The Fixed Income portfolio (Interest Rate Risk) trading VaR is NGN1.67 billion as at 31 December 2022 and reflects the potential loss given assumptions of a 1-day holding period, volatility computed using 500-day return data, and a 99% statistical confidence level.

The foreign exchange trading VaR was N30.77 million as at 31st December 2022, reflecting the regulatory Trading Open Position of 0.5% of Shareholder's Fund stipulated by the CBN.

VAR summary

	12 months to 31 December 2022		
	Average	High	Low
Foreign exchange risk	22	55	1
Interest rate risk	1,646	4,652	25
Total VAR	**1,668**	**4,707**	**26**

VAR summary

	12 months to 31 December 2021		
	Average	High	Low
Foreign exchange risk	18	46	-
Interest rate risk	2,739	4,757	451
Total VAR	**2,758**	**4,802**	**451**

3.4.2 Market risk measurement techniques continued

(b) Stress tests

Based on the reality of unpredictable market environment and the frequency of regulations that have had significant effect on market rates and prices, the Group augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

The Asset and Liability Committee (ALCO) of each subsidiary is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure. The stress-testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Regular stress-test scenarios are applied to interest rates, exchange rates and equity prices. This covers all asset classes in the financial markets banking and trading books. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Non-trading portfolio

The principal objective of market risk management of non-trading portfolios is to optimise net interest income. Due to the size of the Group's holdings in rate-sensitive assets and liabilities the Group is exposed to interest rate risk.

Non-trading interest rate risk results mainly from differences in the mismatches or re-pricing dates of assets and liabilities, both on- and off-balance sheet as interest rate changes.

The Group uses a variety of tools to measure non-tradable interest rate risk such as:
• interest rate gap analysis (which allows the Group to maintain a positive or negative gap depending on the perceived interest rate direction). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income;
• forecasting and simulating interest rate margins;
• market value sensitivity;
• calculating earnings at risk (EaR) using various interest rate forecasts; and
• re-pricing risk in various portfolios and yield curve analysis.
See note 3.4.5 for interest rate sensitivity disclosures.

Hedged non-trading market risk exposures

The Group's books have some key market risk exposures, which have been identified and are being managed using swaps and options.

3.4.3 Foreign exchange risk

The Group is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2022 and 31 December 2021. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

GROUP

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
31 December 2022						
Financial assets						
Cash and balances with Central Banks	1,624,576	56,528	1,919	7,571	100,269	1,790,863
Loans and advances to banks	844,361	56,528	112,331	55,543	154,299	1,223,061
Loans and advances to customers - Retail portfolio	182,370	22,055	47,400	13	11,242	263,079
Loans and advances to customers - Corporate portfolio	1,612,625	1,752,939	7,149	4,015	149,255	3,525,982
- Advances under finance lease	-	-	-	-		-
Investment securities						
- FVOCI Investments	934,726	87,421	-	-	1,543	1,023,690
- Amortised cost investments	122,237	802,726	-	-	373,233	1,298,195
Asset pledged as collateral	583,574	-	-	-	11,597	595,171
Financial assets at fair value through profit or loss	224,895	51,929	33	901	708	278,466
Other assets	222,999	32,935	413	11	16,490	272,849
	8,481,096	4,319,505	359,526	81,656	818,635	14,060,417
Financial liabilities						
Customer deposits	4,764,102	1,714,001	318,743	66,489	260,750	7,124,086
Deposits from banks	98,719	941,321	5,584	5,762	3,869	1,055,254
Derivative liabilities	355	16,726	54	438	613	38,384
Borrowings	86,034	567,216	-	-	22,191	675,440
Other liabilities	242,782	295,868	938	4,981	104,645	649,214
	5,191,991	3,535,131	325,318	77,671	392,068	9,542,378

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
31 December 2021						
Financial assets						
Cash and balances with Central Banks	1,401,077	37,601	1,919	7,571	138,601	1,586,769
Loans and advances to banks	473,444	347,212	112,331	55,543	26,593	1,015,122
Loans and advances to customers: Retail portfolio						
- Overdrafts	18,621	2,228	-	8	936	21,793
- Term loans	127,049	5,839	12,269	-	9,681	154,838
- Credit cards	2,017	321	-	-	-	2,338
- Mortgage	2,684	-	40,346	-	6	43,036
Loans and advances to customers: Corporate portfolio						
- Overdrafts	110,079	349,464	-	32	25,361	484,936
- Term loans	889,405	880,360	682	13,519	82,771	1,866,738
- Project finance	169,837	138,401	-	-	-	308,237
- Advances under finance lease	-	-	-	-	-	-
Investment securities						
- FVOCI Investments	662,886	126,042	-	-	-	788,928
- Amortised cost investments	229,500	765,713	(58)	-	173,395	1,168,550
Asset pledged as collateral	707,742	-	-	-	10,920	718,662
Financial assets at fair value through profit or loss	272,535	77,503	78	326	703	351,146
Other assets	85,830	32,935	413	11	16,490	135,680
	5,152,706	2,763,618	167,981	77,010	485,457	8,646,772
Financial liabilities						
Customer deposits	3,947,751	1,186,886	313,568	58,435	342,847	5,849,487
Deposits from banks	65,495	999,563	15,458	10,573	7,018	1,098,107
Derivative liabilities	355	19,251	-	441	71	20,118
Borrowings	61,986	342,837	-	-	481	405,304
Other liabilities	195,632	400,990	10,352	12,411	30,532	649,917
	4,271,219	2,949,527	339,377	81,861	380,949	8,022,933

COMPANY

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
31 December 2022						
Financial assets						
Loans and advances to banks	18,251	80	-	-	-	18,331
Loans and advances to customers: Retail portfolio						
- Term loans	39	-	-	-	-	39
Investment securities						
- FVOCI Investments	3,963	-	-	-	-	3,963
Financial assets at fair value through profit or loss	1,601	-	-	-	-	1,601
Other assets	18,772	-	-	-	-	18,772
	42,627	80	-	-	-	42,707
Financial liabilities						
Other liabilities	17,269					17,269
	17,269	-	-	-	-	17,269

COMPANY

	Naira N 'million	USD N 'million	GBP N 'million	Euro N 'million	Others N 'million	Total N 'million
31 December 2021						
Financial assets						
Loans and advances to banks	16,415	62	-	-	-	16,477
Loans and advances to customers: Retail portfolio						
- Term loans	49	-	-	-	-	49
Investment securities						
- FVOCI Investments	4,210	-	-	-	-	4,210
Financial assets at fair value through profit or loss	1,337	-	-	-	-	1,337
Other assets	13,304	-	-	-	-	13,304
	35,315	62	-	-	-	35,377
Financial liabilities						
Other liabilities	16,192					16,192
	16,192	-	-	-	-	16,192

The Company and Group's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigerian Naira affects reported earnings through revaluation gain or loss and balance sheet size through increase or decrease in the revalue amounts of assets of assets and liabilities denominated in US Dollars.

The Group is exposed to the US dollar, EURO and GBP currencies. The Group's exposure to other foreign exchange movements is not material.

The following table details the Group's sensitivity to a 9% increase and decrease in Naira against the US dollar, EURO and GBP. Management believe that a 10% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding US dollar, EURO and GBP denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 10% against the US dollar, EURO and GBP. For a 10% strengthening of Naira against the US dollar, EURO and GBP, there would be an equal and opposite impact on profit.

	GROUP 31 Dec 2022	GROUP 31 Dec 2021
Naira strengthens by 9% against the US dollar (2021:10%) Profit/(loss)	(78,437)	(10,587)
Naira weakens by 9% against the US dollar (2021:10%) Profit/(loss)	78,437	10,587
Naira strengthens by 9% against the EURO (2021:10%) Profit/(loss)	(399)	(933)
Naira weakens by 9% against the EURO (2021:10%) Profit/(loss)	399	933
Naira strengthens by 9% against the GBP (2021:10%) Profit/(loss)	(3,421)	11,698
Naira weakens by 9% against the GBP (2021:10%) Profit/(loss)	3,421	(11,698)

3.4.4 Interest rate risk

Interest rate risk is the risk of loss in income or portfolio value as a result of changes in market interest rates. The Group is exposed to interest rate risk in its fixed income securities portfolio, as well as on the interest sensitive assets and liabilities in the course of banking and or trading. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Asset and Liability Committee.

The table below summarises the Group's interest rate gap position showing its exposure to interest rate risks. Value at risk exposure is disclosed in Note 3.4.2.

	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
GROUP				
31 December 2022				
Financial assets				
Cash and balances with central banks	1,790,863	-	232,599	1,558,264
Loans and advances to banks	1,223,061	767,607	189,635	265,819
Loans and advances to customers - Retail portfolio	263,079	227,700	30,141	5,239
Loans and advances to customers - Corporate portfolio	3,525,982	3,261,657	234,941	29,384
Financial assets at fair value through profit or loss	278,466	-	229,663	48,803
Investment securities:				
- FVOCI Investments	1,023,690	-	839,891	183,799
- Amortised cost investments	1,298,195	110,538	1,187,657	-
Assets pledged as collateral	595,171	-	595,171	-
Other assets	272,849	-	-	272,849
	10,271,356	**4,367,502**	**3,539,698**	**2,364,156**
Financial liabilities				
Deposits from customers	7,124,086	2,878,800	2,583,713	1,661,573
Deposits from banks	1,055,254	561,365	493,889	-
Derivative liabilities	38,384	-	38,384	-
Other liabilities	649,214	167,018	482,196	-
Borrowings	675,440	-	-	675,440
	9,542,378	**3,607,182**	**3,598,182**	**2,337,013**
Interest rate mismatch		**760,319**	**(58,484)**	**27,143**

	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
GROUP				
31 December 2021				
Financial assets				
Cash and balances with central banks	1,586,769	-	1,357,600	229,169
Loans and advances to banks	1,015,122	494,356	388,553	132,213
Loans and advances to customers: Retail portfolio	222,005	204,271	17,769	27
Loans and advances to customers: Corporate portfolio	2,659,911	2,518,461	141,278	170
Financial assets at fair value through profit or loss	351,146	-	351,146	-
Investment securities:				
- FVOCI Investments	788,928	-	661,019	127,908
- Amortised cost investments	1,168,550	-	1,168,550	8
Assets pledged as collateral	718,662	-	718,662	71,968
Other assets	135,680	-	-	135,680
	8,646,772	**3,217,088**	**4,804,577**	**697,143**

Financial liabilities				
Deposits from customers	5,849,487	2,430,007	1,817,917	1,601,564
Deposits from banks	1,098,107	602,975	492,636	2,496
Derivative liabilities	19,648	-	-	19,648
Other liabilities	649,917	-	7,189	649,917
Liability on investment contracts				
Borrowings	405,304	53,604	351,700	-
	8,022,464	**3,086,587**	**2,669,441**	**2,273,625**
Interest rate mismatch		**130,501**	**2,135,136**	**(1,576,481)**

COMPANY 31 December 2022	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
Financial assets				
Loans and advances to banks	18,331		18,331	
Loans and advances to customers: Retail portfolio				
- Term loans	39		39	
Financial assets at fair value through profit or loss	1,601			1,601
Investment securities:				
- FVOCI Investments	3,963		3,963	
Other assets	87			87
	24,021	**-**	**22,333**	**1,688**
Financial liabilities				
Other liabilities	17,269			17,269
	17,268	**-**	**-**	**17,269**
Interest rate mismatch		**-**	**22,333**	**(15,580)**

COMPANY 31 December 2021	Carrying amount N' million	Variable interest N' million	Fixed interest N' million	Non interest-bearing N' million
Financial assets				
Loans and advances to banks	16,477		16,477	
Loans and advances to customers: Retail portfolio				
- Term loans	49		49	
Financial assets at fair value through profit or loss	1,337			1,337
Investment securities:				
- FVOCI Investments	4,210		4,210	
Other assets	87			87
	22,160	**-**	**20,736**	**1,424**
Financial liabilities				
Other liabilities	16,192			16,192
	16,191	**-**	**-**	**16,192**
Interest rate mismatch		**-**	**20,736**	**(14,766)**

3.4.5 Interest rate repricing profile

The tables below summarise the repricing profile of First Bank Nigeria Limited.'s non-trading book as at 31st December 2022 and 31st December 2021. Carrying amounts of items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The cash flows bucketing on non-maturing financial asset and financial liabilities were determined using their behavioural assumptions based in historical trend analysis. The interest rate exposure of the other subsidiaries' is considered insignificant to the Group. Thus, the repricing profile of the bank is deemed to be fairly representative of the Group.

Figures in N'bn 31 December 2022		<=30 DAYS	31 - 90 DAYS	91 - 180 DAYS	181 - 365 DAYS	1 - 2 YEARS	2 YEARS & ABOVE	Rate Sensitive
Treasury Bills		350	455	242	192	-	-	**1,239**
Government Bonds		-	0	2	0	4	288	**294**
Corporate Bonds		-	1	-	-	2	18	**21**
Loans and advances to banks		188	206	188	363	-	-	**945**
Loans and advances to Customers-Retail								
- Overdrafts		8	0	14	2	11	7	**43**
- Term loans		8	26	14	81	5	7	**141**
- Credit Cards		0	1	1	1	0	0	**3**
- Mortgage		0	0	0	2	0	0	**2**
Loans and advances to Customers-								
- Overdrafts		181	0	134	206	270	162	**953**
- Term loans		171	101	139	1,123	264	74	**1,872**
- Project Finance		36	38	36	92	81	5	**288**
TOTAL ASSETS		**942**	**828**	**770**	**2,062**	**638**	**561**	**5,801**
Deposits from customers		2,947	426	266	305	439	1,179	**5,562**
Deposits from banks		152	297	119	68	-	-	**637**
Medium term loan		11	9	25	143	11	20	**219**
TOTAL LIABILITIES		**3,110**	**732**	**411**	**517**	**450**	**1,198**	**6,418**
INTEREST RATE REPRICING GAP		**(2,168)**	**96**	**359**	**1,545**	**188**	**(637)**	**(617)**

Figures in N'bn 31 December 2021		<=30 DAYS	31 - 90 DAYS	91 - 180 DAYS	181 - 365 DAYS	1 - 2 YEARS	2 YEARS & ABOVE	Rate Sensitive
Treasury Bills		314	496	334	216	-	-	**1,360**
Government Bonds		-	-	-	-	-	267	**266**
Corporate Bonds		-	-	-	-	3	20	**23**
Loans and advances to banks		695	1	38	132	-	-	**866**
Loans and advances to Customers-Retail								
- Overdrafts		5	4	3	5	-	1	**19**
- Term loans		7	3	7	4	24	80	**126**
- Credit Cards		-	-	-	-	1	1	**2**
- Mortgage		-	-	-	-	-	2	**2**
Loans and advances to Customers-								
- Overdrafts		202	107	84	50	-	-	**443**
- Term loans		238	124	142	128	376	491	**1,498**
- Project Finance		96	10	1	38	22	171	**338**
TOTAL ASSETS		**1,559**	**746**	**608**	**573**	**426**	**1,033**	**4,944**
Deposits from customers		260	458	212	295	3,449	-	**4,674**
Deposits from banks		167	239	102	138	-	-	**646**
Medium term loan		266	105	8	8	31	21	**438**
TOTAL LIABILITIES		**693**	**802**	**322**	**441**	**3,480**	**21**	**5,758**
INTEREST RATE REPRICING GAP		**865**	**(56)**	**286**	**132**	**(3,054)**	**1,012**	**(814)**

3.4.6 Interest rate sensitivity showing fair value interest rate risk

The aggregate figures presented above are further segregated into their various components as shown below:

	GROUP		COMPANY	
	31 December 2022 N' million	31 December 2021 N' million	31 December 2022 N' million	31 December 2021 N' million
Financial assets at fair value through profit or loss				
Treasury bills	154,239	210,447	-	-
Bonds	10,745	13,557	-	-
Total	164,984	224,005	-	-
Impact on income statement:				
Unfavourable change @ 2% reduction in interest rates	(3,300)	(4,480)	-	-
Favourable change @ 2% increase in interest rates	3,300	4,480	-	-
Investment securities - FVOCI				
Treasury bills	660,840	564,157	-	935
Bonds	211,932	96,863	3,963	8,928
Total	872,771	661,020	3,963	9,863
Impact on other comprehensive income statement:				
Unfavourable change @ 2% reduction in interest rates	(17,455)	(13,220)	(79)	(197)
Favourable change @ 2% increase in interest rates	17,455	13,220	79	197

3.5 Equity risk (Market risk)

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE) and other non-quoted investments. Equity securities quoted on the NSE is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

As at 31 December 2022, the market value of quoted securities held by the Group was N15.42 billion (2021: N10.89 billion). If the all share index of the NSE moves by 4,827 basis points from the 51,251 position at 31 December 2022, the effect on the fair value of these quoted securities and the other comprehensive income statement would have been N1.45 billion.

The Group holds a number of investments in unquoted securities with a market value of N191 billion (2021: N165 billion) of which investments in African Finance Corporation (AFC) is the significant holding. AFC is a private sector led investment bank and development finance institution which has the Central Bank of Nigeria as a single major shareholder (42.5%) with other African financial institutions and investors holding the remaining shares. See fair value hierarchy of these investments and sensitivity analysis in note 3.6.

The Group does not deal in commodities and is therefore not exposed to any commodity price risk.

3.6 Fair value of financial assets and liabilities

3.6.1 Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

GROUP

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss				
Debt Securities	168,852	-	-	168,852
Equity	14,677	-	31,757	46,434
Derivatives	198	62,982	-	63,180
Assets pledged as collateral	-	-	-	-
FVOCI Investments				
Investment securities - debt	872,771	-	-	872,771
Investment securities - unlisted debt	-	-	-	-
Investment securities - unlisted equity	-	114,621	35,543	150,164
Investment securities - listed equity	755	-	-	755
Assets pledged as collateral	495,913	-	-	495,913
Derivative liabilities				
Derivatives	-	38,384	-	38,384

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
31 December 2021				
Financial assets at fair value through profit or loss				
Debt Securities	224,005	-	-	224,005
Equity	7,083	-	41,278	48,361
Derivatives	4,646	74,133	-	78,780
Assets pledged as collateral	261,224	-	-	
FVOCI Investments				
Investment securities - debt	644,574	11,356	2,054	657,983
Investment securities - unlisted debt	-	-	3,037	3,037
Investment securities - unlisted equity	-	95,203	28,892	124,095
Investment securities - listed equity	3,813	-	-	3,813
Assets pledged as collateral	378,334	-	-	378,334
Derivative liabilities				
Derivatives	-	6,766	-	6,766

COMPANY

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
31 December 2022				
Financial assets				
Financial assets at FVTPL				
Investment securities - unlisted equity	-	-	1,601	1,601
FVOCI Investments				
Investment securities - debt	3,963	-	-	3,963
31 December 2021				
Financial assets				
Financial assets at FVTPL				
Investment securities - unlisted equity	-	-	1,337	1,337
FVOCI Investments				
Investment securities - debt	4,210	-	-	4,210

3.6.1 Financial instruments measured at fair value continued

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily bonds and equity investments classified as trading securities or available for sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:
a) Quoted market prices or dealer quotes for similar instruments;
b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
c) Other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity , are used to determine fair value for the remaining financial instruments.
Note that all of the resulting fair value estimates are included in Level 2 except for certain unquoted equities and equity derivatives explained below.

