FIDELITY BANK PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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Directors' Report

The Directors of Fidelity Bank Plc (the Bank/Company) are pleased to submit their report on the affairs of the Bank and its subsidiary (the Group), together with the Group Audited Financial Statements and External Auditor's Report for the financial year ended 31 December 2023.

1 RESULTS

Highlights of the Group's operating results for the financial year ended December 31, 2023 are as follows:

	Group	Group	Bank	Bank
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	N'million	N'million	N'million	N'million
Profit before income tax	124,260	53,677	124,338	53,677
Income tax expense	(24,806)	(6,953)	(24,806)	(6,953)
Profit after income tax	**99,454**	**46,724**	**99,532**	**46,724**
Earnings per share				
Basic and diluted (in kobo)	**311**	**161**	**311**	**161**

DIVIDEND

The Board of Directors of the Group, pursuant to the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) 2020, propose a final dividend of N0.60k per share (31 December 2022: N0.50k per share) for the 2023 financial year. The proposed final dividend of N0.60k per share and interim dividend of N0.25k per share paid on September 22, 2023, brings the total dividend for 2023 to N0.85k per Ordinary Share to be paid from the retained earnings account as at 31 December 2023.

The proposed dividend will be presented for shareholders' approval at the Bank's 36th Annual General Meeting. If approved, the proposed dividend will be paid net of withholding tax at the applicable tax rate.

2 LEGAL FORM

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

3 PRINCIPAL BUSINESS ACTIVITIES

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

The Bank has one wholly owned subsidiary, Fidelity Bank UK Limited (former Union Bank UK Plc) which was acquired in 2023. The financial result of the subsidiary has been consolidated into these financial statements.

Directors' Report- continued
For the year ended 31 December 2023

4 BENEFICIAL OWNERSHIP

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

5 SHARE CAPITAL

The range of shareholding as at December 31, 2023 is as follows:

Range		***No. of Holders***	***Holders%***	***Holders Cum***	***Units***	***Units %***
1	1,000	96,457	24.29%	96,457	80,062,687	0.25%
1,001	5,000	170,140	42.85%	266,597	467,487,599	1.46%
5,001	10,000	51,326	12.93%	317,923	420,968,085	1.32%
10,001	50,000	56,866	14.32%	374,789	1,349,776,549	4.22%
50,001	100,000	10,391	2.62%	385,180	808,049,299	2.53%
100,001	500,000	9,120	2.30%	394,300	1,967,600,677	6.15%
500,001	1,000,000	1,365	0.34%	395,665	1,007,047,371	3.15%
1,000,001	5,000,000	1,006	0.25%	396,671	2,090,730,371	6.53%
5,000,001	10,000,000	141	0.04%	396,812	1,038,421,862	3.25%
10,000,001	50,000,000	160	0.04%	396,972	3,261,807,799	10.19%
50,000,001	100,000,000	27	0.01%	396,999	1,936,048,928	6.05%
100,000,001	32,000,000,000	53	0.01%	397,052	17,571,998,773	54.91%
GRAND TOTAL		**397,052**	**100%**		**32,000,000,000**	**100%**

Substantial interest in shares
The Bank's shares are widely held and according to the Register of Members, no single shareholder held up to 5% of the issued share capital of the Bank during the year ended 31 December 2023.

Directors' Report- continued
For the year ended 31 December 2023

6 Changes on the Board and Directors Interest

(a) Changes on the Board

The following change occurred on the Board after the 35th Annual General Meeting, which held on May 23, 2023.

	Board Changes
1	Mr. Hassan Imam, former Executive Director North, retired from the Board with effect from January 10, 2024, sequel to his appointment as the MD/CEO of another financial institution by the Central Bank of Nigeria.

The Board uses this medium to express its sincere appreciation to Mr. Hassan Imam for his meritorious service to the Bank spanning over twenty-six years including his tenure on the Board as an Executive Director.