(c) Financial instruments in level 3
Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes debt and equity investments with significant unobservable components.

Transfers in and out of level 3 instruments are recognised on the date of the event or change in circumstances that caused the transfer.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

GROUP	
At 1 January 2021	146,180
Acquisitions	12,715
Matured/redeemed	(95,746)
Total losses recognised through profit/loss	4,184
Total gains recognised through OCI	7,928
Transfer into Level 2 due to change in observability of market data	-
At 31 December 2021	75,261
Acquisitions	(6,700)
Matured/redeemed	(7,774)
Total gains recognised through profit/loss	5,226
Total gains recognised through OCI	1,287
At 31 December 2022	67,300

During the year ended 31 December 2022, there was transfer between level 3 and 2 fair value measurements based on availability of observable inputs.

COMPANY	
At 1 January 2021	2,116
Total losses recognised through profit/loss	(779)
At 31 December 2021	1,337
Total losses recognised through profit/loss	264
At 31 December 2022	**1,601**

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

Information about the fair value measurements using significant unobservable Inputs (Level 3)

The equity sensitivity measures the impact of a +/- 250bps movements in the comparative companies. The sensitivity of the fair values of investment in unlisted equites to changes in the P/E multiples, EBITDA, cost of capital, illiquidity discount and transaction price as at 31 December, 2022 is as shown in the below table:

Description	**Valuation technique**	**Assumption**	
NIBSS PLC	P/E MULTIPLES	Base	10,954
		Sensitivity of +2.5%	11,228
		Sensitivity of -2.5%	10,680
AFREXIM BANK LTD	P/B MULTIPLES	Base	2,179
		Sensitivity of +2.5%	2,233
		Sensitivity of -2.5%	2,124
CAPITAL ALLIANCE PROPERTY INVESTMENT COMPANY (CAPIC)	NET ASSET VALUATION	Base	1,601
		Sensitivity of +2.5%	1,641
		Sensitivity of -2.5%	1,561
TIDE AFRICAN FUND	TRANSACTION PRICE	Base	1,087
		Sensitivity of +2.5%	1,114
		Sensitivity of -2.5%	1,060
RESOURCERY PLC (Ordinary shares)	MARKET APPROACH	Base	100
		Sensitivity of +2.5%	103
		Sensitivity of -2.5%	98
MP BUDGET LIMITED (Ordinary shares)	EV/REVENUE METHODOLOGY	Base	101
		Sensitivity of +2.5%	104
		Sensitivity of -2.5%	98
AVERY ROW CAPITAL GP	TRANSACTION PRICE	Base	2,099
		Sensitivity of +2.5%	2,151
		Sensitivity of -2.5%	2,047

Description	Valuation technique	Assumption	
ECHO VC PAN AFRICA	NET ASSET VALUATION	Base	1,616
		Sensitivity of +2.5%	1,656
		Sensitivity of -2.5%	1,576
LEKKY BUDGET HOTEL	MARKET APPROACH	Base	319
		Sensitivity of +2.5%	327
		Sensitivity of -2.5%	311
ARCHFIN LP	TRANSACTION PRICE	Base	21,205
		Sensitivity of +2.5%	21,735
		Sensitivity of -2.5%	20,675

EV/EBITDA, P/B valuation or P/E valuation multiple - the group determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The group then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the enterprise value of the comparable company by its earning before interest, tax, depreciation and amortisation (EBITDA), or dividing the quoted price of the comparable company by its net income (P/E). The trading multiple is then adjusted for discounts/premiums with regards to such consideration as illiquidity and other differences, advantages and disadvantages between the group's investee company and the comparable public companies based on company-specific facts and circumstances.

Income approach (discounted cashflow) - the group determines the free cash flow of the investee company, and discounts these cashflows using the relevant cost of equity. The cost of equity is derived by adjusting the yield on the risk free securites (FGN Bonds) with the equity risk premium and company/sector specific premium. The present value derived from the calculation represents the investee company's enterprise value.

3.6.2 Group's valuation process

The Group's asset liability management (ALM) unit performs the valuation of financial assets required for financial reporting purposes. This team also engages external specialist valuers when the need arises, and reports directly to the Chief Risk Officer. Discussions on the valuation process and results are held between the ALM team and the Chief Risk Officer on a monthly basis in line with the group's management reporting dates.

3.6.3 Financial instruments not measured at fair value

(a) **The carrying value of the following financial assets and liabilities for both the company and group approximate their fair values:**
Cash and balances with Central banks
Loans and advances to banks
Other assets (excluding prepayments)
Deposits from banks
Deposits from customers
Liability on investment contracts
Other liabilities (excluding provisions and accruals)

(b) Table below shows the carrying value of other financial assets not measured at fair value.

GROUP

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
31 December 2022					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Overdrafts	-	-	45,132	45,132	45,132
- Term loans	-	-	165,423	165,423	165,423
- Credit cards	-	-	2,790	2,790	2,790
- Mortgage	-	-	49,735	49,735	49,735
Loans and advances to Customers: Corporate Portfolio					
- Overdrafts	-	-	1,003,552	1,003,552	1,003,552
- Term loans	-	-	2,233,510	2,233,510	2,233,510
- Project finance	-	-	288,920	288,920	288,920
Amortised cost investments	-	1,298,195	-	1,298,195	1,298,195
Asset pledged as collateral	595,171	-	-	595,171	595,171

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
31 December 2022					
Financial liabilities					
Borrowing	-	675,440	-	675,440	675,440

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
31 December 2021					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Overdrafts	-	-	21,793	21,793	21,793
- Term loans	-	-	154,838	154,838	154,838
- Credit cards	-	-	2,338	2,338	2,338
- Mortgage	-	-	43,036	43,036	43,036
Loans and advances to Customers: Corporate Portfolio				-	
- Overdrafts	-	-	484,936	484,936	484,936
- Term loans	-	-	1,866,738	1,866,738	1,866,738
- Project finance	-	-	308,237	308,237	308,237
- Advances under finance lease	-	-	-	-	-
Amortised cost investments	-	1,168,550	-	1,168,550	1,168,550
Asset pledged as collateral	718,662	-	-	718,662	718,662
Financial liabilities					
Borrowing	-	405,304	-	405,304	405,304

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total Fair Value N 'million	Total Carrying Amount N 'million
COMPANY					
31 December 2022					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	39	39	39
31 December 2021					
Financial assets					
Loans and advances to Customers: Retail Portfolio					
- Term loans	-	-	49	49	49

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

	31 December 2022		31 December 2021	
	Carrying value N 'million	Fair value N 'million	Carrying value N 'million	Fair value N 'million
GROUP				
Financial assets				
Loans and advances to customers				
Fixed rate loans	132,974	132,974	159,855	159,855
Variable rate loans	3,656,087	3,656,087	2,722,061	2,698,179
Investment securities (Amortised cost)	1,298,195	1,298,195	1,168,550	1,177,804
Asset pledged as collateral	99,258	99,258	79,104	75,660
Loan commitments	105,478	105,478	102,295	102,295
Financial liability				
Borrowings	675,440	675,440	405,304	392,071

Investment securities have been fair valued using the market prices and is within level 1 of the fair value hierarchy.
Loans and advances to customers have been fair valued using average benchmarked lending rates which are adjusted to specific entity risks based on history of losses.
Borrowings which are listed on stock exchange are fair valued using market prices and are within level 1 of the fair value heirarchy while other borrowings are fair valued using valuation techniques and are within level 3 of the fair value heirarchy.

4. Capital management

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the regulators (Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission etc), (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve the current regulatory capital requirement of FBN Holdings Plc. and its subsidiaries. The regulatory capital requirement for entities within the Group, as well as the internal target for capital management are as follows:

Name of Entity	Primary Regulator	Regulatory Requirement
FBN Holdings Plc.	Central Bank of Nigeria	Paid-up Capital in excess of aggregated minimum paid up capital of subsidiaries
First Bank of Nigeria Limited	Central Bank of Nigeria	N50billion Capital; and 15% Capital Adequacy Ratio
FBNQuest Merchant Bank Limited	Central Bank of Nigeria	N15billion Capital; and 10% Capital Adequacy Ratio
FBNQuest Capital Limited	Securities and Exchange Commission	Issuing House: N150million; Broker-Dealer: N300million; Underwriter: N200million; and Fund Manager: N150million
FBNQuest Trustees Limited	Securities and Exchange Commission	Trustee: N300million
FBN Insurance Brokers Limited	National Insurance Commission	N5million Capital

The Group's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors. The Group has an Internal Capital Adequacy Assessment Process which proactively evaluates capital needs vis-a-vis business growth and the operating environment. It also guides the capital allocation among the subsidiaries and the business units. The Group's internal capital adequacy assessment entails periodic review of risk management processes, monitoring of levels of risk and strategic business focus through a system of internal controls that provides assurance to those charged with governance on risk management models and processes.

The Group considers both equity and debt, subject to regulatory limits as capital.

The test of capital adequacy for FBN Holdings Plc. and its subsidiaries, in accordance with the requirements of paragraphs 7.1 and 7.3 of the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria, as at 31 December 2022 and 2021 are as follows:

i. FBN Holdings Plc.

Subsidiary	**Proportion of shares held**		**FBN Holdings Plc.'s share of minimum paid up capital**	
	31 December 2022	**31 December 2021 (%)**	**31 December 2022 N 'million**	**31 December 2021 N 'million**
First Bank of Nigeria Limited	100	100	50,000	50,000
FBNQuest Merchant Bank Limited	100	100	15,000	15,000
FBNQuest Capital Limited	100	100	800	800
FBNQuest Trustees Limited	100	100	300	300
FBN Insurance Brokers Limited	100	100	5	5
Rainbow Town Development Limited	55	55	-	-
Aggregated minimum paid up Capital of Subsidiaries			**66,105**	**66,105**
FBN Holdings Plc.'s Paid-up Capital			**251,340**	**251,340**

ii. First Bank of Nigeria Limited & FBNQuest Merchant Bank Limited
The Banks' capital is divided into two tiers:

• Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve. Non-controlling interests arising on consolidation from interests in permanent shareholders' equity. The book value of goodwill, unpublished losses and under provisions are deducted in arriving at qualifying Tier 1 capital; and

• Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising from the fair valuation of financial instruments held as available for sale. Under the Basel II requirements as implemented in Nigeria, Tier 2 capital is restricted to Tier 1 capital based on CBN's guidelines.

The Central Bank of Nigeria prescribed the minimum limit of total qualifying capital/total risk weighted assets as a measure of capital adequacy of banks in Nigeria. Total qualifying capital consists of tier 1 and 2 capital less investments in subsidiaries and other regulatory adjustments.

The table below summarises the Basel II capital adequacy ratio for 2022 and 2021. It shows the composition of regulatory capital and ratios for the years. During those years, First Bank of Nigeria Limited and FBNQuest Merchant Bank complied with all the regulatory capital requirements to which they are subjected.

	FBNQUEST MERCHANT BANK LIMITED		FIRST BANK OF NIGERIA LIMITED	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Tier 1 capital				
Share capital	4,302	4,302	17,948	17,948
Share premium	3,905	3,905	212,609	212,609
Statutory reserve	9,160	8,709	134,120	120,408
SMEEIS reserves	-	-	6,076	6,076
Retained earnings	13,623	12,228	266,432	217,593
Less: Goodwill/Deferred Tax	(9,246)	(9,236)	-	-
Less: Investment in subsidiaries	(1,322)	(1,216)	(55,696)	(55,696)
Total qualifying for tier 1 capital	20,421	18,691	581,489	518,939
Tier 2 capital				
Fair value reserve	975	978	98,151	88,067
Other borrowings	8,020	8,021	35,903	49,494
Total tier 2 capital	8,996	8,999	134,053	137,561
Tier 2 Capital Restriction	7,248	6,636	134,053	137,561
Less: Investment in subsidiaries	-	-	(55,696)	(55,696)
Total qualifying for tier 2 capital	7,248	6,636	78,358	81,865
Total regulatory capital	27,669	25,327	659,847	600,804
Risk-weighted assets				
Credit Risk	145,120	106,103	3,152,407	2,634,681
Operational Risk	20,147	20,130	795,547	731,262
Market Risk	4,036	3,900	33,704	88,059
Total risk-weighted assets	169,304	130,132	3,981,659	3,454,003
Risk-weighted Capital Adequacy Ratio (CAR)	16.34%	19.46%	16.57%	17.39%
Tier 1 CAR	12.06%	14.36%	14.60%	15.02%

iii. Other Regulated Subsidiaries

		31 December 2022		31 December 2021	
	Regulatory Capital N 'million	Shareholders fund N 'million	Excess/ (Shortfall) N 'million	Shareholders fund N 'million	Excess/ (Shortfall) N 'million
FBNQuest Capital Limited	800	19,624	18,824	17,303	16,503
FBNQuest Trustees Limited	300	4,976	4,676	6,318	6,018
FBN Insurance Brokers Limited	5	232	227	167	162

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

5 Significant accounting judgements, estimates and assumptions

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

a Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and debt instruments measured at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

- Determining criteria for significant increase in credit risk;
- Generating the term structure of the probability of default;
- Determining whether credit risk has increased significantly;
- Incorporation of forward-looking information;
- Determination of definition of default
- Estimation of loss given default.

The detailed methodologies, areas of estimation and judgement applied in the calculation of the Group's impairment charge on financial assets are set out in the Financial risk management section of the annual report

Impairment losses of debt securities issued by the Government of Ghana (GOG)

Background

FirstBank Niegria Limited's subsidiary entity in Ghana held investments in debt securities of N6.27billion(GHS 117million) that were impaired because of significant increase in credit risks. This impact FBN Holding Plc as a result of its indirect investment in FBN Ghana, which is a direct subsidiary of FirstBank Nigeria Limited (100% ownership)

The measurement of the expected credit loss allowance for the debt securities measured at amortised cost and FVOCI is an area that required the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Significant judgements were required in applying the accounting for measuring ECL, such as the input assumptions applied in estimating probability of default, loss given default and exposure at default; and Incorporation of forward-looking information.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL as well as the detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.2.10 to 3.2.16.

During the year, the Government of Ghana announced the suspension of all Debt Service Payments on its External Debt, a move that was made to restore the country's macro-economic stability, amid the country's economic and financial challenges. The Government also renegotiated and exchanged domestic non-marketable debt, the Cocoa bills and USD denominated local notes, under comparable terms subsequent to the year end. These events including the downgrade of the country, provided evidence that the government exposures were credit-impaired at the year end.

Measurement of the expected credit loss allowance for financial assets

A. Bonds eligible for exchange

Included in the Group investment securities in Note 23 and 24, are Ghana government debt securities held at amortised cost and FVTPL held by the Group which were eligible for the exchange programme as stated below:

	21 Feburary 2023	**31 December 2022**			
In millions in naira	**Value of Bonds Exchanged**	**Gross Carrying Amount**	**Impairment Allowance**	**Carrying Amount**	**Fair value changes**
Amortised Cost**	8,830	8,659	(2,422)	6,237	-
FVTPL	29	29	-	29	(6)
	8,859	**8,688**	**(2,422)**	**6,266**	**(6)**

*** This excludes N1.87billion(GHS 34,707,890) bonds which matured and were settled in January 2023*

Sensitivity of ECL on Eligible Bonds to Yield-to-Maturity Rates

The ECL on the eligible bonds are sensitive to judgements and assumptions made regarding the choice of yield-to-maturity rate applied in discounting the cashflows of the new bonds to be issued under the exchange programme. The table below shows the impact on expected credit losses on investment securities of changes in discount rate.

31 December 2022

In millions of naira	No change	1% Increase	1% decrease
Gross balance of investment securities issued by the Government Ghana	8,659	8,659	8,659
Loss allowance	(2,422)	(2,711)	(2,112)
	6,237	**5,948**	**6,547**

B. Other Ghana Government Exposures

The Group also held other Ghana government exposures such as treasury bills, USD denominated local notes, cocoa bills and Eurobonds. The Government's Effective Default on Debt Payments and Debt Restructuring Plan resulted in each of the Entities with exposures to the Ghanaian Sovereign securities taking an Impairment Loss, in line with the requirement of IFRS 9 Financial Instruments. The table below details the other Ghana government exposures held by the Group:

31 December 2022

In millions in naira	**Gross Carrying Amount**	**Impairment Allowance**	**Carrying Amount**	**Fair value changes**
Held at Amortised cost:				
Cocoa Bills	564	-	564	-
Treasury Bills	73,752	(2,073)	71,679	-
USD denominated local notes	3,250	-	3,250	-
Eurobonds	1,836	- 1,377.00	459	-
	79,402	**(3,450)**	**75,952**	**-**
Held at FVTPL:				
Eurobonds	676	-	676	(283)
Cocoa Bills	317	-	304	(14)
	993	**-**	**980**	**(297)**
	80,395	**(3,450)**	**76,932**	**(297)**

Significant accounting judgements, estimates and assumptions continued

The effect of the exchange on impairment of the existing bonds at 31 December 2022 was duly recognised in the consolidated financial statements. See disclosures in Note 4.1

For exposures that were outstanding at the reporting date and where the Government had not defaulted on, two scenarios were formulated: a scenario where a loss occurs and a scenario where no loss occurs. The probability weightings applied to these scenarios are as follows:

Instrument	Scenario where a loss occurs	Scenario where no loss occurs
Treasury Bills	12.35%	87.65%
Cocoa Bills	12.35%	87.65%
USD denominated local notes	50.00%	50.00%

Subsequent to the year end, the Group exchanged N8.86billion (GHS 165million) of its existing Government of Ghana bonds for an equivalent amount of twelve new bonds with maturity dates commencing from 2027 to 2038 under the Ghana Domestic Debt Exchange Programme. The new bonds were successfully settled on the 21st of February 2023 and have been allotted on the Central Securities Depository. The Bank of Ghana also unilaterally rolled over cocoa bills that were due to mature subsequent to the year end. The Group has derecognised the existing bonds eligible for exchange and recognised the new bonds at fair value in its 2023 financial periods

b Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly arm'slength transaction between market participants in the principal market under current market conditions (i.e., the exit price). Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Level 1, 2 or 3). Fair value is based on unadjusted quoted prices in an active market for the same instrument, where available (Level 1). If active market prices or quotes are not available for an instrument, fair value is then based on valuation models in which the significant inputs are observable (Level 2) or in which one or more of the significant inputs are non-observable (Level 3). Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available. For instruments valued using internally developed models that use significant non-observable market inputs and are therefore classified within Level 3 of the hierarchy, the judgment used to estimate fair value is more significant than when estimating the fair value of instruments classified within Levels 1 and 2. To ensure that valuations are appropriate, a number of policies and controls are in place. Valuation inputs are verified to external sources such as exchange quotes, broker quotes or other management-approved independent pricing sources.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.
Changes in assumptions about these factors could affect the reported fair value of financial instruments. All fair values are on a recurring basis. Refer to Note 3.6 for additional sensitivity information for financial instruments.

c Retirement benefit obligation

The Group recognises its obligations to its employees on the gratuity scheme at the period end, less the fair value of the plan assets after performing actuarial valuation of the obligation. The scheme's obligations are calculated using the projected unit credit method. Plan assets are stated at fair value as at the period end. Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

The measurement of the group's benefit obligation and net periodic pension cost/(income) requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. See note 40, "Retirement benefits obligation," for a description of the defined benefit pension plans. An actuarial valuation is performed by actuarial valuation experts on an annual basis to determine the retirement benefit obligation of the group.

d Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of significant amount of judgement and estimates of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behavior and competition See note 32 for detailed information on impairment assessment performed on the CGU. There was no impairment charge during the year (2020: Nil)

e Determining the lease term : Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

f Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Group's recognized and unrecognized deferred tax assets and liabilities are as disclosed in note 32.

6 Segment information

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Board of Directors (the chief operating decision maker), which is responsible for allocating resources to the operating segments and assesses its performance.

The identifiable reportable business groups of FBN Holdings Plc.
1. Commercial Banking Business Group
2. Merchant Banking and Asset Management Business Group
3. Others

Commercial Banking Business Group
This is the Group's core business, which provides both individual and corporate clients/ customers with financial intermediation services. This business segment includes the Group's local, international and representative offices offering commercial banking services.

Merchant Banking and Asset Management Business Group (MBAM)
This is the investment-banking arm of the Group, providing advisory, asset management, markets and private equity services to a large institutional (corporations and governments) clientele, as well as merchant banking services.

Others
Others, previously referred to as Other Financial Services, comprises of FBN Holdings Plc., the parent company, FBN Insurance Brokers Limited and Rainbow Town Development Limited.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effect of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring events.

As the Board of Directors reviews operating profit, the results of discontinued operations are not included in the measure of operating profit. The transactions between segments are carried out at arm's length, which is consistent with the basis of transacting with external parties.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Board of Directors.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

Segment result of operations
Total revenue in the segment represents: Interest income, fee and commission income, foreign exchange income, net gains/losses on sale of investment securities, net gains/losses from financial instruments at fair value through profit/loss, dividend income, other operating income and share of profit/loss of associates.

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

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
At 31 December 2022				
Total segment revenue	748,568	53,278	67,146	**868,992**
Inter-segment revenue	(1,632)	(375)	(61,857)	**(63,864)**
Revenue from external customers	746,936	52,903	5,289	**805,128**
Interest income	522,577	27,294	2,065	**551,937**
Interest expense	(167,010)	(21,675)	(3)	**(188,688)**
Profit/(loss) before tax	157,532	12,567	(12,196)	**157,903**
Income tax expense	(17,667)	(3,671)	(253)	**(21,591)**
Profit/(loss) for the year from continuing operations	139,865	8,896	(12,449)	**136,312**
Impairment charge for losses	(55,128)	(1,905)	(11,585)	**(68,619)**
Profit for the year from discontinued operations	-	-	(138)	**(138)**
Depreciation	(20,227)	(491)	(265)	**(20,982)**

6 Segment information continued

	Commercial Banking Group N 'million	MBAM Group N 'million	Others N 'million	Total N 'million
At 31 December 2022				
Total assets	10,064,010	474,611	39,090	**10,577,711**
Other measures of assets:				
Loans and advances to customers	3,682,528	106,473	60	**3,789,061**
Expenditure on non-current assets	121,213	2,760	1,194	**125,167**
Investment securities	2,172,663	145,184	4,037	**2,321,884**
Total liabilities	9,164,158	397,836	19,975	**9,581,969**
At 31 December 2021				
Total segment revenue	716,761	42,470	18,025	**777,257**
Inter-segment revenue	(3,188)	(58)	(16,715)	**(19,961)**
Revenue from external customers	713,573	42,413	1,310	**757,296**
Interest income	347,488	20,343	1,215	**369,047**
Interest expense	(124,698)	(16,106)	(1)	**(140,805)**
Profit/(loss) before tax	160,285	9,835	(3,458)	**166,661**
Income tax expense	(13,033)	(2,324)	(158)	**(15,515)**
Profit/(loss) for the year from continuing operations	147,252	7,511	(3,616)	**151,147**
Impairment charge for losses	(90,767)	(945)	-	**(91,711)**
Loss for the year from discontinued operations	-	-	(68)	**(68)**
Depreciation	(19,289)	(502)	(230)	**(20,022)**
At 31 December 2021				
Total assets	8,512,231	363,903	56,239	**8,932,374**
Other measures of assets:				
Loans and advances to customers	2,805,091	76,769	57	**2,881,916**
Expenditure on non-current assets	113,400	1,814	773	**115,987**
Investment securities	1,831,514	121,661	4,301	**1,957,477**
Total liabilities	7,709,555	323,703	19,259	**8,052,517**

Geographical information
Revenues

	31 Dec 2022 N 'million	31 Dec 2021 N 'million
Nigeria	667,214	699,857
Outside Nigeria	137,914	57,439
Total	**805,128**	**757,296**

Non current asset
Property and equipment

	31 Dec 2022 N 'million	31 Dec 2021 N 'million
Nigeria	96,772	89,810
Outside Nigeria	28,395	26,177
Total	**125,167**	**115,987**

7 Interest income

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Loans and advances to customers	403,616	271,024	7	12
Investment securities at FVOCI	47,883	23,132	274	514
Investment securities at amortized cost	28,409	52,025	-	-
Loans and advances to banks	56,438	21,854	1,806	976
Total interest income calculated using effective interest incme	536,347	368,035	2,088	1,502
Investment securities at Fair value through profit or loss	15,590	1,012	-	-
	551,937	369,047	2,088	1,502

Interest income on loans and advances to customers includes interest income of N6.5bn on (2021: N5.7bn) stage 3 loans, for which effective interest rate is applied to the net carrying amount of the asset after deduction of the loss allowance.

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Included in interest income on loans and advances to banks is the sum of N1.29billion (2021:N842million) income earned on unclaimed dividend fund.

8 Interest expense

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Deposit from customers	117,199	79,658	-	-
Deposit from banks	22,448	29,179	-	-
Borrowings	48,505	31,370	-	-
Lease liability	536	598	3	1
	188,688	140,805	3	1

9 Impairment charge for losses

	GROUP	
	31 December 2022 N 'million	31 December 2021 N 'million
Loans and advances to banks (refer note 21)		
Stage 1 - 12- month ECL	1,789	514
Stage 2 - Lifetime ECL	-	-
Stage 3 - Lifetime ECL	-	-
	1,789	514
Investment securities (refer to note 24)		
Stage 1 - 12- month ECL	7,105	864
	7,105	864
Loans and advances to customers (refer to note 22)		
Stage 1 - 12- month ECL	(2,325)	1,521
Stage 2 - Lifetime ECL	24,841	16,648
Stage 3 - Lifetime ECL	37,128	66,592
	59,645	84,761
Write-off of loans	95	1,163
Other assets (refer to note 26)		
Other Assets ECL	909	5,212
	909	5,212
Off balance sheet (refer to note 35)		
Impairment reversal	(924)	(803)
Net impairment charge	68,619	91,711

10a Fee and commission income

	GROUP	
	31 December 2022 N 'million	31 December 2021 N 'million
Credit related fees	16,019	11,813
Letters of credit commissions and fees	16,022	15,702
Electronic banking fees	55,099	56,375
Money transfer commission	760	681
Commission on bonds and guarantees	1,812	1,610
Funds transfer and intermediation fees	6,760	12,747
Account maintenance	19,883	16,667
Brokerage and intermediations	7,637	5,717
Custodian fees	8,935	7,559
Financial advisory fees	44	469
Fund management fees	6,625	4,921
Trust fee income	1,313	1,457
Other fees and commissions	3,071	4,856
	143,981	140,574
Timing of revenue recognition		
At a point in time	111,972	101,629
Over time	32,009	38,945
	143,981	140,574

10b Fees and commission expense

	GROUP	
	31 December 2022 N 'million	31 December 2021 N 'million
Acceptance cost (Alternative channels)	11,965	11,810
SMS charge	7,596	7,439
Agent banking expenses	5,239	4,643
Internet/web expenses	1,212	44
	26,012	23,936

Fee and commission expense primarily relates to charges raised by switching platforms on holders of First Bank Limited ATM cards, who make use of the other banks machines while transacting business,and SMS alert related expenses.

11 Foreign exchange income

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Revaluation (loss)/gain on foreign currency balances (unrealised)	(933)	(3,567)	38	24
Foreign exchange trading gain	23,325	10,611	-	-
	22,392	7,044	38	24

12 Net gains on sale of investment securities

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Gain on sale of investment securities	22,425	31,295	-	71
	22,425	31,295	-	71

This relates to gain on sale of financial assets at fair value through other comprehensive income.

13 Net gains/(losses) from financial instruments at FVTPL

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Fair value gain on derivatives	14,224	21,869	-	-
Fair value gain/(loss) on equities	7,440	4,155	264	(779)
Fair value (loss)/gain on debt securities	(10,874)	24,810	-	-
Fair value gain/(loss) on financial instruments at FVTPL	10,790	50,834	264	(779)
Trading income on debt securities	27,857	2,824	-	-
Net gains/(losses) from financial instruments at FVTPL	38,648	53,658	264	(779)

14 Dividend income

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
First Bank of Nigeria Limited	-	-	12,500	12,500
FBNQuest Capital Limited	-	-	3,550	2,000
FBNQuest Merchant Bank Limited	-	-	1,376	507
FBNQuest Trustees Limited	-	-	2,503	1,410
FBN Insurance Limited	-	-	-	-
FBN Insurance Brokers Limited	-	-	350	230
Entities outside the group*	3,166	6,520	-	-
Withholding tax on dividend	-	-	(408)	(246)
	3,166	6,520	19,871	16,401

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

15 Other operating income

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Profit/(Loss) on sale of property and equipment	1,249	(79)	6	(84)
Other income (i)	7,459	8,467	2,018	-
Recoveries (ii)	13,695	141,028	-	-
	22,404	149,416	2,024	(84)

(i) Other income largely comprises income made by the group from private banking services and gain on disposal of repossessed collateral

(ii) Included in recoveries during the year is a recovery by the Bank on the Atlantic Energy Ltd loan, which was previously written off. The amount recognized is net of expenses incurred in relation to the recovery.

16 Personnel expenses

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Wages and salaries	97,586	116,256	1,840	1,588
Pension costs:				
- Defined contribution plans	4,983	5,130	38	32
- Defined benefit cost (refer note 37)	3	82	-	-
Post employment benefit	901	1,288	-	-
Other staff benefits	13,903	6,016	6	-
	117,376	128,772	1,884	1,620

Staff received some loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the present value (PV) of cash flows discounted at the contractual rate and PV of cash flows discounted at market rate has been recognised as prepaid employee benefit (in prepayments) which is amortised to personnel expenses over the life of the loan.

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

	GROUP		COMPANY	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Executive directors	2	1	2	1
Management	304	293	7	7
Non-management	7,666	7,885	29	29
	7,972	8,179	38	37

The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

Below N2,000,000	325	224	6	4
N2,000,001 - N2,800,000	157	63	-	-
N2,800,001 - N3,500,000	149	20	-	-
N3,500,001 - N4,000,000	1,181	1,533	-	-
N4,000,001 - N5,500,000	200	72	1	4
N5,500,001 - N6,500,000	996	913	2	1
N6,500,001 - N7,800,000	1,408	1,664	4	2
N7,800,001 - N9,000,000	113	71	4	1
N9,000,001 and above	3,443	3,618	21	24
	7,972	8,178	38	36

17 Operating expenses

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Auditors' remuneration[1]	1,058	1,146	30	30
Directors' emoluments	3,070	3,729	965	686
Regulatory cost	39,764	55,234	-	-
Maintenance	42,961	35,307	80	124
Insurance premium	29,444	3,179	70	77
Rent and rates	3,605	2,558	-	
Advert and corporate promotions	12,133	10,461	329	292
Legal and other professional fees	13,780	8,283	369	589
Donations & subscriptions	741	4,350	18	24
Stationery & printing	1,952	1,125	27	24
Communication, light and power	15,618	9,322	15	7
Cash handling charges	1,877	1,555	-	
Operational and other losses	11,682	6,849	-	
Passages and travels	6,071	4,265	380	93
Outsourced cost	17,006	17,109	29	25
Statutory fees	52	51	51	35
WHT on retained dividend	408	246	-	
Fines and penalties	26	632	12	1
Other operating expenses[2]	17,230	11,729	315	244
	218,481	177,130	2,690	2,251

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

18 Taxation - Income tax expense and liability

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
a Income tax expense				
Corporate tax	15,442	11,133	22	4
Education tax	5,598	1,939	-	-
Technology tax	2,021	2,122	-	-
Police trust fund levy	7	8	1	1
National agency for science and engineering infrastructure levy	254	353	-	-
Over provision in prior years	51	(126)	-	-
Current income tax - current period	23,373	15,429	23	5
Origination and reversal of temporary deferred tax differences (see note 32)	(1,782)	86	-	-
Income tax expense	**21,591**	**15,515**	**23**	**5**

GROUP

Effective tax reconciliation	**2022**		**2021**	
Profit before income tax	157,902		166,662	
Tax calculated using the domestic corporation tax rate of 30% (2021: 30%)	47,371	30%	49,999	30%
Effect of tax rates in foreign jurisdictions	(1,673)	-1%	189	0%
Tax exempt income	(326,826)	-207%	(64,510)	-39%
Non-deductible expenses	312,703	198%	24,946	15%
Effect of education tax levy	5,598	4%	1,939	1%
Effect of Information technology	2,021	1%	2,122	1%
Effect of minimum tax	3,362	2%	2,406	1%
Effect of change in tax rate	-	0%	(732)	0%
Tax effect of unrecognised deferred tax asset arising during the year	7,179	5%	5,333	3%
Tax incentives	(28,456)	-18%	(6,409)	-4%
Over/(under) provision in prior years	51	0%	(129)	0%
NASENI Levy	254	0%	353	0%
Effect of police trust fund Levy	7	0%	8	0%
Total income tax expense in income statement	21,591	14%	15,515	9%
Income tax expense	21,591	14%	15,515	9%

COMPANY

Effective tax reconciliation	**2022**		**2021**	
Profit before income tax	19,483		13,053	
Tax calculated using the domestic corporation tax rate of 30% (2020: 30%)	5,845	30%	3,916	20%
Tax exempt income	(5,927)	-30%	(5,103)	-26%
Non-deductible expenses	83	0%	393	2%
Effect of Information technology	-	0%	-	0%
Effect of minimum tax	22	0%	4	0%
Effect of police trust fund levy	1	0%	1	0%
Tax effect of unrecognised deferred tax asset arising during the year	-	0%	794	4%
Total income tax expense in income statement	23	0%	5	0%
Income tax expense	23	0%	5	0%

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
b Current income tax liability				
The movement in the current income tax liability is as follows:				
At start of the period	17,741	11,247	7	214
Tax paid	(13,053)	(8,390)	-	(163)
Withholding tax credit utilised	(937)	(1,296)	(1)	(49)
Income tax charge	23,373	15,429	23	5
Effect of Changes in Exchange Rate	778	751	-	-
At 31 December	27,901	17,741	29	7
Current	27,901	17,741	29	7

19 Cash and balances with central banks

	GROUP		Company	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Cash	126,177	120,528	-	-
Balances with central banks excluding mandatory reserve deposits	105,696	117,519	-	-
Effect of exchange rate fluctuation	727	636	-	-
	232,599	238,683	-	-
Mandatory reserve deposits with Central Banks	1,558,263	1,348,086	-	-
	1,790,863	1,586,769	-	-

Restricted deposits with central banks are not available for use in Group's day to day operations. FBN Limited and FBNQuest Merchant Bank Limited had restricted balances of N1,478.55 billion and N59.28 billion respectively with Central Bank of Nigeria (CBN) as at 31 December 2022 (December 2021: N1,296.73 billion and N38.12 billion). This balance includes CBN cash reserve requirement and Special Intervention Reserve. FBN Bank Ghana and FBN Bank Guinea also had restricted balances of N10.00 billion and N5.41 billion (December 2021: N5.47 billion and N5.09 billion) respectively with their respective central banks. The balance of N5.01 billion (December 2021: N2.66 billion) relates to restricted balances of other commercial banking group subsidiaries with their respective central banks.

20 Cash and cash equivalents

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

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Cash (Note 19)	126,177	120,528	-	-
Balances with central banks other than mandatory reserve deposits (Note 19)	105,696	117,519	-	-
Loans and advances to banks excluding long term placements (Note 21)	941,732	904,238	18,293	16,453
Treasury bills included in financial assets at FVTPL (Note 23)	4,428	8,958	-	-
Treasury bills and eligible bills excluding pledged treasury bills (Note 24.1&24.2	677,960	300,076	-	-
Effect of exchange rate fluctuations (Note 19 & 21)	6,457	3,142	38	24
	1,862,451	1,454,461	18,331	16,477

21 Loans and advances to banks

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Current balances with banks within Nigeria (i)	540,727	452,360	566	317
Current balances with banks outside Nigeria (ii)	357,036	382,882	0	-
Placements with banks and discount houses (iii)	43,970	68,996	17,727	16,136
	941,732	904,238	18,293	16,453
Exchange rate fluctuation	5,730	2,506	38	24
	947,463	906,744	18,331	16,477
Long term placement/Cash collateral balance (iv)	280,054	111,604	-	-
Stage 1 : 12 month ECL on placements	(4,456)	(3,226)	-	-
Carrying amount	1,223,061	1,015,122	18,331	16,477

(i) The balances includes clearing balance with other deposit money banks. The FirstBank provides clearing services for some banks in Nigeria. The current balances with banks within Nigeria comprise clearing exposures to banks as at 31 December 2022. The Central bank of Nigeria has undertaken that the Bank will suffer no financial loss on the outstanding balance.

(ii) These balances includes the sum of N166.4bn (2021: N305.6bn) in respect of trade finance and other short term financing advanced to banks on the back of their letters of credit/trade related transactions. All other loans to banks within these balances are due within 3 months.

(iii) These are short term placements with banks and discount houses. These balances also includes the sum of N10.7bn (2021: N7.9bn) relating to unclaimed dividend fund.

(iv) These are long term placement/cash collateral balance which do not qualify as cash and cash equivalent.