(b) Directors Who Held Office During the Review Period:
The Directors who held office during the year ended 31 December 2023 together with their interest in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 301 and 302 of the Companies and Allied Matters Act (CAMA), 2020 and the listing requirements of the Nigerian Exchange Group (NGX) are detailed below:

		31 December 2023			31 December 2022		
NAME OF DIRECTOR	STATUS	DIRECT	INDIRECT	TOTAL	DIRECT	INDIRECT	TOTAL
		Units	Units	Units	Units	Units	Units
Mr. Mustafa Chike-Obi	Chairman, Non-Executive Director	39,516,294	NIL	39,516,294	39,516,294	NIL	39,516,294
Alhaji Isa Inuwa	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Engr. Henry Obih	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Mr. Chidi Agbapu	Non-Executive Director	1,724,276	NIL	1,724,276	1,724,276	NIL	1,724,276
Chief Nelson C. Nweke	Non-Executive Director	71,847,773	NIL	71,847,773	71,847,773	NIL	71,847,773
Mr. Chinedu Okeke	Non-Executive Director	1,040,000	NIL	1,040,000	1,040,000	NIL	1,040,000
Mrs. Amaka Onwughalu	Non-Executive Director	4,404,700	NIL	4,404,700	4,404,700	NIL	4,404,700
Mrs. Ronke Bammeke	Independent Non-Executive Director	Nil	NIL	Nil	Nil	NIL	Nil
Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO	69,644,260	NIL	69,644,260	69,644,260	NIL	69,644,260
* Mr. Hassan Imam	Executive Director	41,252,468	NIL	41,252,468	41,252,468	NIL	41,252,468
Mr. Kevin Ugwuoke	Executive Director	39,123,921	NIL	39,123,921	39,123,921	NIL	39,123,921
Dr. Ken Opara	Executive Director	32,192,832	NIL	32,192,832	32,192,832	NIL	32,192,832
Mr. Stanley Amuchie	Executive Director	15,727,272	NIL	15,727,272	3,000,000	NIL	3,000,000
Mrs. Pamela Shodipo	Executive Director	12,727,272	NIL	12,727,272	NIL	NIL	NIL

****Retired with effect from January 10, 2024.**

Directors' Report- continued

Directors interest in Contracts:

The Directors' interests in related party transactions as stated in Note 38. to the financial statements were conducted at arm's length and disclosed to the Board of Directors in compliance with Section 303 of the Companies and Allied Matters Act, 2020.

Disclosure on Directors' Remuneration

The disclosure on Directors' Remuneration is made pursuant to the Governance Codes and Regulations issued by the Central Bank of Nigeria, Nigerian Exchange Group, the Securities and Exchange Commission and the Financial Reporting Council of Nigeria.

The Bank has a formal Board Remuneration Policy, which is consistent with its size and scope of operations. The Policy focuses on ensuring sound corporate governance practices as well as sustained and long-term value creation for Shareholders. The policy aims to achieve the following amongst others:

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

Executive Directors' Remuneration:

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

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

The Board Corporate Governance Committee (a Committee comprised of only Non-Executive Directors) makes recommendations to the Board on all matters relating to Directors' remuneration. The Executive Directors are not involved in decisions on their own remuneration. Please see the table below for the key elements of Executive Directors' remuneration arrangements:

Directors' Report- continued

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

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

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

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

They also receive a sitting allowance for each meeting attended by them but do not receive any performance incentive payments.

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

Directors' Report - continued

Remuneration Element	Objective	Payment Mode	Programme Detail
Annual Fees	· To attract individuals with relevant skills, knowledge and experience.	· Quarterly	• Reviewed every 2 years or as appropriate and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
Sitting Allowances	· To recognise the responsibilities of the Non-Executive Directors.	· Per meeting	• Reviewed every 2 years or as appropriate and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
	· To encourage attendance and participation at designated committees assigned to them.		

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

The Board periodically benchmarks its remuneration practices against peer organizations whose business profiles are similar to that of the Bank and makes changes as appropriate.

The remuneration paid to the Directors in the period 30 June 2023 is disclosed in Note 38 of the Financial Statements.

7 EVENTS AFTER THE REPORTING PERIOD

The Bank is on a strong growth trajectory and requires additional capital for increased profitability, expansion (domestic and international) and enhancement of its digital capabilities. See note 47

8 PROPERTY, PLANT AND EQUIPMENT

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

9 DONATIONS AND CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organizations during the year ended 31 December ,2023 amounted to N819,820,447.75 (31 December 2022 - N107,834,208.16). There were no donations to political organizations during the year. .
The beneficiaries were:

Directors' Report - continued

	REQUESTING/BENEFICIARY ORGANISATION	DONATION	AMOUNT (N)
1	Our Lady of Perpetual Help Catholic Church,	Donation of Household Items	6,015,700
2	Ornament Productions, Lagos	Sponsorship of the Witness Stage Play	5,000,000
3	Misnoory Foundation, Kano	Sponsorship of their Ramadan Feeding program	10,000,000
4	Unusual Praise, Lagos	Sponsorship of Unusual Entrepreneurs 2023	10,000,000
5	ICC Conference Sponsorship, Lagos	Sponsorship of the 7th ICC Conference	2,940,000
6	Healthy Heart Foundation, Lagos	Sponsorship of Heart Surgeries (Congenital Cardiac Problems) for	5,000,000
7	Nigerian Conservation Foundation, Lagos	Sponsorship of Walk for Nature Event	1,500,000
8	Our Lady of Perpetual Help Catholic Church,	Donation towards an Infrastructural project	5,000,000
9	Asma'u Dambatta Foundation, Kano	Donation of CSR Educational Materials	16,000,000
10	University of Jos, Plateau State	Renovation and donation of equipment of UNIJOS School	9,958,640
11	Nigerian Immigration Services, Lagos	Refurbishment of Jack Vehicle	1,666,250
12	Steam Empowerment Foundation (SEF), Lagos	Train a Girl Child initiative (Donation of computer systems, printer and	1,500,000
13	Onitolo Community Junior High School, Lagos	Donation of 100 School Bags, 100 water bottles, 100 exercise books	444,000
14	Owerri Girls Junior Secondary School, Owerri,	Renovation of JSS1 School Block and donation of food items	2,600,000
15	Holy Family Home for the Elderly, Lagos	Provision of care items for the elderly	1,141,758
16	Mary's Perpetual Help Foundation, Lagos	Provision of food items for an orphanage and beneficiaries	500,000
17	Ikenegbu Girls Secondary School, Owerri, Imo	Provision of equipment for biology, chemistry and physics lab	1,370,000
18	Nigerian Correctional Service	Medical Outreach	780,000
19	Classic FM, Lagos	Sponsoring a poetry competition for kids	200,000
20	Girls Senior Secondary Grammar School/Boys Senior Academy Obalende, Lagos	Donation of 3 Giant Dustbins for Recycling	400,000
21	St Patrick's Speech and Language Center, Lagos	Donation of a N1m cheque and food items to the kids	1,284,000
22	Deprived Communities across the Country	Distribution of 24,000 Fidelity Food Bank Packs to communities in Dire	130,000,000
23	Lagos Business School, Lagos	Sponsorship of Alumni Association Presidential Dinner	2,000,000
24	Chartered Institute of Stock Brokers, Lagos	Sponsorship of the 2023 National Workshop of the Chartered Institute	15,000,000
25	Dr. Chinyere	Sponsorship of a Book Launch titled "The Future-Focused Female	500,000
26	Misnoory Foundation, Kano	Donation to five special needs Schools in Kano	20,000,000
27	Federal Govt Girls College (FCCG) Calabar, Old	Infrastructural project at FGGC, Calabar	2,000,000
28	Columbia African, New York, USA	Sponsorship of Columbia Africa Conference	11,380,000
29	Federal Govt Girls College (FCCG) Owerri, Old	Water project at FGGC, Owerri, Imo State	15,000,000
30	Nnokwa Progress Union, Anambra State	Security and water projects at Nnokwa Community	5,000,000
31	St Kevin Catholic Church, Ichida, Anambra	Support for community outreach	20,000,000
32	Christmas Outreach Initiative, Lagos	Support for Festive outreach	2,000,000
33	Anambra Anglican Fellowship, Lagos	Support for community development	1,000,000
34	Catholic Church of Transfiguration, Lagos	Community Development	1,000,000
35	Chartered Institute of Bankers of Nigeria	Sponsorship of Bankers Night Raffle draw	2,000,000
36	OKHMA Global Limited, Lagos	Sponsorship of Calabar carnival 2023	20,000,000
37	Holy Cross Cathedral, Lagos	Community Development	4,000,000
38	Ikoyi Club, Lagos	Sponsorship of the 48th Ikoyi Club Golf Ladies Open	5,000,000
39	Anambra Investment Summit, Anambra	Sponsorship of Anambra Investment Summit	20,000,000
40	Our Lady of Perpetual Help Catholic Church,	Community Development	3,500,000
41	Market Impact Church, Lagos	Sponsorship of Youth Empowerment Conference	3,901,000
42	Growthbow Solutions Ltd, Lagos	Sponsorship of AfroJazz Festival	2,000,000
43	Army Children's Model Primary School, Port	Donation of 160 School Bags, 160 water bottles, 200 exercise books	1,112,000
44	Garba Noma Primary School, Bauchi State	3 Blocks of Classrooms (3 classrooms each), 500 uniforms and 200 new	18,935,600
45	Federal University of Kashare, Gombe State	Installation of 15kva Inverter, Solar Panels and Deep Cycle Batteries to	9,938,500
46	Community School, Itowolo, Ikorodu, Lagos	Provision of Educational to economically disadvantaged school	760,000
47	Apostolic Church Grammar School, Kosofe Senior High, Orisigun Primary School & Ajegunle Junior High, Lagos	Donation of 4 Giant Dustbins for Recycling	620,000
48	Somolu Senior High School (Somolu, Lagos), Agnus Memorial Senior High School (Somolu,	Donation of 4 Giant Dustbins for Recycling	632,000
49	Internally Displaced Persons at at Mangu and Barkin Ladi IDP camps, Jos, Plateau State	Provision of relief materials	10,000,000
50	Open Arms Orphanage Home, Isolo, Lagos	Donation of Food items and educational materials	410,000
51	DBenevolent Care Orphanage, Port Harcourt,	Donation of Food and other essential items t	420,000
52	Isolo General Hospital, Isolo, Lagos	Donation of branded bedsheets and beds to the children and mothers	400,000
53	Surulere Primary Health Care Centre, Surulere,	Donation of Maternity Kits to less priviledged expectant mothers	544,000
54	Iwaya Community Primary Health Care, Yaba,	Renovation of of sections of the Primary Health care centre	2,367,000
55	Anambra State Universal Basic Education Board	Donation of Laptops	5,912,500
56	FGGC, Owerri Old Girls Association, Owerri, Imo	Construction of a Games court (Eko Court) at FGGC Owerri	24,187,500
57	Deprived Communities across the Country	Feeding the malnourished across the country through the Bank's	360,000,000
58	AAF Widows, Anambra	Donation of empowerment materials to Widows in Anambra State	5,000,000
59	Kirikiri Prisons, Lagos	Donation of Relieve materials to Inmates of the Kirkiri Prisons to	10,000,000
	Total		**819,820,448**