Reconciliation of impairment account

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
At start of year	(3,226)	(2,586)	-	-
Impairment (charge)/writeback	(1,789)	(514)	-	-
Write off	-	(78)		
Exchange difference	559	(48)		
At end of year	(4,456)	(3,226)	-	-

22 Loans and advances to customers
GROUP

Corporate	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2022						
Overdrafts	1,039,688	(1,393)	(21,742)	(13,001)	(36,136)	1,003,552
Term loans	2,292,801	(7,778)	(26,165)	(25,348)	(59,291)	2,233,510
Project finance	330,171	(283)	(4)	(40,964)	(41,251)	288,920
	3,662,660	(9,454)	(47,911)	(79,313)	(136,678)	3,525,982

Retail	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2022						
Overdrafts	46,859	(820)	(1)	(906)	(1,727)	45,132
Term loans	166,766	(611)	(49)	(683)	(1,343)	165,423
Credit cards	2,816	(2)	(8)	(16)	(26)	2,790
Mortgage	50,109	(222)	(12)	(140)	(374)	49,735
	266,549	(1,655)	(70)	(1,745)	(3,470)	263,079
Total Loans and advances to customers	3,929,209	(11,109)	(47,981)	(81,058)	(140,148)	3,789,061

GROUP

Corporate	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2021						
Overdrafts	501,557	(845)	(6,467)	(9,309)	(16,621)	484,936
Term loans	1,916,454	(3,401)	(18,983)	(27,332)	(49,716)	1,866,738
Project finance	349,796	(252)	(11)	(41,296)	(41,559)	308,237
	2,767,807	(4,498)	(25,461)	(77,937)	(107,896)	2,659,911

Retail	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2021						
Overdrafts	30,596	(4,228)	(550)	(4,025)	(8,803)	21,793
Term loans	159,187	(3,914)	(66)	(369)	(4,349)	154,838
Credit cards	2,993	(597)	-	(58)	(655)	2,338
Mortgage	43,594	(203)	(22)	(333)	(558)	43,036
	236,370	(8,942)	(638)	(4,785)	(14,365)	222,005
Total Loans and advances to customers	3,004,177	(13,440)	(26,099)	(82,722)	(122,261)	2,881,916

COMPANY	Gross Amount N 'million	Stage 1 12 months ECL N 'million	Stage 2 Lifetime ECL N 'million	Stage 3 Lifetime ECL N 'million	Total Impairment N 'million	Carrying Amount N 'million
31 December 2022						
Term loans	39	-	-	-	-	39
	39	-	-	-	-	39

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

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Current	1,932,499	1,504,570	6	6
Non-current	1,856,563	1,377,346	33	55
	3,789,061	2,881,916	39	61

Reconciliation of impairment allowance on loans and advances to customers

GROUP	Corporate N 'million	Retail N 'million	Total N 'million
At 1 January 2022			
12 months ECL- Stage 1	4,498	8,942	13,440
Life time ECL not credit impaired - Stage 2	25,461	638	26,099
Life time ECL credit impaired - Stage 3	77,937	4,785	82,722
	107,896	14,365	122,261
Additional allowance			
12 months ECL- Stage 1	4,982	(7,306)	(2,324)
Life time ECL not credit impaired - Stage 2	25,425	(584)	24,841
Life time ECL credit impaired - Stage 3	34,422	2,706	37,128
	64,830	(5,184)	59,645
Transfer between stages			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	(2,969)	-	(2,969)
Life time ECL credit impaired - Stage 3	2,969	-	2,969

Exchange difference			
12 months ECL- Stage 1	(26)	19	(7)
Life time ECL not credit impaired - Stage 2	(6)	17	10
Life time ECL credit impaired - Stage 3	(184)	380	197
Loan write off			
12 months ECL- Stage 1	-	-	-
Life time ECL not credit impaired - Stage 2	-	-	-
Life time ECL credit impaired - Stage 3	(35,831)	(6,127)	(41,958)
At 31 December 2022	136,678	3,470	140,148
12 months ECL- Stage 1	9,454	1,655	11,109
Life time ECL not credit impaired - Stage 2	50,880	70	50,950
Life time ECL credit impaired - Stage 3	76,344	1,745	78,089
At 31 December 2022	136,678	3,470	140,148

Reconciliation of impairment allowance on loans and advances to customers
GROUP

	Corporate N 'million	Retail N 'million	Total N 'million
At 1 January 2021			
12 months ECL- Stage 1	6,121	5,412	11,533
Life time ECL not credit impaired - Stage 2	7,988	136	8,124
Life time ECL credit impaired - Stage 3	48,360	6,260	54,620
	62,469	11,808	74,277
Additional allowance			
12 months ECL- Stage 1	(1,962)	3,483	1,521
Life time ECL not credit impaired - Stage 2	16,163	485	16,648
Life time ECL credit impaired - Stage 3	63,871	2,721	66,592
	78,072	6,689	84,761
Exchange difference			
12 months ECL- Stage 1	339	47	386
Life time ECL not credit impaired - Stage 2	1,310	17	1,327
Life time ECL credit impaired - Stage 3	(1,190)	43	(1,148)
Loan write off			
Life time ECL credit impaired - Stage 3	(33,094)	(4,239)	(37,332)
Transfer to off balance sheet	(10)		(10)
At 31 December 2021	107,896	14,365	122,261
12 months ECL- Stage 1	4,498	8,942	13,440
Life time ECL not credit impaired - Stage 2	25,461	638	26,099
Life time ECL credit impaired - Stage 3	77,937	4,785	82,722
At 31 December 2021	107,896	14,365	122,261

Nature of security in respect of loans and advances

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Legal Mortgage/Debenture On Business Premises, Factory Assets Or Real Estates	1,971,807	1,526,692	-	-
Guarantee/Receivables Of Investment Grade Banks & State Govt.	518,818	497,325	-	-
Domiciliation of receivables	641,153	479,148	-	-
Clean/Negative Pledge	418,539	250,823	-	-
Marketable Securities/Shares	-	9,329	-	-
Otherwise Secured	1,601	64,010	39	49
Cash/Government Securities	376,237	176,850	-	-
Unsecured	1,054	-		
	3,929,209	3,004,177	39	49

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

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

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Treasury bills with maturity of less than 90 days	4,428	8,958	-	-
Treasury bills with maturity over 90 days	149,810	201,490	-	-
Commercial papers	3,869	-	-	-
Bonds	10,745	13,557	-	-
Total debt securities	168,852	224,005	-	-
Listed equity securities	14,677	7,083	-	-
Unlisted equity securities	31,757	41,278	1,601	1,337
Total equity securities	46,434	48,361	1,601	1,337
Derivative assets (refer note 23a)	63,180	78,780	-	-
Total assets at fair value through profit or loss	278,466	351,146	1,601	1,337
Current	269,991	326,538	-	-
Non Current	8,475	24,608	1,601	1,337
	278,466	351,146	1,601	1,337

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

a Derivatives

	GROUP 31 December 2022		
	Notional contract amount N 'million	Fair values Asset N 'million	Fair values Liability N 'million
Foreign exchange derivatives			
Forward FX contract	629,690	15,327	18,269
FX Futures	9,222	145	0
Currency swap	642,161	47,479	20,115
Put options	23,811	228	-
	1,304,884	63,180	38,384
Current	1,304,884	63,180	38,384
Non Current	-	-	-
	1,304,884	63,180	38,384

	GROUP 31 December 2021		
	Notional contract amount N 'million	Fair values Asset N 'million	Fair values Liability N 'million
Foreign exchange derivatives			
Forward FX contract	803,836	12,071	(15,296)
FX Accumulator Contract	225,618	1,596	(2,110)
Currency swap	718,316	56,635	(441)
Put options	83,407	8,478	(1,801)
	1,831,177	78,780	(19,648)
Current	1,831,177	78,780	(19,648)
Non Current	-	-	-
	1,831,177	78,780	(19,648)

24 Investment Securities

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
24.1 Investment securities at FVOCI				
Debt securities – at fair value:				
– Treasury bills with maturity of less than 90 days	431,694	132,970	-	-
– Treasury bills with maturity of more than 90 days	229,145	431,187	-	-
– Government bonds	203,284	91,770	3,963	4,210
– Other bonds	8,648	5,093	-	
Total debt securities classified as FVOCI	872,771	661,020	3,963	4,210
Equity securities:				
– Listed	755	3,813	-	-
– Unlisted (Note 24.2)	150,164	124,095	-	-
Total equity securities classified as FVOCI	150,918	127,908	-	-
Total securities classified as FVOCI	1,023,690	788,928	3,963	4,210
Current	353,816	212,686	-	-
Non current	669,873	576,242	3,963	4,210
	1,023,690	788,928	3,963	4,210

Reconciliation of impairment on investment securities at FVOCI

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
At start of year	568	195	-	-
Charge/(writeback)	1,313	373	-	-
At end of year	1,881	568	-	-

24.2 Analysis of Unlisted Equity Investments:

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Unlisted Equity Investments:				
NIBSS Plc	13,549	10,954	-	-
AFREXIM Bank Ltd	1,423	2,179	-	-
Africa Finance Corporation	98,902	76,491	-	-
Unified Payment Systems Limited	10,671	14,098	-	-
CRC Credit Bureau Limited	1,464	1,412	-	-
FMDQ OTC Securities Exchange	1,635	1,635	-	-
Anchorage Leisures Limited	133	154	-	-
JDI Investments Company Limited (JDI)	118	213	-	-
Capital Alliance Private Equity Fund (CAPE)	1,292	2,162	-	-
FBN Heritage Fund	100	87	-	-
Mutual Funds	809	1,417	-	-
	130,096	110,803	-	-
Other Unlisted Equity Investments:				
SANEF Investment Scheme	50	50	-	-
Deposit for Investment in AGSMEIS (See note (i) below)	20,018	13,242	-	-
Total Unlisted Equities	150,164	124,095	-	-

(i) This represents contribution to Agri-Business/Small and Medium Enterprises Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which Banks are required to set aside 5% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
24.3 Investment securities at amortised cost				
Debt securities – at amortised cost:				
– Treasury bills with maturity of less than 90 days	246,266	167,106	-	-
– Treasury bills with maturity of more than 90 days	383,916	382,624	-	-
– Bonds	655,700	612,752	-	-
– Unlisted debt	19,762	7,681		
Impairment on Amortised Cost securities				
- Stage 1: 12- month ECL	(7,449)	(1,613)	-	-
Total securities at amortised cost	1,298,195	1,168,550	-	-
Current	103,799	709,750	-	-
Non Current	1,194,396	458,800	-	-
	1,298,195	1,168,550	-	-
Total investment securities	2,321,885	1,957,478	3,963	4,210

Reconciliation of impairment on investment securities at amortised cost	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
At start of year	1,613	1,096	-	-
Impairment charge	5,792	491	-	-
Exchange difference	44	26	-	-
At end of year	7,449	1,613	-	-

25 Asset pledged as collateral

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty. To the extent that the counterparty is not permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are usual and customary to standard securities borrowing and lending activities.

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

	GROUP	
	31 December 2022 N 'million	31 December 2021 N 'million
Debt securities at FVOCI (note 25.1)	495,913	378,334
Debt securities at amortised cost (note 25.2)	99,258	79,104
Debt securities at FVTPL (note 25.3)	-	261,224
	595,171	718,662
25.1 Debt securities at FVOCI		
– Treasury bills	444,859	365,708
– Bonds	51,054	12,626
	495,913	378,334
25.2 Debt securities at amortized cost		
– Treasury bills	23,585	4,910
– Bonds	75,673	74,194
	99,258	79,104
25.3 Debt securities at FVTPL		
– Treasury bills	-	261,224
	-	261,224
The related liability for assets held as collateral include:		
Bank of Industry	15,675	25,514
Central Bank of Nigeria/Commercial Agriculture Credit Scheme Intervention fund	25,306	22,980
Due to Other Banks	325,566	434,422

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above.
Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N58 billion for the Group in December 2022 (2021: N40.5 billion) for which there is no related liability.

Current	444,859	636,973
Non current	150,312	81,689
	595,171	718,662

All assets pledged as collateral are Stage 1 assets

26 Other assets

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Financial assets:				
Other receivables	1,363	-	2	
Accounts receivable	293,124	157,635	18,770	13,304
	294,486	157,635	18,772	13,304
Impairment on other assets - Simplified Approach	(21,638)	(21,955)	-	-
	272,849	135,680	18,772	13,304
Non financial assets:				
Stock of consumables	10,484	7,790	14	14
Inventory- repossessed collateral	72,039	61,802	-	-
Prepayments	16,260	11,742	246	26
WHT receivable	1,569	2,261	-	-
Deferred expenses	11,512	-	-	-
Impairment on non financial other assets	(11,583)	(637)	-	-
	100,281	82,958	260	40
Net other assets balance	373,130	218,638	19,032	13,344

Inventory (repossessed collateral) of N60.46bn (2021: N61.80bn) comprises of assets recovered from default loan customers

Total impairment on other assets	**GROUP**		**COMPANY**	
	2022	**2021**	**2022**	**2021**
	N 'million	**N 'million**	**N 'million**	**N 'million**
Impairment on other assets - Simplified Approach	21,638	21,955	-	-
Impairment on non financial other assets	11,583	637	-	-
At end of year	33,220	22,592	-	-

Reconciliation of impairment account	**GROUP**		**COMPANY**	
	2022	**2021**	**2022**	**2021**
	N 'million	**N 'million**	**N 'million**	**N 'million**
At start of year	22,592	19,860	-	-
Recoveries	(924)	(803)	-	-
Write off	11,105	(1,681)	-	-
Impairment charge	909	5,212	-	-
Exchange difference	(461)	4		
At end of year	33,220	22,592	-	-

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

The information of the professional engaged by the entities within the Group for valuation of repossessed collateral are as follows:

Name of Professional Firm	**FRC Number**
Bode Adediji Partnership	FRC/2012/0000000000279
Udoetuk & Associates Estate Surveyors & Valuer	FRC/2013/NIESV/00000002389
Boye Komolafe & Co	FRC/2013/0000000000613
Jide Taiwo & Co	FRC/2012/0000000000254
Ubosi Eleh & Co	FRC/2014/NIESV/00000003997

27 Investment in associates (equity method)

i **Seawolf Oilfield Services Limited (SOSL)**

FBN Holdings Plc. holds 42% shareholding in Seawolf Oilfields Services Limited (SOSL). SOSL is a company incorporated in Nigeria and is involved in the oil and gas sector. SOSL has share capital consisting only of ordinary share capital which are held directly by the Group; the country of incorporation or registration is also their principal place of business. SOSL is not publicly traded and there is no published price information.

In 2014, Asset Management Corporation of Nigeria (AMCON), a major creditor of SOSL, appointed a receiver manager to take over the business. The investment has been fully impaired.

ii **FBN Balanced Fund**

FBN Balanced Fund (Formerly FBN Heritage Fund) is an open-ended Securities and Exchange Commission (SEC) registered mutual fund that invests in stocks, bonds, money market instruments, real estate and other securities in the Nigerian Capital Markets. The fund manager publishes daily unit price of the fund on the memorandum listing section of the Nigerian Stock Exchange. The unit price of FBN Balanced Fund as at reporting date N199.20 (Cost: N100). FBN Balanced Fund's principal place of business is Nigeria while its principal activity is Fund management. The Group's ownership interest in the Fund is 28.23%.

	GROUP	
	31 December 2022	**31 December 2021**
	N 'million	**N 'million**
FBN Balanced Fund		
Balance at beginning of year	1,009	1,163
Share of profit/ (loss)	175	(258)
Share of other comprehensive income	1	104
At end of year	1,185	1,009

28 Investment in subsidiaries

28.1 Principal subsidiary undertakings

	COMPANY	
	31 December 2022	**31 December 2021**
	N 'million	**N 'million**
DIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
First Bank of Nigeria Limited (Note 28 (i))	230,557	230,557
FBNQuest Capital Limited (Note 28 (ii))	5,812	5,812
FBN Insurance Brokers Limited (Note 28 (iii))	25	25
FBNQuest Merchant Bank Limited (Note 28 (v))	17,206	17,206
FBNQuest Trustees Limited (Note 28 (vi))	4,521	4,521
	258,121	258,121
INDIRECT SUBSIDIARIES OF FBN HOLDINGS PLC.		
FBNQuest Funds Limited (Note 28 (vii))	4,550	4,550
	4,550	4,550
	262,671	**262,671**

All shares in subsidiary undertakings are ordinary shares. For the year ended 31 December 2022, the group owned the total issued shares in all its subsidiary undertakings except New Villa Limited (Rainbow Town Development Limited) in which it owned 55%. There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company and the group do not differ from the proportion of ordinary shares held. The total non-controlling interest as at the end of the year N12.11 billion (2021: N10.41 billion).

Subsidiary	Principal activity	Country of incorporation	Proportion of shares held directly by the parent/group (%)	Statutory year end
First Bank of Nigeria Limited (Note 28 (i))	Banking	Nigeria	100	31 December
FBNQuest Capital Limited (Note 28 (ii))	Investment Banking & Funds Management	Nigeria	100	31 December
FBN Insurance Brokers Limited (Note 28 (iii))	Insurance Brokerage	Nigeria	100	31 December
New Villa Limited (Rainbow Town Development Limited) (Note 28 (iv))	Investment and General Trading	Nigeria	55	31 December
FBNQuest Merchant Bank Limited (Note 28 (v)	Merchant Banking & Asset Management	Nigeria	100	31 December
FBNQuest Trustees Limited (Note 28 (vi))	Trusteeship	Nigeria	100	31 December
FBNQuest Funds Limited (Note 28 (vii))	Investment Banking & Funds Management	Nigeria	100	31 December

i First Bank of Nigeria Limited
The bank commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa (BBWA), and was incorporated as a private limited liability company in Nigeria in 1969. The Bank was the parent company of the Group until 30 November 2012, when a business restructuring was effected in accordance with the directives of the Central Bank of Nigeria and FBN Holdings Plc became the parent company of the Group.

ii FBNQuest Capital Limited
FBNQuest Capital Limited (formerly FBN Capital Limited) is a private limited liability company incorporated in Nigeria and commenced operations on 1 April 2005. It is registered with the Securities and Exchange Commission (SEC) to undertake issuing house business. It is also involved in the business of financial advisory.

iii FBN Insurance Brokers Limited
The company was incorporated under the Companies and Allied Matters Act, as a limited liability company on 31 March 1994 with the name 'Trust Link Insurance Brokers Limited'. The company prepared financial statements up to 31 March 1998 after which it became dormant. The company was resuscitated on 1 April 2000 as FBN Insurance Brokers Limited. The principal activity of the company is insurance brokerage business.

iv New Villa Limited (Rainbow Town Development Limited)
New Villa Limited is a special purpose vehicle incorporated on 28 November 2008. Its principal activities include real estate investments and general trading.
As at 31 December 2022, the recoverable amount of investment in Rainbow Town Development Limited was lower than the carrying amount.
(Cost: N5billion; Total Impairment: N5billion).

v FBNQuest Merchant Bank Limited
FBNQuest Merchant Bank Limited (formerly FBN Merchant Bank Limited) was incorporated in Nigeria as a limited liability company on 14 February 1995 originally known as Kakawa Discount House Limited.
The Company was granted a licensed to carry on the business of a discount house and commenced operations on 16 November 1995. FBN Holdings Plc. acquired the shares of the Company and converted the business to a merchant bank having obtained the Central Bank of Nigeria for merchant banking operations in May 2015.

vi FBNQuest Trustees Limited
FBNQuest Trustees Limited (formerly FBN Trustees Limited) was incorporated in Nigeria as a limited liability company on 8 August 1979 and commenced business on 3 September 1979. The company was established to engage in the business of trusteeship as well as portfolio management, and financial/ investment advisory services.

vii FBNQuest Funds Limited
FBNQuest Funds Limited (formerly FBN Funds Limited) was incorporated on 14 November 2002. It commenced operations on 1 April 2003. Its principal activities are to carry on venture capital and private equity business.

28.2 Condensed subsidiary accounts

28.2 Condensed subsidiary accounts

29 Asset Held for Sale

Discontinued operations:

The assets classified as held for sale in 2021 is Rainbow Town Development Limited.

(i) Rainbow Town Development Limited

The assets and liabilities of Rainbow Town Development Limited (RTDL) were classified as held for sale following the decision and resolution of the Board of Directors of FBN Holdings Plc. to dispose the Group's interest in RTDL. The carrying amount of the investment is expected to the recovered principally by a sale rather than through continuing use.

The operating results and net cash flows are separately presented in the income statement and statement of cash flows respectively because the disposal group represents a separate line of buisness within the Group, and as such meets the definition of discontinued operation.

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

	GROUP	
	31 December 2022 N 'million	**31 December 2021 N 'million**
Assets classified as held for sale		
Other assets	-	1,242
Inventory	32,482	36,337
Property, plant and equipment	5	5
Intangible assets	5	5
	32,492	37,589
Liabilities classified as held for sale		
Company income tax liability	6	6
Other liabilities	1,777	2,116
	1,783	2,122
Net Asset	30,709	35,467

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

	GROUP	
	31 December 2022 N 'million	**31 December 2021 N 'million**
Revenue	-	-
Expenses	(138)	(68)
(Loss)/profit before tax from discontinuing operations	(138)	(68)
Income tax expense	-	-
(Loss)/profit from discontinued operations after tax	(138)	(68)
Gain on disposal of investment in subsidiary (see note 29.3)	-	-
(Loss)/profit from discontinued operations	(138)	(68)
(Loss)/profit from discontinued operations is attributable to:		
Owners of the parent	(76)	(44)
Non-controlling interests	(62)	(24)
	(138)	(68)

	GROUP	
	31 December 2022 N 'million	**31 December 2021 N 'million**
The cash flows of the discontinued operations are as follows.		
Net cash flow used in operating activities	903	(189)
Net cash flow generated from/(used in) investing activities	3,723	8
Net cash flow used in financing activities	-	-
	4,626	(181)

29.3 Non current asset held for sale

FBN Senegal has classified a building from its property and equipment as Asset held for sale. This is following management's decision to dispose the asset.

The Board of Directors is commited to the sale in line with the requirements of IFRS 5 and as such the sales is expected to be completed within the next 12 months. The entity is recognised as a cash generating unit (CGU) and forms part of the segment shown as "commercial banking group".

	GROUP	
	31 December 2022 N 'million	**31 December 2021 N 'million**
Property, plant and equipment	461	329
Total Assets classified as held for sale	32,953	37,918

28.2 Condensed results of consolidated entities from continuing operations

31 December 2022	FBN Holdings Plc.	FBN Limited	FBNQuest Capital Limited	FBNQuest Trustees Limited	FBNQuest Merchant Bank Limited	FBN Insurance Brokers Limited	Rainbow Town Development Limited	Total	Adjustments	Group
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Summarized Income Statement										
Operating income	24,284	555,663	7,790	5,126	17,800	1,217	40,149	652,030	(61,778)	590,252
Operating expenses	(4,799)	(341,702)	(3,575)	(1,555)	(11,415)	(588)	(138)	(363,771)	(135)	(363,906)
Impairment charge for credit losses	-	(66,710)	(484)	(248)	(1,173)	(3)	(1,184)	(69,803)	1,184	(68,619)
Operating profit	19,485	147,251	3,731	3,323	5,212	626	38,827	218,456	(60,729)	157,727
Associate	-	-	176	-	-	-	-	176	-	175
Profit before tax	19,485	147,251	3,907	3,323	5,212	626	38,827	218,632	(60,730)	157,902
Tax	(23)	(17,667)	(1,310)	(1,033)	(1,328)	(230)	-	(21,591)	(0)	(21,591)
Profit/(Loss) for the year from continuing operations	19,462	129,584	2,597	2,291	3,884	397	38,827	197,041	(60,730)	136,311
Loss for the year from discontinued operations	-	-	-	-	-	-	-	-	(138)	(138)
Other comprehensive income	(125)	(7,738)	1,800	(1,130)	(524)	(8)	-	(7,725)	(0)	(7,725)
Total comprehensive income	19,337	121,845	4,397	1,161	3,360	389	38,827	189,316	(60,869)	128,448
Total comprehensive income allocated to non controlling interest	-	1,770	-	-	-	-	(63)	1,707	0	1,707
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-
Summarized Financial Position										
Assets										
Cash and balances with central bank	0	1,731,584	-	0	59,278	0	-	1,790,863	-	1,790,863
Loans and advances to banks	18,331	1,153,216	28,038	2,795	57,578	1,122	13	1,261,093	(38,032)	1,223,061
Loans and advances to customers	38	3,699,495	-	21	106,452	22	-	3,806,027	(16,967)	3,789,061
Financial assets at fair value through profit or loss	1,601	229,663	44,014	-	3,188	-	-	278,466	(0)	278,466
Investment securities	3,963	2,172,664	109,393	5,449	30,343	74	-	2,321,885	(0)	2,321,885
Assets pledged as collateral	-	571,122	-	-	24,049	-	-	595,171	1	595,171
Other assets	19,032	374,716	26	829	8,861	60	44,052	447,577	(74,447)	373,130
Investment in associates accounted for using the equity method	-	-	1,329	-	-	-	-	1,329	(144)	1,185
Investment in subsidiaries	262,672	-	-	-	-	-	-	262,672	(262,672)	-
Property, plant and equipment	718	121,213	58	178	2,524	128	4	124,823	345	125,167
Intangible assets	-	15,457	15	-	375	13	5	15,864	(5)	15,859
Deferred tax assets	-	20,320	1,265	-	9,314	9	-	30,908	1	30,909
Assets held for sale	-	461	-	-	-	-	-	461	32,492	32,953
	306,355	10,089,910	184,137	9,274	301,961	1,428	44,074	10,937,139	(359,429)	10,577,710
Financed by										
Deposits from banks	-	1,011,674	-	-	43,580	-	-	1,055,254	-	1,055,254
Deposits from customers	-	6,895,774	132,959	-	133,366	-	-	7,162,099	(38,012)	7,124,086
Derivative liabilities	-	37,945	246	-	192	-	-	38,384	-	38,384
Current income tax liability	29	23,804	1,188	1,246	1,416	218	6	27,907	(6)	27,901
Other liabilities	17,269	580,978	29,330	3,020	37,113	1,004	1,776	670,491	(17,937)	652,554
Borrowings	-	630,387	-	-	47,552	-	28,549	706,489	(31,049)	675,440
Retirement benefit obligations	-	5,698	-	-	-	-	-	5,698	1	5,699
Deferred tax liabilities	-	-	837	30	-	-	-	868	0	868
Liabilities held for sale	-	-	-	-	-	-	-	-	1,783	1,783
	17,298	9,186,261	164,561	4,297	263,219	1,222	30,331	9,667,189	(85,220)	9,581,969
Equity and reserves	289,057	903,650	19,577	4,976	38,742	206	13,743	1,269,951	(274,210)	995,741
Summarized Cash Flows										
Operating activities										
Interest received	2,209	284,833	4,228	2,285	10,944	45	-	304,544	109,724	414,267
Interest paid	-	(88,324)	(4,348)	-	(8,220)	-	-	(100,892)	(60,815)	(161,707)
Income tax paid	-	(6,558)	(20)	(552)	(670)	(147)	-	(7,947)	(5,105)	(13,053)
Cash flow generated from operations	(1,821)	283,209	(3,906)	(2,408)	(2,000)	593	(197)	273,470	(45,202)	228,268
Net cash generated from operating activities	388	473,160	(4,046)	(675)	54	491	(197)	469,174	(1,399)	467,775
Net cash used in investing activities	13,991	(708,161)	(19,802)	(2,275)	(32,786)	15	-	(749,018)	455,872	(293,146)
Net cash used in financing activities	(12,563)	(21,358)	16,272	(1,426)	(1,094)	(61)	(0)	(20,231)	247,135	226,904
Increase in cash and cash equivalents	1,816	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(300,074)	701,607	401,533
Cash and cash equivalents at start of year	16,477	1,445,890	23,020	(3,619)	(10,580)	1,645	5	1,472,837	(18,376)	1,454,461
Effect of exchange rate fluctuations on cash held	38	636	2,530	29	(77)	-	-	3,156	3,301	6,457
Cash and cash equivalents at end of year	18,331	1,190,167	17,974	(7,966)	(44,483)	2,089	(192)	1,175,920	686,531	1,862,451

28.2 Condensed results of consolidated entities from continuing operations

31 December 2021	FBN Holdings Plc.	FBN Limited	FBNQuest Capital Limited	FBNQuest Trustees Limited	FBNQuest Merchant Bank Limited	FBN Insurance Brokers Limited	Rainbow Town Development Limited	Total	Adjustments	Group
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Summarized Income Statement										
Operating income	17,135	567,875	7,366	4,561	14,557	863	-	612,357	(19,544)	592,813
Operating expenses	(4,082)	(313,922)	(2,088)	(1,888)	(11,552)	(408)	-	(333,940)	(242)	(334,182)
Impairment charge for credit losses	-	(123,080)	(679)	259	(525)	-	-	(124,025)	32,314	(91,711)
Operating profit	13,053	130,873	4,599	2,932	2,480	455	-	154,392	12,528	166,920
Associate	-	-	(258)	-	-	-	-	(258)	-	(258)
Profit before tax	13,053	130,873	4,341	2,932	2,480	455	-	154,134	12,528	166,662
Tax	(5)	(13,033)	(441)	(962)	(921)	(153)	-	(15,515)	-	(15,515)
Profit/(Loss) for the year from continuing operations	13,048	117,840	3,900	1,970	1,559	302	-	138,619	12,528	151,147
Loss for the year from discontinued operations	-	-	-	-	-	-	(3,207)	(3,207)	3,139	(68)
Other comprehensive income	(1,474)	(16,309)	(1,800)	338	(925)	(22)	-	(20,192)	(48)	(20,240)
Total comprehensive income	11,574	101,531	2,100	2,308	634	280	(3,207)	115,221	15,618	130,839
Total comprehensive income allocated to non controlling interest	-	1,400	-	-	-	-	(30)	1,370	-	1,370
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-
Summarized Financial Position										
Assets										
Cash and balances with central bank	0	1,548,649	0	0	38,120	0	-	1,586,769	-	1,586,769
Loans and advances to banks	16,477	971,418	35,991	2,239	14,906	978	-	1,042,009	(26,887)	1,015,122
Loans and advances to customers	49	2,835,233	49	30	76,690	8	-	2,912,059	(30,144)	2,881,916
Financial assets at fair value through profit or loss	1,337	292,988	50,305	-	6,516	-	-	351,146	-	351,146
Investment securities	4,210	1,831,514	72,106	5,955	43,601	92	-	1,957,478	-	1,957,478
Assets pledged as collateral	-	706,068	-	-	12,594	-	-	718,662	0	718,662
Other assets	13,344	205,734	6,367	1,077	5,355	28	-	231,905	(13,267)	218,638
Investment in associates accounted for using the equity method	-	-	1,154	-	-	-	-	1,154	(145)	1,009
Investment in subsidiaries	262,672	-	-	-	-	-	-	262,672	(262,672)	-
Property, plant and equipment	397	113,400	91	133	1,590	26	-	115,637	350	115,987
Intangible assets	-	18,645	17	1	338	17	-	19,018	-	19,018
Deferred tax assets	-	18,394	918	-	9,363	35	-	28,710	-	28,710
Assets held for sale	-	329	-	-	-	-	45,464	45,793	(7,876)	37,918
	298,486	8,542,372	166,997	9,435	209,073	1,184	45,464	9,273,011	(340,638)	8,932,373
Financed by										
Deposits from banks	-	1,088,270	-	-	9,837	-	-	1,098,107	-	1,098,107
Deposits from customers	-	5,634,948	122,001	-	119,433	-	-	5,876,382	(26,895)	5,849,487
Derivative liabilities	-	19,293	-	-	355	-	-	19,648	-	19,648
Current income tax liability	7	14,952	700	999	922	161	-	17,741	-	17,741
Other liabilities	16,190	593,140	26,748	1,997	28,532	857	-	667,464	(13,114)	654,350
Borrowings	-	392,071	-	-	13,233	-	-	405,304	-	405,304
Retirement benefit obligations	-	5,392	-	-	-	-	-	5,392	-	5,392
Deferred tax liabilities	-	-	246	120	-	-	-	366	-	366
Liabilities held for sale	-	-	-	-	-	-	70,550	70,550	(68,428)	2,122
	16,197	7,748,066	149,695	3,116	172,312	1,018	70,550	8,160,955	(108,437)	8,052,517
Equity and reserves	282,289	794,306	17,302	6,319	36,761	166	(25,085)	1,112,057	(232,201)	879,856
Summarized Cash Flows										
Operating activities										
Interest received	934	284,833	4,228	2,285	10,944	45	-	303,268	(6,868)	296,401
Interest paid	-	(88,324)	(4,348)	-	(8,220)	-	-	(100,892)	8	(100,884)
Income tax paid	(163)	(6,558)	(20)	(552)	(670)	(147)	-	(8,111)	0	(8,111)
Cash flow generated from operations	(1,201)	283,209	(3,906)	(2,408)	(2,000)	593	(197)	274,090	(117,138)	156,952
Net cash generated from operating activities	(429)	473,160	(4,046)	(675)	54	491	(197)	468,358	(124,000)	344,358
Net cash used in investing activities	21,795	(708,161)	(19,802)	(2,275)	(32,786)	15	-	(741,214)	(34,161)	(775,374)
Net cash used in financing activities	(16,153)	(21,358)	16,272	(1,426)	(1,094)	(61)	(0)	(23,820)	(24,231)	(48,051)
Increase in cash and cash equivalents	5,213	(256,359)	(7,576)	(4,376)	(33,826)	444	(197)	(296,677)	(182,390)	(479,068)
Cash and cash equivalents at start of year	11,240	1,701,613	28,066	728	23,323	1,200	202	1,766,373	166,520	1,932,893
Effect of exchange rate fluctuations on cash held	24	636	2,530	29	(77)	-	-	3,142	(0)	3,142
Cash and cash equivalents at end of year	16,477	1,445,890	23,020	(3,619)	(10,580)	1,645	5	1,472,837	(15,870)	1,456,967

30 Property and equipment

GROUP

	Improvement & buildings N million	Land N million	Motor vehicles N million	Office equipment N million	Computer equipment N million	Furniture & fittings N million	Machinery N million	Work in progress* N million	Right of Use Asset N million	Total N million
Cost										
At 1 January 2022	49,064	25,112	17,896	53,127	37,756	9,514	121	9,044	21,909	223,543
Additions	1,226	105	4,394	5,797	11,428	699	332	5,556	1,221	30,758
Reclassifications	289	(72)	15	173	1,002	(89)	5	(720)	-	603
Transfers	(1,445)	1,431	-	191	402	-	-	(579)	-	(0)
Disposals	(212)	(301)	(1,550)	(1,376)	(39)	(60)	-	(5)	(35)	(3,578)
Write Offs	(652)	-	(726)	(379)	(1,853)	(163)	-	-	(114)	(3,887)
Exchange difference	76	274	(71)	197	(63)	(7)	(19)	(1)	(949)	(562)
At 31 December 2022	48,346	26,549	19,958	57,730	48,633	9,895	439	13,295	22,031	246,877
Accumulated depreciation										
At 1 January 2022	14,672	491	9,558	37,349	28,648	7,989	106	-	8,741	107,554
Charge for the year	1,245	38	3,399	5,669	7,505	577	48	-	2,501	20,982
Reclassifications	(108)	167	(48)	(9)	49	(78)	28	-	-	(0)
Disposals	(92)	-	(1,222)	(1,342)	(36)	(48)	-	-	(29)	(2,768)
Write Offs	(652)	-	(726)	(379)	(1,853)	(163)	-	-	(114)	(3,887)
Exchange differences	189	140	8	59	73	(22)	113	-	(730)	(170)
At 31 December 2022	15,254	836	10,969	41,347	34,386	8,255	295	-	10,370	121,710
Net book amount at 31 December 2022	**33,093**	**25,713**	**8,989**	**16,383**	**14,247**	**1,640**	**145**	**13,295**	**11,662**	**125,167**
Cost										
At 1 January 2021	46,339	24,243	16,555	62,373	37,312	11,867	21	9,422	21,255	229,385
Additions	1,695	738	5,054	5,715	6,387	519	11	1,541	831	22,491
Reclassifications	8	(9)	140	70	175	32	-	(415)	-	-
Disposals	-	-	(3,836)	(16,577)	(6,319)	(2,874)	(4)	(53)	-	(29,663)
Write Offs	-	-	(108)	-	-	-	-	-	(205)	(313)
Transfers	-	-	-	1,476	-	-	-	(1,476)	-	-
Exchange difference	1,023	139	91	69	201	(30)	94	25	28	1,641
At 31 December 2021	49,064	25,112	17,896	53,127	37,756	9,514	121	9,044	21,909	223,541
Accumulated depreciation										
At 1 January 2021	12,738	469	9,685	48,086	28,010	10,290	21	-	6,051	115,351
Charge for the year	1,113	2	2,970	5,745	6,790	555	12	-	2,834	20,022
Reclassifications	(40)	-	17	45	2	(25)	-	-	-	-
Disposals	-	-	(3,090)	(16,548)	(6,345)	(2,873)	(3)	-	-	(28,859)
Write Offs	-	-	(108)	-	-	-	-	-	(205)	(313)
Exchange differences	861	20	85	21	190	42	76	-	61	1,355
At 31 December 2021	14,672	491	9,558	37,349	28,648	7,989	106	-	8,741	107,556
Net book amount at 31 December 2021	**34,392**	**24,621**	**8,338**	**15,779**	**9,108**	**1,526**	**15**	**9,044**	**13,168**	**115,987**

* Work in progress refers to capital expenditures incurred on items of property and equipment which are however not ready for use and as such are not being depreciated.

No capitalised borrowing cost relates to the acquisition of property, plant and equipment during the year.

Exchange Difference on Property and Equipment
These exchange difference on property and equipment occurs as a result of translation of balances relating to the foreign entities of the group as at reporting date.

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

30 Property and equipment
COMPANY

	Improvement & buildings N million	Motor vehicles N million	Machinery N million	Office equipment N million	Computer equipment N million	Furniture & fittings N million	Right of Use Asset N million	Total N million
Cost								
At 1 January 2022	615	662	57	455	39	421	156	2,405
Additions	-	507	7	2	17	1	108	643
Write off	-	-	-	-	-	-	-	-
Disposal	-	(174)	-	-	(2)	-	-	(176)
At 31 December 2022	615	995	64	457	54	422	264	2,872
Accumulated depreciation								
At 1 January 2022	615	307	48	451	25	420	142	2,007
Charge for the year	-	181	4	2	10	1	27	225
Write off	-	-	-	-	-	-	-	-
Disposal	-	(77)	-	-	(1)	-	-	(79)
At 31 December 2022	615	410	52	453	34	421	169	2,154
Net book amount at 31 December 2022	**-**	**584**	**12**	**4**	**21**	**1**	**95**	**718**
Cost								
At 1 January 2021	615	694	61	453	24	420	206	2,473
Additions	-	411	-	2	18	1	-	432
Write-off	-	(108)	-		-	-	(50)	(158)
Disposal	-	(335)	(4)	-	(3)		-	(342)
At 31 December 2021	615	662	57	455	39	421	156	2,405
Accumulated depreciation								
At 1 January 2021	615	468	46	449	19	419	144	2,160
Charge for the year	-	164	4	2	6	1	33	211
Write-off		(108)					(35)	(144)
Disposal	-	(217)	(2)	-	-	-	-	(219)
At 31 December 2021	615	307	48	451	25	420	142	2,008
Net book amount at 31 December 2021	**-**	**355**	**9**	**4**	**14**	**1**	**14**	**397**

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

30 b) Leases

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

(i) *Right-of-use assets*

	GROUP			COMPANY	
	Buildings N'million	**Land N'million**	**Total N'million**	**Buildings N'million**	**Total N'million**
Opening balance at 1 January 2022	21,620	289	21,909	156	156
Additions for the year	935	-	935	108	108
Derecognition	(35)	-	(35)	-	-
Exchange difference	(1,429)	-	(1,429)	-	-
Closing balance as at 31 December 2022	21,091	289	21,380	264	264
Depreciation					
Opening balance at 1 January 2022	8,666	76	8,742	142	142
Charge for the year	2,574	-	2,574	27	27
Exchange difference	(1,252)	-	(1,252)	-	-
Derecognition	(27)	-	(27)	-	-
Closing balance as at 31 December 2022	9,961	76	10,037	169	169
Net book value as at 31 December 2022	11,130	213	11,343	95	95

	GROUP			COMPANY	
	Buildings N'million	**Land N'million**	**Total N'million**	**Buildings N'million**	**Total N'million**
Opening balance at 1 January 2021	20,966	289	21,255	206	206.00
Additions for the year	831	0	831	-	-
Derecognition	(205)	-	(205)	(50)	(50)
Exchange difference	28	-	28	-	-
Closing balance as at 31 December 2021	21,620	289	21,909	156	156
Depreciation					
Opening balance at 1 January 2021	5,976	76	6,052	144	144
Charge for the year	2,834	-	2,834	33	33
Exchange difference	101	-	101	-	-
Derecognition	(245)	-	(245)	(35)	(35)
Closing balance as at 31 December 2021	8,666	76	8,742	142	142
Net book value as at 31 December 2021	12,954	213	13,167	14	14

(ii) *Lease liabilities*

	GROUP N'million	**COMPANY N'million**
Opening balance at 1 January 2022	10,353	75
Additions	1,056	48
Interest expense	536	3
Payments made during the year	(3,241)	-
Reversal	(15)	-
Exchange difference	(392)	-
Closing balance as at 31 December 2022	8,297	125
Current lease liabilities	2,038	125
Non-current lease liabilities	6,259	-
	8,297	126

	GROUP N'million	COMPANY N'million
Opening balance at 1 January 2021	12,106	90
Additions	637	-
Interest expense	598	1
Payments made during the year	(3,063)	-
Reversal	-	(16)
Exchange difference	75	
Closing balance as at 31 December 2021	10,353	75
Current lease liabilities	3,070	75
Non-current lease liabilities	7,283	-
	10,353	75

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

31 December 2022	**GROUP N'million**	**COMPANY N'million**
Depreciation charge of right-of-use assets	2,574	27
Interest expense	536	3
Lease expense (short term)	-	-

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

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

31 December 2022	**GROUP N'million**	**COMPANY N'million**
Total cash outflow for leases	3,241	-

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

Liquidity risk (maturity analysis of lease liabilities)

GROUP

31 December 2022	**0-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Lease liability	114	406	349	996	1,787	4,645	8,297

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

COMPANY

31 December 2022	**0-30 days**	**31-90 days**	**91-180 days**	**181-365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Lease liability	75	-	-	-	50	-	125

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

31 Intangible assets

	GROUP Goodwill	Computer Software	Work in Progress	Total
Cost				
At 1 January 2021	6,119	39,748	1,191	47,058
Additions	-	6,629	5,169	11,798
Reclassification	-	4,433	(4,433)	-
Write off	-	(176)	-	(176)
Transfers	-	(105)	-	(105)
Exchange difference	76	222	-	298
At 31 December 2021	**6,195**	**50,751**	**1,927**	**58,873**
Additions	-	3,304	3,372	6,676
Reclassification	-	138	(1,032)	(894)
Transfers	-	1,485	(1,485)	-
Exchange difference	(499)	(1,421)	-	(1,920)
At 31 December 2022	**5,696**	**54,257**	**2,782**	**62,735**
Amortisation and impairment				
At 1 January 2021	1,925	29,793	-	31,718
Amortisation charge	-	8,258	-	8,258
Transfers		(105)		(105)
Discontinued operations	-	(176)	-	(176)
Exchange difference	-	160	-	160
At 31 December 2021	**1,925**	**37,930**	**-**	**39,855**
Amortisation charge	-	7,068	-	7,068
Exchange difference	-	(47)	-	(47)
At 31 December 2022	**1,925**	**44,951**	**-**	**46,876**
Net book value				
At 31 December 2022	3,771	9,306	2,782	15,859
At 31 December 2021	4,270	12,820	1,927	19,018

The software is not internally generated.

Impairment tests for goodwill

Goodwill is monitored on the operating segment level. The entity to which the goodwill relates is recognized as a cash generating unit (CGU) and segmented as part of the Commercial Banking Business, see analysis by segment below.

Each CGU to which goodwill is allocated for impairment testing purposes reflects the lowest level at which goodwill is monitored for internal management purposes.The carrying value of goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets.

Goodwill is reviewed annually for impairment, or more fequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of goodwill with the recoverable amount, which is the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks of the cash-generating unit to which the goodwill relates or the CGU's fair value if this is higher.

There was no impairment identified in the year ended 31 December, 2022.

The recoverable amount of each CGU has been based on value in use and the weighted average cost of capital (WACC). These calculations use pre-tax cash flow projection covering five years. The cash flow projections for each CGU are based on forecasts approved by senior management. The nominal growth rate reflects GDP and inflation for the countries within which the CGU operates or derives revenue from. The rates are based on IMF forecast growth rates as they represent an objective estimate of likely future trends.

The discount rate used to discount the cash flows is based on the cost of capital assigned to each CGU, which is derived using a Capital Asset Pricing Model (CAPM). The CAPM depends on inputs reflecting a number of financial and economic variables including the risk free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market’s assessment of the economic variables and management’s judgement. The discount rates for each CGU are refined to reflect the rates of inflation for the countries within which the CGU operates.

Impairment testing on cash generating units containing goodwill

Analysis of Goodwill balances	31 December 2022 N'million	31 December 2021 N'million
Commercial banking group segment		
FBNBank Ghana	2,401	3,154
FBNBank DRC	869	552
FBNBank Sierra-Leone	204	306
FBNBank Guinea	297	258
	3,771	4,270

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

	2022		2021	
	FBN Bank DRC	FBN Bank Ghana	FBN Bank DRC	FBN Bank Ghana
Terminal growth rate: %	12.6%	14.1%	15.1%	13.6%
Discount rate: %	37.6%	48.0%	41%	43%
Deposit growth rate: %	16.4%	37.0%	20%	35%
Recoverable amount of the CGU: (N' million)	192,598	80,568	91,348	71,912

31 Intangible assets continued

The discount rate has been determined based on the Capital Asset Pricing Model and comprise a risk-free interest rate, the market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factor are determined using external sources of information.

Terminal growth rates reflect the expected long-term gross domestic product growth and inflation for the countries within which the CGU operates. Cash flows in the terminal period reflect net earnings (dividend) in the preceding year growing at a constant rate.

Management determined deposits to be the key value driver in each of the entities. Deposits are considered by Management as the most important source of funds for the banks' subsidiaries to finance their assets. Deposit growth rate was determined using historical trend of deposit growth in the last 5 years.

Sensitivity analysis was performed by flexing two key inputs (WACC and Terminal Growth Rate) in the DCF valuation models.

For the two material CGUs, FBNBank Ghana and FBNBank Congo, if the weighted average cost of capital (WACC) rate had been higher by 0.5%, the recoverable amount (VIU) would have been higher than the carrying amount by N41.3bn and N154.75bn respectively, while if it had been lower by 0.5% the recoverable amount (VIU) would have been higher than the carrying amount by N44.54bn and N166.72bn respectively.

If the terminal growth rate had been higher by 0.5% the recoverable amount would have been higher than the carrying amount by N43.41bn and N162.43bn respectively, while if lower by 0.5% the recoverable amount would have been higher by N42.37bn and N158.72bn rexpectively.

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

Goodwill Sensitivity Analysis

FBNBank DRC	**% Change**	**Recoverable amount**	**Excess of recoverable amount over carrying amount**
Terminal growth rate:	+0.5%	194,490	162,426
	-0.5%	190,781	158,717
WACC	+0.5%	186,809	154,745
	-0.5%	198,786	166,723
FBNBank Ghana			
Terminal growth rate:	+0.5%	81,098	43,414
	-0.5%	80,053	42,368
WACC	+0.5%	78,983	41,299
	-0.5%	82,224	44,540

Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the respective CGUs to exceed their recoverable amounts.

	2022		2021	
	FBN Bank DRC	FBN Bank Ghana	FBN Bank DRC	FBN Bank Ghana
Goodwill (N' million)	869	2,401	552	3,154
Net Asset (N' million)	31,195	35,283	21,285	40,904
Total carrying amount (N' million)	32,064	37,684	21,837	44,058
Excess of recoverable amount over carrying amount	160,534	42,883	69,511	27,854

32 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2021: 30%).

	GROUP	
	31 December 2022	31 December 2021

Deferred income tax assets and liabilities are attributable to the following items:

	N 'million	N 'million
Deferred tax assets		
Property and equipment	4,012	1,634
Allowance for loan losses	4,589	6,458
Tax losses carried forward	21,084	19,917
Other assets	489	258
Other liabilities	17	790
Defined benefit obligation	884	1,192
Effect of changes in exchange rate	(492)	740
Fair value adjustment	326	(2,278)
	30,909	28,710
Deferred tax liabilities		
Property and equipment	82	81
Other assets	786	285
	868	366
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	30,909	28,710
- Deferred tax asset to be recovered within 12 months	-	-
	30,909	28,710
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	868	366
- Deferred tax liability to be recovered within 12 months	-	-
	868	366

Analysis of Unrecognised Deferred Tax Asset

Group	Gross Amount N 'millions	Tax effect N 'millions	Recognised N 'millions	Unrecognised N 'millions
Property and equipment	57,803	17,341	4,012	13,329
Allowance for loan losses	90,294	29,346	4,589	24,757
Tax losses carried forward	80,673	24,202	21,084	3,118
Other assets	7,408	2,407	489	1,919
Other liabilities	4,140	1,345	17	1,328
Defined benefit obligations	2,719	884	884	-
Effect of changes in exchange rate	(1,515)	(492)	(492)	-
Fair value adjustment	5,386	1,750	326	1,424
	246,908	76,783	30,909	45,875

Group	1 Jan 2022 N 'million	Recognised in P&L N 'million	Recognised in OCI N 'million	31 Dec 2022 N 'million
Movements in Deferred tax assets during the year:				
Property and equipment	1,634	2,378	-	4,012
Allowance for loan losses	6,458	(1,868)	-	4,589
Tax losses carried forward	19,917	1,167	-	21,084
Other assets	258	231	-	489
Other liabilities	790	(772)	-	17
Defined benefit obligation	1,192	(309)	-	884
Effect of changes in exchange rate	740	(1,232)	-	(492)
Fair value adjustment	(2,278)	2,604	-	326
	28,710	2,199	-	30,909

Group	1 Jan 2021 N 'million	Recognised in P&L N 'million	Recognised in OCI N 'million	31 Dec 2021 N 'million
Movements in Deferred tax assets during the year:				
Property and equipment	(16)	1,650	-	1,634
Allowance for loan losses	5,545	912	-	6,458
Tax losses carried forward	19,845	71	-	19,917
Other assets	260	(2)	-	258
Other liabilities	624	166	-	790
Defined benefit obligation	488	704	-	1,192
Effect of changes in exchange rate	873	(134)	-	740
Fair value adjustment	-	(3,189)	911	(2,278)
	27,619	178	911	28,710

	1 Jan 2022 N 'million	Recognised in P&L N 'million	Effect of discontinued operations N 'million	31 Dec 2022 N 'million
Movements in Deferred tax liabilities during the year:				
Property and equipment	82	-	-	82
Other assets	284	502	-	786
	366	502	-	868

	1 Jan 2021 N 'million	Recognised in P&L N 'million	Effect of discontinued operations N 'million	31 Dec 2021 N 'million
Movements in Deferred tax liabilities during the year:				
Property and equipment	62	20	-	82
Other assets	39	245	-	284
	101	265	-	366

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of N45.88 billion (2021: N90.90 billion).

As the Group exercises control over the subsidiaries, it has power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries will not be disposed of. Hence, the deferred tax arising from temporary differences relating to the Group's investment in subsidiaries will not be recognised.

The Group has assessed that based on the Group's profit forecast, it is probable that there will be future taxable profits against which the tax losses, from which deferred tax asset has been recognised, can be utilised.

c) **Analysis of Group deferred tax asset by subsidiaries**;

	2022 N'millions	2021 N'millions
Parent	-	-
FBN Limited	20,320	18,395
FBNQuest Capital Limited	1,265	886
FBNQuest Trustees Limited	-	-
FBNQuest Merchant Bank Limited	9,314	9,429
FBN Insurance Brokers Limited	9	-
	30,909	28,710

33 Deposits from banks

	GROUP 31 December 2022 N 'million	GROUP 31 December 2021 N 'million
Due to banks within Nigeria	662,539	683,756
Due to banks outside Nigeria	392,715	414,351
	1,055,254	1,098,107
Current	1,055,254	1,098,107
Non-current	-	-
	1,055,254	1,098,107

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

34 Deposits from customers

	GROUP 31 December 2022 N 'million	GROUP 31 December 2021 N 'million
Current	2,369,237	1,928,032
Savings	2,163,567	1,866,487
Term	1,080,190	1,004,647
Domiciliary	1,490,668	1,034,710
Electronic purse	20,424	15,611

	7,124,086	5,849,487
Current	7,124,086	5,725,025
Non-current	-	124,462
	7,124,086	5,849,487

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

35 Other liabilities

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Financial liabilities:				
Customer deposits for letters of credit	352,994	393,068	-	-
Accounts payable	127,403	69,675	-	-
Lease liability	8,297	10,353	125	75
Creditors	9,086	38,369	276	365
Bank cheques	25,554	27,795	-	-
Collection on behalf of third parties	20,045	22,529	-	-
Unclaimed dividend (see (ii) below)	14,623	11,947	14,623	11,947
Other credit balance (see (iii) below)	91,212	76,181	2,245	3,805
	649,214	649,917	17,269	16,192
Non financial liabilities:				
Allowance for credit losses on off-balance sheet items (see (iv) below)	1,775	2,713	-	-
Provisions	1,565	1,720	-	-
	3,340	4,433	-	-
Other liabilities balance	652,554	654,350	17,269	16,192

Other liabilities (Cont'd)

	GROUP		COMPANY	
	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Current	644,429	651,110	17,269	16,192
Non-current	8,125	3,240	-	-
	652,554	654,350	17,269	16,192

(i) The provision for litigations is recognised in income statement within ‘other operating expenses’. In the directors’ opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2022.

(ii) The unclaimed dividend balance represents the aggregate amounts of dividends that remained unclaimed after 15months or more which the Registrars returned to the Company in line with current regulations. In 2022, an additional sum of N2.68 billion was returned to FBN Holdings Plc. by the Registrars.

(iii) Other Credit balances include transactional taxes and other accrued expenses.

(iv) Reconciliation of impairment on Off Balance Sheet account

	GROUP	
	31 December 2022 N 'million	31 December 2021 N 'million
Opening balance at 1 January	2,713	3,486
Impairment writeback	(924)	(803)
Exchange difference	(15)	30
Closing balance at 31 December	1,775	2,713

The movement in provision during the year is as follows:

	GROUP	
	31 December 2022 N 'million	31 December 2021 N 'million
Opening balance at 1 January	1,720	28,445
Reversal of provisions	(155)	(26,725)
Closing balance at 31 December	1,565	1,720
Analysis of total provisions:		
Current	1,565	1,720
Non Current	-	-

	1,565	1,720

35a Long service awards

Included in other credit balances is long service award. Long service award amounted to N2.21bn (December 2021: N2.67bn). The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Remeasurments are recognised in profit or loss in the period in which they arise.

The movement in the long service awards over the year is as follows:

GROUP	Present value of the obligation N 'millions	Fair value of plan assets N 'millions	Total N 'millions
Defined benefit pension obligations at 1 January 2021	3,492	-	3,492
Current service cost	367	-	367
Interest cost on defined benefit obligation	266	-	266
Employer Contribution made within the year	-	314	314
Benefit paid by employer	(314)	(314)	(628)
Acturial Gains due to change in:			
- Financial assumption	(883)	-	(883)
- Experience adjustments	(257)	-	(257)
Defined benefit pension obligations at 31 December 2021	**2,671**	**-**	**2,671**
Current service cost	269	-	269
Interest cost on defined benefit obligation	312	-	312
Curtailment gains			-
Employer Contribution made within the year	-	-	-
Benefit paid by employer	(544)	-	(544)
Acturial (Gains)/Losses due to change in:	-	-	-
- Financial assumption	(57)	-	(57)
- Experience adjustments	(441)	-	(441)
Defined benefit pension obligations at 31 December 2022	**2,210**	**-**	**2,210**

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

	GROUP	
	31 December 2022 N 'millions	**31 December 2021 N 'millions**
Defined Benefit Obligation (DBO)	2,210	2,671
Fair value of plan assets	-	-
Funded Status	2,210	2,671

36 Borrowings

	GROUP	
	31 December 2022 N 'million	**31 December 2021 N 'million**
Long term borrowing comprise:		
FBN EuroBond (i)	161,513	147,935
Subordinated Debt (ii)	89,700	82,485
Proparco (iii)	41,085	10,654
British International Investment (iv)	40,550	-
International Finance Corporation (v)	57,640	53,045
African Export-Import Bank (vi)	68,827	-
On-lending facilities from financial institutions (vii)	40,981	48,753
Borrowing from correspondence banks (viii)	130,092	49,199
Surbodinated unsecured debt (ix)	45,052	13,233
	675,440	405,304
Current	219,551	106,718
Non-current	455,889	298,586
	675,440	405,304

GROUP

Movement in borrowings	**31 December 2022 N 'millions**	**31 December 2021 N 'millions**
At start of the year	405,304	379,484
Proceeds of new borrowings	266,837	58,978
Finance cost	48,505	31,370
Foreign exchange losses	2,398	23,287
Repayment of principal	(24,129)	(51,770)
Interest paid	(23,475)	(36,045)
At end of year	675,440	405,304

(i) Facility represent Senior Note Participation Notes due 2025 issued by FBN Finance Company B.V, Netherlands on 27 October 2020 for a period of 5 years. The notes has interest at 8.625% per annum with coupon payable every six month. This facility is unsecured.

(ii) The amount of N89.7 billion (USD 194.5 million) relates to subordinated debt of $194.5 million from several counterparties. Interest is payable at the rate of 9% (Fixed) per annum. The tenor of the debt is for a period of 5 years to mature in December 2024. Interest on the Subordinated debt is payable semiannually. This facility is unsecured.

(iii) The amount represents the outstanding balance of the credit facility of US $65 million granted by Promotion et Participation pour la Coopération économique (PROPARCO) in February 2016. The facility is priced at 5.78%(Fixed) per annum and will mature in May 2024. Interest on this facility is payable semiannually and there is 2 year moratorium on principal repayment. This facility is unsecured.

During the year, additional credit facility of N23.06 billion (USD50million) and N11.53 billion (USD25million) was availed to the bank on 9 December 2022. These facilities are priced at 9.43%(Fixed) per annum and will mature in September 2027.

(iv) Facility represents senior unsecured loan from the British International Investment company. The principal balance of N40.99bn (USD88.9m) is payable in equal semi annual instalments after a grace period of one year. Interest is at the rate of 6-month Libor +4.85% per annum

(v) The amount of N57.64bn (USD125m) represents the outstanding balance of the credit facility of USD125 million granted by International Finance Corporation (IFC) in December 2020. Interest is payable bi-annually at the rate of LIBOR +4.5% per annum and will mature March 2023. This facility is unsecured.

(vi) The amount of N69.17bn (USD150m) represents the balance of the credit facility of USD150 million granted by AfreximBank in March 2022. Interest is payable quarterly at the rate of LIBOR +4.5% per annum and will the facility will mature in March 2025. There is a one year moratorium on principal repayment with quarterly principal repayment after the moratorium period

(vii) Included in on-lending facilities from financial institutions are disbursements from other banks and Financial Institutions which are guaranteed by the Bank for specific customers. These facilities include the BOI funds and CACS intervention funds. See further notes below.

a. CBN/BOI facilities

The Central Bank of Nigeria (CBN), in a bid to unlock the credit market, approved the investment of N200 billion debenture stock to be issued by the Bank of Industry (BOI), which would be applied to the re-financing/restructuring of bank's loans to the manufacturing sector. During the year, there was no additional disbursement (2021: Nil) to First Bank of Nigeria Limited. The related pledged assets are disclosed in Note 24.

b. CBN/CACS Intervention funds

The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agricultural Credit Scheme (CACS). During the year, FirstBank of Nigeria Limited received additional disbursement of N2.3 billion (2021: N2 billion) for on-lending to customers as specified by the guidelines. Loans granted under the scheme are for a seven year period at an interest rate of 9% p.a.

During the year, the CBN revised the reduction in interest rate earlier granted on all its intervention funds back to 9% p.a. The related pledged assets are disclosed in Note 24.

(viii) Borrowings from correspondent banks include loans from foreign banks utilised in funding letters of credits for international trade.

(ix) This represents series 1 and 2 fixed rate unsecured bonds of N5 billion (series 1) and N8 billion (series 2) with tenors of 3 years and 10 years and with interest rates of 10.5% and 6.25% and maturing in February 5, 2023 and December 16, 2030 respectively payable semi-annually in arrears. Subject to any purchase and cancellation early redemption, the bonds shall be redeemed on redemption date at 100% of their nominal amount. The bonds were raised through FBNQ MB Funding SPV Plc which was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 99% owned by the Bank and has been consolidated in these financial statements.

(ix) Included in Surbodinated unsecured debts are unsecured bonds and commercial papers issued. See further notes below.

a. Unsecured Bonds

Corporate bonds Issued: This represents series 1 and 2 fixed rate unsecured bonds of N5 billion (series 1) and N8 billion (series 2) with tenors of 3 years and 10 years and with interest rates of 10.5% and 6.25% and maturing in February 5, 2023 and December 16, 2030 respectively payable semi-annually in arrears. Subject to any purchase and cancellation early redemption, the bonds shall be redeemed on redemption date at 100% of their nominal amount. The bonds were raised through FBNQ MB Funding SPV Plc which was established for the sole purpose of issuing bonds or debt instruments to fund the Bank's working capital, enhance liquidity and capital base. The SPV is 99% owned by the Bank and has been consolidated in these financial statements.

Series number	Amount (N'millions)	Tenor (years)	Interest rate	Maturity date
Series 1	5,000	3	10.5	February 5, 2023
Series 2	8,000	10	6.25	December 16, 2023

b. Commercial Paper

This represents the amortized cost of the Bank's unsecured Commercial Papers (CP) which were still in issue as at 31 December 2022, under its N100 billion Commercial Paper Issuance Programme. Subject to any purchase and cancellation early redemption, the commercial papers shall be redeemed on redemption date at 100% of their nominal amount.

(x) Compliance with covenants

The Group had a loan with a carrying amount of N29.69 billion at 31 December 2022 (31 Dec 2021: N 10.65 billion) which was obtained in 2016 and repayable in May 2024. The credit facility agreement (“Agreement”) contains seven financial covenants that, among other things, require the Group to maintain ratios within defined thresholds. These covenants relate to capital adequacy, open assets exposure ratio, aggregate large exposures ratio, related party lending ratio, liquidity coverage ratio, individual and aggregate unhedged open foreign currency. During the year, there were no defaults on principal, interest or redemption terms of loan payable

As at 31 December 2022, the Group was not in breach of any of the seven financial covenants.

37 Retirement benefit obligations

	GROUP	
	31 December 2022 N 'million	**31 December 2021 N 'million**
Defined Contribution Plan	1	-
Defined Benefits - Pension (i)	5,272	4,576
Gratuity Scheme (ii)	426	816
	5,699	5,392

Plan liabilities are based upon independent actuarial valuation performed by Ernst & Young using the projected unit credit basis. This valuation was carried out as at 31 December 2022 and 31 December 2021.

Defined benefit - Pension (i)

First Bank of Nigeria Limited has an old Defined Benefit scheme, discontinued in March 2001. The funds are placed with fund managers and the Bank is under obligation to fund the deficit.

In addition, First Pensions Custodian Nigeria Limited (FPCNL), a direct subsidiary of First Bank of Nigeria Limited, has a non-contributory defined gratuity scheme for directors. Directors are paid a sum based on an approved scale and the number of years of service subject to a maximum of 9 years.

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

	GROUP		
	Present value of the obligation N 'million	**Fair value of plan assets N 'million**	**Net N 'million**
Defined benefit pension obligations at 1 January 2021	13,430	(7,266)	6,164
Interest expense/(income)	934	(718)	216
Return on plan asset excluding interest income	-	860	860
Acturial (Gains)/Losses due to change in:			
- Financial Assumptions	(2,663)	-	(2,663)
Benefit payment	(1,176)	1,176	-
Defined benefit pension obligations at 31 December 2021	**10,525**	**(5,948)**	**4,577**
Interest expense/(income)	1,347	(970)	377
Return on plan asset excluding interest income	-	669	669
Acturial (Gains)/Losses due to change in:			
- Financial Assumptions	(285)	-	(285)
- Experience Adjustment	(66)	-	(66)

Benefit payment	(1,055)	1,055	-
Defined benefit pension obligations at 31 December 2022	**10,466**	**(5,194)**	**5,272**

The actual return on plan assets was N669 million (2021: N860 million)

Composition of Plan assets	**GROUP 2022**			**2021**		
	N 'million	**N 'million**	**N 'million**	**N 'million**	**N 'million**	**N 'million**
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Equity Instruments						
Banking	564	-	564	742	-	742
Debt Instruments						
Government	1,063	-	1,063	828	-	828
Corporate Bond	21	-	21	-	-	-
Money market investments	3,365	-	3,365	4,254	-	4,254
Money on call	181	-	181	124	-	124
Others	-	-	0	0	-	0
Total	**5,194**	**-**	**5,194**	**5,948**	**-**	**5,948**

The fair value of plan assets is calculated with reference to quoted prices and are within level 1 and 2 of the fair value hierachy

Gratuity scheme (ii)

This relates to the schemes operated by the subsidiaries of First Bank of Nigeria Limited as follows:

FBNBank Congo (DRC) has a scheme whereby on separation, staff who have spent a minimum of 3 years are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank. FBNBank Guinea and FBNBank Sierra Leone each have a graduated gratuity scheme for staff on separation where staff receives a lump sum based on their qualifying basic salaries on the number of year spent.

37 Retirement benefit obligations continued

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

	GROUP Present value of the obligation N 'million	Fair value of plan assets N 'million	Net N 'million
Defined benefit pension obligations at 1 January 2021	1,391	(29)	1,362
Foreign exchange difference	(444)	14	(430)
Interest expense/(income)	124	-	124
Service cost	172		172
Remeasurement:			
- Return on plan asset not included in net interest cost on pension scheme	-	(4)	(4)
Net actuarial gain or loss	(321)	(12)	(333)
Contributions:			
- Employer	-	64	64
Payments:			
- Benefit payment	(69)	(69)	(138)
Defined benefit pension obligations at 31 December 2021	**853**	**(36)**	**818**
Foreign exchange difference	(590)	21	(569)
Interest expense/(income)	76	-	76
Service cost	119	-	119
Remeasurement:			
- Return on plan asset not included in net interest cost on pension scheme	-	(5)	(5)
Net actuarial gain or loss	254	(2)	252
Contributions:			
- Employer	-	256	256
Payments:			
- Benefit payment	(260)	(260)	(520)
Defined benefit pension obligations at 31 December 2022	**452**	**(26)**	**427**

Arising from the defined benefit pension plan, the group is exposed to a number of risk, the most significant of which are detailed below:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to Federal Government Bond yields. If the plan assets underperform this yield, this will create a deficit. As the plans mature, the group intends to reduce the level of investment risk by investing more in asset such that changes in the value of the assets closely match the movement in the fund's liabilities. There remains the residual risk that the selected portfolio does not match the liabilities closely enough or that as it matures there is a risk of not being able to reinvest the assets at the assumed rates. The scheme's trustees review the structure of the portfolio on a regular basis to minimize these risks.

Changes In Bond Yields : A decrease in Federal bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Inflation Risk: The plan benefit obligations are linked to inflation, and higher inflation lead to higher liabilities. However, majority of the plan assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life Expectancy : The majority of the plans' obligations are to provide benefits for the members, so increases in the life expectancy will result in an increase in the plan's liabilities. This risk is significantly curtailed by the weighted average liability duration of the plan which is currently 6.09 years and retirement age of 60 years.

Under the funded plan, the Legacy scheme, the groups ensures that the investment positions are managed within the Asset-liability matching (ALM) framework that has been developed to achieve long-term investment that are in line with the obligations under the pension schemes. Within this ALM framework, the objective is to match assets to the pension obligation by investing in long term fixed interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and the expected yield of the investment are matching the expected cash outflows arising from the pension obligation. There is no regulatory framework guiding the operation of the plan assets.

	31 Dec 2022 N 'million	**31 Dec 2021 N 'million**
The principal actuarial assumptions were as follows:		
Discount rate on pension plan	13.6%	13.0%
Inflation rate	13.0%	12.0%
Life expectancy	25yrs	20yrs

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

	Assumption	Defined Benefit Obligation N'm	Impact on Liability
	13.6%	10,359	0.0%
Discount rate	14.6%	9,889	-4.5%
	12.6%	10,881	5.0%
	Base	10,359	0.0%
Mortality experience	Improved by 1 year	10,504	1.4%
	Decreased by 1 year	10,210	-1.4%

The above sensitivity analysis is for First Bank of Nigeria Limited and deemed to be representative of the Group. It is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The below table shows the maturity profile of the defined obligation.

Maturity Profile on Defined Benefit Obligation	
Years	**Amount**
	N'Million
2023	1,525,866
2024	1,491,951
2025	1,456,249
2026	1,418,846
2027	1,379,999
2028 - 2032	6,271,324

Defined benefit cost, charged to income statement (refer note 16)	**GROUP**	
	31 Dec 2022 N 'million	**31 Dec 2021 N 'million**
Defined Benefits - Pension (i)	3	82
Defined benefit cost, charged to other comprehensive income		
Defined Benefits - Pension (i)	(318)	1,804
Gratuity Scheme (ii)	(252)	332
Long service award	498	1,140
	(72)	3,276

The information of the professional engaged by the entities within the Group for valuation of their respective Retirement Benefit Obligations are as follows:

Entity:	FBN Limited
Name of the professional:	O. O. Okpaise
Name of the professional firm/ entity:	Ernst & Young
FRC registration number of the professional:	FRC/2012/NAS/00000000738

38 Share capital

Issued and fully paid	**31 December 2022**	**31 December 2021**
35.9 billion ordinary shares of 50k each (2021: 35.9 billion)	17,948	17,948

Movements during the period:	**Number of shares In millions**	**Ordinary shares N 'million**
At 31 December 2021	35,895	17,948
At 31 December 2022	35,895	17,948

In line with section 124 of CAMA 2020, Regulation 13 of the Companies Regulation 2021, companies were mandated to issue their unissued shares by December 31, 2022 following which all unissued shares become authomatically concelled by that date. Consequent upon this regulation, 14,104,707,208 unissued shares of FBN Holdings Plc. were cancelled by operation of law. The Company has filed the returns on the minimum issued capital with the Corporate affairs Commission subsequent to the year end.

39 Share premium and reserves

The nature and purpose of the reserves in equity are as follows:

Share premium: Premiums (i.e. excess over nominal value) from the issue of shares are reported in share premium.

Retained earnings: Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

Statutory reserve: Nigerian banking regulations require banks to make an annual appropriation to a statutory reserve. As stipulated by S16(1) of the Bank and Other Financial Institutions Act of 2020 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

Capital reserve: Reserve arising from business restructuring

Fair value reserve: The fair value reserve shows the effects from the fair value measurement of financial instruments elected to be presented in other comprehensive income on initial recognition after deduction of deferred taxes. No gains or losses are recognised in the consolidated income statement.

Small Scale Investment reserve: This reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first five years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium-scale industries equity investment scheme reserves are non-distributable.

Regulatory risk reserve: The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Nigerian Prudential guideline (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non distributable.

Foreign currency translation reserve (FCTR): Records exchange movements on the Group's net investment in foreign subsidiaries.

40 Non-controlling interests

The movement in non-controlling interest for the year is shown below.

	31 December 2022 N 'millions	**31 December 2021 N 'millions**
Opening balance	10,405	9,085
Share of profit	1,770	1,370
Share of other comprehensive loss	(63)	(50)
	12,112	10,405

41 Cashflow workings

a Reconciliation of profit before tax to cash generated from operations

	Notes	GROUP 31 December 2022 N 'million	GROUP 31 December 2021 N 'million	COMPANY 31 December 2022 N 'million	COMPANY 31 December 2021 N 'million
Profit before tax from continuing operations		157,727	166,920	19,483	13,053
(Loss)/profit before tax from discontinued operations	29.2	(138)	(68)	-	-
Profit before tax including discontinued operations		157,589	166,852	19,483	13,053
Adjustments for:					
– Depreciation	30	20,982	20,022	225	210
– Amortisation	31	7,068	8,258	-	-
– (Profit)/Loss from disposal of property and equipment	15	(1,249)	79	(6)	84
– Foreign exchange losses/(gains)	11	933	3,567	(38)	(24)
– Profit from investment securities	12	(22,425)	(31,295)	-	(71)
– Net (gains)/losses from financial assets at fair value through profit or	13	(10,790)	(50,834)	(264)	779
– Impairment on loans and advances	9	61,434	85,275	-	-
– Impairment on other financial assets	9	6,181	61	-	-
– Impairment on other assets	9	909	5,212	-	-
– Share of (loss)/profit from associates	27ii	(175)	258	-	-
– Dividend income	14	(3,166)	(6,520)	(19,871)	(16,401)
– Interest income	7	(551,937)	(369,047)	(2,088)	(1,502)
– Interest expense	8	188,688	140,805	3	1
(Increase)/decrease in operating assets:					
– Cash and balances with the Central Bank (restricted cash)	(i)	(210,177)	(25,643)	-	-
– Loans and advances to banks	(ii)	(132,825)	89,373	-	-
– Loans and advances to customers	(iii)	(692,169)	(616,325)	10	12
– Financial assets at fair value through profit or loss	(iv)	83,218	(175,542)	-	-
– Other assets	(vii)	(154,484)	94,664	(350)	13
– Asset pledged as collateral	(vi)	123,491	(82,749)	-	-
– Assets held for sale		4,626	(181)	-	-
Increase/(decrease) in operating liabilities:					
– Deposits from banks	(viii)	(12,166)	54,091	-	-
– Derivative liabilities	(xvi)	18,736	12,184	-	-
– Deposits from customers	(ix)	1,324,998	883,343	-	-
– Other liabilities	(x)	21,245	76,170	1,073	2,647
– Change in retirement benefit obligations	(xviii)	(266)	(330)	-	-
Cash flow (used in)/generated from operations		228,268	281,748	(1,821)	(1,199)

b Cashflow workings

	Notes	GROUP 31 December 2022 N 'million	GROUP 31 December 2021 N 'million	COMPANY 31 December 2022 N 'million	COMPANY 31 December 2021 N 'million
(i) Cash and balances with the Central Bank (restricted cash)					
Opening balance	19	1,348,086	1,322,443	-	-
Movement during the year		210,177	25,643	-	-
Closing balance	19	1,558,263	1,348,086	-	-
(ii) Loans and advances to banks (Long term placement)					
Opening balance	21	111,604	175,491	-	-
Interest income	7	56,438	21,854	-	-
Interest received		(56,438)	(21,854)	-	-
Foreign exchange difference		35,626	25,486	-	-
Movement during the year		132,825	(89,373)	-	-
Closing balance	21	280,054	111,604	-	-
(iii) Loans and advances to customers					
Opening balance		(2,881,916)	(2,217,268)	(49)	(61)
Closing balance		3,789,061	2,881,916	39	49
Changes during the year		907,145	664,648	(10)	(12)
Changes explained by:					
ECL allowance on loan and advances to customers	9	(59,645)	(84,761)	-	-
Interest income	7	403,616	271,024	7	12
Interest received		(237,229)	(208,302)	(7)	(12)
Foreign exchange difference		108,234	70,362	-	-
Movement during the year		692,169	616,325	(10)	(12)

Changes during the year		907,145	664,648	(10)	(12)

	Note	GROUP 31 December 2022 N 'million	GROUP 31 December 2021 N 'million	COMPANY 31 December 2022 N 'million	COMPANY 31 December 2021 N 'million
(iv) Financial assets at fair value through profit or loss					
Opening balance		351,146	126,354	1,337	2,116
Movement in Treasury bills included in cash and cash equivalents	20	(4,530)	7,029	-	-
Interest income	7	15,590	1,012	-	-
Interest received		(15,590)	(1,012)	-	-
Fair value changes at FVTPL	13	10,790	50,834	264	(779)
Foreign exchange difference		4,278	(8,613)	-	-
Movement during the year		(83,218)	175,542	-	-
Closing balance	23	278,466	351,146	1,601	1,337
(v) Investment securities					
Opening balance		1,957,478	1,549,290	4,210	9,863
Purchase of investment securities		1,528,187	1,112,007	-	1,206
Disposal of investment securities		(1,244,825)	(185,239)	-	(4,975)
Movement in Treasury bills included in cash and cash equivalent	20	77,808	(477,683)	-	-
Interest income on FVOCI investments	7	47,883	23,132	274	514
Interest income on amortised cost investments	7	28,409	52,025	-	-
Interest received		(105,011)	(85,354)	(396)	(924)
Fair value changes in FVOCI		11,101	(31,327)	(126)	(1,474)
Foreign exchange difference		27,959	1,491	-	-
Impairment on amortised cost investments		(7,105)	(864)	-	-
Closing balance		2,321,885	1,957,478	3,963	4,210
(vi) Asset pledged as collateral					
Opening balance	25	718,662	635,913	-	-
Movement during the year		(123,491)	82,749	-	-
Closing balance	25	595,171	718,662	-	-
(vii) Other assets					
Opening balance	26	218,638	315,501	13,344	14,360
WHT credit note used	18b	(937)	(1,296)	(1)	(49)
Dividend receivable - current year	(xiv)	-	-	18,576	13,236
Dividend receivable - prior year	(xiv)	-	-	(13,236)	(14,190)
Impairment charge for the year	9	(909)	(5,212)	-	-
Foreign exchange difference		1,854	4,309	-	-
Movement during the year		154,484	(94,664)	350	(13)
Closing balance	26	373,130	218,638	19,032	13,344
(viii) Deposit from banks					
Opening balance	33	1,098,107	1,039,220	-	-
Interest expense	8	22,448	29,179	-	-
Interest paid		(21,034)	(29,179)	-	-
Foreign exchange difference		(32,101)	4,796	-	-
Movement during the year		(12,166)	54,091	-	-
Closing balance	33	1,055,254	1,098,107	-	-
(ix) Deposit from customers					
Opening balance		5,849,487	4,894,715	-	-
Interest expense	8	117,199	79,658	-	-
Interest paid		(117,199)	(71,705)	-	-
Foreign exchange difference		(50,399)	63,476	-	-
Movement during the year		1,324,998	883,343	-	-
Closing balance	34	7,124,086	5,849,487	-	-

(x) Other liabilities

	Note				
Opening balance	35	654,350	581,720	16,192	13,544
Impairment writeback on off balance sheet	9	(924)	(803)	-	-
Lease payments	30	(3,241)	(3,063)	-	-
Interest expense on lease	8	536	598	3	1
Actuarial loss on long service award	35	(498)	(1,140)	-	-
Reclassification from PPE		(291)	-		
Foreign exchange difference		(18,624)	868	-	-
Movement during the year		21,245	76,170	1,074	2,647
Closing balance	35	652,554	654,350	17,269	16,192
(xi) Disposal of property and equipment					
Cost	30	3,578	29,663	176	500
Accumulated depreciation	30	(2,768)	(28,859)	(79)	(363)
Net book value of disposed properties		810	804	97	137
Gain or (loss) on disposed properties	15	1,249	(79)	6	(84)
Sales proceed		2,059	725	103	53

		GROUP		**COMPANY**	
	Note	**31 December 2022 N 'million**	**31 December 2021 N 'million**	**31 December 2022 N 'million**	**31 December 2021 N 'million**
(xii) Interest received					
Interest received on loans	(iii)	237,229	208,302	7	12
Interest received on placement		56,438	21,854	1,806	976
Interest received on investment	(v)	120,601	86,366	396	924
		414,267	316,522	2,209	1,912
(xiii) Interest paid					
Interest paid on deposit from customers	(ix)	117,199	71,705	-	-
Interest paid on deposit from banks	(viii)	21,034	29,179	-	-
		138,233	100,884		
Interest paid on borrowings	36	23,475	36,045	-	-
		161,707	136,929	-	-
(xiv) Dividend received					
Opening dividend receivable		-	-	13,236	14,190
Dividend income	14	3,166	6,520	19,871	16,401
Dividend received		(3,166)	(6,520)	(14,531)	(17,355)
Closing dividend receivable		-	-	18,576	13,236
(xv) Investment in subsidiary					
Opening balance	28	-	-	262,671	262,671
Additional investment		-	-	-	-
Closing balance	28	-	-	262,671	262,671
(xvi) Derivative liabilities					
Opening balance		19,648	7,464	-	-
Movement during the year		18,736	12,184	-	-
Closing balance		38,384	19,648	-	-
(xvii) Proceeds from the sale of investment securities					
Value of investment disposed		1,244,825	185,239	-	4,975
profit on disposal of investment securities		22,425	31,295	-	71
		1,267,250	216,534	-	5,046
(xviii) Retirement benefit obligations					
Opening balance		5,394	7,527	-	-
Interest expense/(income)		3	82	-	-
Return on plan asset excluding interest income		670	860	-	-
Movement in Gratuity scheme		(269)	(412)	-	-
Actuarial (Gains)/Losses		(99)	(2,663)	-	-
Closing balance		5,699	5,394	-	-

42 Commitments and Contingencies

42.1 Capital commitments

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

	GROUP	
Authorised and contracted	**31 December**	**31 December**

	2022 N 'million	2021 N 'million
Property and Equipment	608	973
Intangible Assets	12,034	2,764
	12,642	3,737

42.2 Legal proceedings

The Group is a party to a number of legal actions arising out of its normal business operations. The directors having sought the advice of the professional legal counsel are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements

	GROUP 31 December 2022 N 'million	 31 December 2021 N 'million
At start of the year	1,376	25,974
Provisions	-	1,000
Writeback	-	(25,598)
At end of year	1,376	1,376

42.3 Other contingent commitments

In the normal course of business the group is a party to financial instruments which carry off-balance sheet risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	GROUP 31 December 2022 N 'million	 31 December 2021 N 'million
Performance bonds and guarantees	486,522	428,255
Letters of credit	715,224	844,130
	1,201,746	1,272,385

42.4 Loan Commitments

	GROUP 31 December 2022 N 'million	 31 December 2021 N 'million
Undrawn irrevocable loan commitments	105,521	87,263
	105,521	87,263

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The fair value of credit related commitments is disclosed in note 3.6

The group cannot separately identify the expected credit loss on the undrawn commitment. Thus, the expected credit loss on the undrawn commitments have been recognised together with the loss allowance for the loan. See Note 22 on expected credit loss on Loans and advances to customers.

43 Offsetting Financial Assets and Financial Liabilities

The information shown for 31 December 2022 relates to First Bank of Nigeria Limited, as no other entity within the Group has an offsetting arrangement.

Financial instruments subject to offsetting, enforceable master netting and similar arrangement are as follows:

	GROUP					
	Gross amount before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amounts after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amounts of exposure
				Financial instruments	Cash collaterals received	
31 December 2022	(a) N'million	(b) N'million	(c) = (a) - (b) N'million	(d) N'million	(e) N'million	(f) = (c)-(d)-(e) N'million
ASSETS						
Financial assets at fair value through profit or loss	52,843	-	52,843	-	2,300	50,543

Total Assets subject to offsetting, master netting and similar arrangements	52,843	-	52,843	-	2,300	50,543
LIABILITIES						
Financial derivatives	4,975		4,975	-	-	4,975
Total Liabilities subject to offsetting, master netting and similar arrangements	4,975	-	4,975	-	-	4,975

GROUP

31 December 2021	Gross amount before offsetting in the statement (a) N'million	Gross amounts set off in the statement of financial position (b) N'million	Net amounts after offsetting in the statement of financial position (c) = (a) - (b) N'million	Amounts subject to master netting and similar arrangements not set off in the statement of financial position (d) N'million	(e) N'million	Net amounts of exposure (f) = (c)-(d)-(e) N'million
ASSETS						
Financial assets at fair value through profit or loss	70,292	-	70,292	-	8,574	61,718
Total Assets subject to offsetting, master netting and similar arrangements	70,292	-	70,292	-	8,574	61,718
LIABILITIES						
Financial derivatives	11,059	-	11,059	-	-	11,059
Total Liabilities subject to offsetting, master netting and similar arrangements	11,059	-	11,059	-	-	11,059

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. These fall in the scope of the disclosure. The Group received and provided margin deposits as collateral for outstanding derivative positions. The Group or the counterparty may set off the Group's asset or liabilities with the margin deposit in case of default.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the statement of financial position.

44 Related party transactions

The Group is controlled by FBN Holdings Plc. which is the parent company, whose shares are widely held. FBN Holdings Plc, is a non-operating financial holding company licensed by the Central Bank of Nigeria. (See note 28 for the list of all subsidiaries of the Group).

A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and related expense and income for the year are as follows:

44.1 Transactions with related parties

Name of entity	Nature of relationship	Nature of transactions	31 December 2022 N 'million	31 December 2021 N 'million
First Bank of Nigeria Limited	Subsidiary	Placement		6,150
First Bank of Nigeria Limited	Subsidiary	Current account balance	557	337
First Bank of Nigeria Limited	Subsidiary	Bank charges	7	6
First Bank of Nigeria Limited	Subsidiary	Interest Income	-	411
FBNQuest Merchant Bank Limited	Subsidiary	Current account balance	9	3
FBNQuest Merchant Bank Limited	Subsidiary	Placement	7,016	-
FBNQuest Merchant Bank Limited	Subsidiary	Interest Income	24	38

Placements with related parties have maturities ranging from 30 days to 90 days and interest rates between 12.5% to 15%. Current account balances are balances in transactional operating accounts with related parties as at December 31, 2022.

44.2 Key management compensation

Key management includes Executive Directors and members of the Management Committee. The compensation paid or payable to key management for employee services excluding certain benefits is shown below:

GROUP COMPANY

	31 December 2022 N 'million	31 December 2021 N 'million	31 December 2022 N 'million	31 December 2021 N 'million
Salaries and other short-term employee benefits	2,789	1,934	450	404
Post-employment benefits	74	461	19	16
	2,863	2,395	469	420

44.3 Insider related credits

In compliance with the Central Bank of Nigeria Circular BSD/1/2004 on insider related credits, the company had no insider related credits during the year. Insider related credits relating to the banking subsidiaries have been appropriately disclosed in the component financial statements.

45 Directors' emoluments

Remuneration paid to the directors was:

	31 December 2022 N 'million	31 December 2021 N 'million
Fees	415	498
Sitting allowances	51	31
Executive compensation	126	131
Other directors' costs and expenses	373	25
	965	686
Included in the fees above are amounts paid to:		
Chairman	64	3
Highest paid director	98	131

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

	Number 31 December 2022	31 December 2021
N10,000,000 - N40,000,000	-	17
N40,000,001 and above	8	1
	8	18

46 Compliance with regulations

During the year, the entities within the group were penalised by their respective regulators as follows:

(a) First Bank of Nigeria Limited

Description	Amount N'million
CBN penalty for aiding the fraudulent dealings/withdrawal through the opening of fraudulent accounts - Adcose Limited	2.0
CBN Penalty for infractions in the month of April in respect of the CBN-NESI Stabilization Strategy by First Bank Kaduna	11.5
	13.5

(b) FBN Holdings Plc

(i) 'During the period ended 31 December 2022, the Company paid penalty of N8.1 million and N3.98 million to NGX Regulation Limited and the Securities Exchange Commission respectively; for the late submission of audited financial statements for the period ended December 31, 2021 and unaudited financial statements for the period ended March 31, 2022.

(c) FBNQuest Merchant Bank Limited

The Bank paid penalty of N0.4m for late filing of Commercial Paper documentation contravened with FMDQ:

47 Events after statement of financial position date

The Company has no events after the financial position date that will materially affect the financial position shown in these financial statements.

48 Dividend per share

(i) Dividend paid

A cash dividend of N12.56 billion at 35k per share (2020: N16.15 billion at 45k per share) that relates to the year 31 December 2021 was paid in June 2022.

(ii) Dividend proposed

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 426 of the Companies and Allied Matters Act (CAMA) 2020, has recommended a dividend of 50 kobo per ordinary share, amounting to N17,947,646,398 (2021: N12,563,352,477 (35k per share)). Witholding tax will be deducted at the time of payment.

49 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the members of the group and held as treasury shares.

The company does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent.

	GROUP		COMPANY	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Profit from continuing operations attributable to owners of the parent (N'million)	134,541	149,777	19,460	13,048
Loss from discontinued operations attributable to owners of the parent (N'million)	(138)	(68)	-	-
Weighted average number of ordinary shares in issue (in million)	35,895	35,895	35,895	35,895
Basic/diluted earnings per share (expressed in kobo per share)				
- from continuing operations	374.81	417.26	54.21	36.35
- from discontinued operations	(0.38)	(0.19)	0.00	0.00
	374.43	417.07	54.21	36.35

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the number of basic weighted average number of shares.

50 Non audit services

The external auditors of FBN Holdings ("Company"), KPMG Professional Services did not render any non audit services to the Company within the year.

51 Inline with the amendment to Rule 2b & Rule 3 (paragraph 4) and the issuance of new Rule 10 by the Financial Reporting Council of Nigeria (FRC), reporting entities are required to disclose the details of any professional providing any form of assurance services to the entity. In compliance, the Company did not enagage any professionals to provide assurance services during the year.

Other National Disclosures and Other Information

FBN Holdings Plc.

OTHER NATIONAL DISCLOSURES
At 31 December 2022
Statement of Value Added - Group

	31 December 2022 N'million	%	31 December 2021 N'million	%
Gross income	805,128		757,296	
Interest and fee expense	(214,700)		(164,741)	
	590,428		**592,555**	
Administrative overheads	**(218,482)**		(177,130)	
Value added	**371,946**	**100**	**415,426**	100
Distribution				
Employees				
- Salaries and benefits	**117,376**	**32**	128,772	31
Government				
- Taxation	**21,591**	**6**	15,515	4
The future				
- Asset replacement (depreciation)	**20,982**	**6**	20,022	5
- Asset replacement (amortisation)	**7,068**	**2**	8,258	2
- Asset replacement (provision for losses)	**68,619**	**18**	91,711	22
- Expansion (transfers to reserves)	**136,311**	**36**	151,147	36
	371,946	**100**	**415,426**	100

Statement of Value Added - Company

	31 December 2022 N'million	%	31 December 2021 N'million	%
Gross income	**24,285**		17,135	
Interest and fee expense	**(3)**		(1)	
	24,282		**17,134**	
Administrative overheads	**(2,690)**		(2,251)	
Value added	**21,592**	**100**	**14,883**	100
Distribution				
Employees				
- Salaries and benefits	**1,884**	**9**	1,620	11
Government				
- Company income tax	**23**	**0**	5	0
The future				
- Asset replacement (depreciation)	**225**	**1**	210	1
- Asset replacement (amortisation)	**-**	**-**	-	-
- Asset replacement (provision for losses)	**-**	**-**	-	-
- Expansion (transfers to reserves)	**19,460**	**90**	13,048	88
	21,592	**100**	**14,883**	100

FBN Holdings Plc.

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY - COMPANY
STATEMENT OF FINANCIAL POSITION

	31 December 2022 N'million	31 December 2021 N'million	31 December 2020 N'million	31 December 2019 N'million	31 December 2018 N'million
Assets:					
Loans and advances to banks	18,331	16,477	11,240	16,639	7,585
Loans and advances to customers	39	49	61	110	108
Financial assets at fair value through profi	1,601	1,337	2,116	3,427	-
Investment securities	3,963	4,210	9,863	7,079	9,842
Investment in associates	-	-	-	-	-
Investment in subsidiaries	262,671	262,671	262,671	242,395	242,395
Other assets	19,032	13,344	14,360	292	9,011
Property, plant and equipment	718	397	312	382	680
	306,355	298,485	300,623	270,324	269,621
Financed by:					
Share capital	17,948	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392	233,392
Reserves	37,717	30,946	35,525	10,848	10,624
Current income tax	29	7	214	102	104
Other liabilities	17,269	16,192	13,544	8,034	7,553
	306,355	298,485	300,623	270,324	269,619

INCOME STATEMENT

	12 months ended 2022 N'million	12 month ended 2021 N'million	12 month ended 2020 N'million	12 month ended 2019 N'million	12 month ended 2018 N'million
Gross Earnings	24,285	17,135	38,602	18,396	13,649
Net operating income	24,281	17,134	18,699	18,396	13,649
Gain from disposal of subsidiary/associate	-	-	19,890	-	-
Operating expenses	(4,799)	(4,081)	(4,515)	(4,508)	(4,209)
Profit before taxation	19,483	13,053	34,073	13,874	9,440
Taxation	(23)	(5)	(213)	(12)	(98)
Profit after taxation	19,460	13,048	33,860	13,862	9,342
Earnings per share in kobo (basic)	5421	36	94	39	26

FBN Holdings Plc.

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

	31 December 2022 N'million	31 December 2021 N'million	31 December 2020 N'million	31 December 2019 N'million	31 December 2018 N'million
Assets:					
Cash and balances with central bank	1,790,863	1,586,769	1,631,730	653,335	641,881
Loans and advances to banks	1,223,061	1,015,122	1,016,823	863,435	742,929
Loans and advances to customers	3,789,061	2,881,916	2,217,268	1,670,476	2,001,223
Financial assets at fair value through profit or loss	278,466	351,146	126,354	109,162	83,713
Investment securities	2,321,885	1,957,478	1,549,290	1,663,821	1,248,608
Assets pledged as collateral	595,171	718,662	635,913	309,051	208,925
Other assets	373,130	218,638	315,501	126,292	132,731
Investment in associates	1,185	1,009	1,163	625	1,357
Investment properties	-	-	-	515	1,993
Property, plant and equipment	125,167	115,987	114,034	91,515	88,263
Intangible assets	15,859	19,018	15,340	16,134	16,211
Deferred tax	30,909	28,710	27,619	25,558	18,554
Assets held for sale	32,953	37,918	37,993	38,990	50,149
Total assets	10,577,710	8,932,373	7,689,028	5,568,909	5,236,537
Financed by:					
Share capital	17,948	17,948	17,948	17,948	17,948
Share premium	233,392	233,392	233,392	233,392	233,392
Reserves	732,289	618,111	504,746	265,314	427,874
Non controlling interest	12,112	10,405	9,085	12,289	(5,494)
Deposits from banks	1,055,254	1,098,107	1,039,220	749,315	665,366
Deposits from customers	7,124,086	5,849,487	4,894,715	3,486,691	3,143,338
Derivative liabilities	38,384	19,648	7,464	15,791	9,404
Liabilities on investment contracts	-	-	-	19,766	13,399
Liabilities on insurance contracts	-	-	-	34,192	21,734
Borrowings	675,440	405,304	379,484	338,214	420,919
Retirement benefit obligations	5,699	5,392	7,527	1,940	2,203
Current income tax	27,901	17,741	11,247	15,656	10,194
Other liabilities	652,554	654,350	581,720	375,642	266,198
Deferred income tax liabilities	868	366	101	266	606
Liabilities held for sale	1,783	2,122	2,379	2,493	9,457
	10,577,710	8,932,373	7,689,028	5,568,909	5,236,537

INCOME STATEMENT

	12 months ended 2022 N'million	12 months ended 2021 N'million	12 months ended 2020 N'million	12 months ended 2019 N'million	12 months ended 2018 N'million
Gross Earnings	805,128	757,296	590,663	587,406	598,184
Net operating income	590,252	592,813	531,328	417,317	444,835
Insurance claims	-	-	-	(4,717)	(4,041)
Operating expenses	(363,906)	(334,182)	(292,501)	(261,305)	(4,514)
Group's share of associate's results	175	(258)	482	23	430
Impairment charge for credit losses	(68,619)	(91,711)	(61,830)	(87,465)	(150,424)
Profit before taxation	157,902	166,662	83,703	63,853	54,522
Taxation	(21,591)	(15,515)	(8,111)	(5,544)	(9,040)
Profit from continuing operations	136,311	151,147	75,592	58,309	45,482
Profit/(loss) from discontinuing operations	(138)	(68)	14,138	(77)	(7,774)
Profit for the year	136,173	151,079	89,730	58,232	37,708
Profit attributable to:					
Owners of the parent	134,403	149,709	87,986	57,692	41,328
Non controlling interest	1,770	1,370	1,744	540	(3,620)
	136,173	151,079	89,730	58,232	37,708
Earnings per share in kobo (basic/diluted)	37443	41707	245	161	115