Directors' Report - continued

10 Gender Analysis as at 31 December,2023

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

GENDER ANALYSIS OF TOTAL STAFF AS AT 31 December 2023			31 December, 2022	
GENDER	**NUMBER**	**PERCENTAGE OF TOTAL STAFF**	**NUMBER**	**PERCENTAGE OF TOTAL STAFF**
FEMALE	1,537	50%	1,448	48%
MALE	1,526	50%	1,590	52%
TOTAL	**3,063**	**100%**	**3,038**	**100%**

GENDER ANALYSIS OF EXECUTIVE MANAGEMENT AS AT 31 December 2023			31 December, 2022	
GENDER	**NUMBER**	**PERCENTAGE**	NUMBER	PERCENTAGE
FEMALE	2	33%	1	29%
MALE	4	67%	4	71%
TOTAL	6	**100%**	5	100%

GENDER ANALYSIS OF TOP MANAGEMENT (AGM-GM) AS AT 31 December 2023				31 December, 2022		
GRADE	**FEMALE**	**MALE**	**TOTAL**	**FEMALE**	**MALE**	**TOTAL**
General Manager	0	8	8	1	5	6
Deputy General Manager	6	12	18	4	7	11
Assistant General Manager	10	22	32	7	25	32
TOTAL	**16**	**42**	**58**	**12**	**37**	**49**
Percentage	**28%**	**72%**	**100%**	**24%**	**76%**	**100%**

GENDER ANALYSIS OF TOP MANAGEMENT (AGM-GM) AS AT 31 December 2023				31 December, 2022		
GRADE	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Executive Director	1	4	5	0	4	4
Managing Director	1	0	1	1	0	1
Non Executive Director	2	6	8	2	6	8
TOTAL	**4**	**10**	**14**	**3**	10	**13**
Percentage	**29%**	**71%**	**100%**	**23%**	**77%**	**100%**

Directors' Report - continued

Human Resources Policy
The Bank places a high premium on all its employees and recognizes that their input is critical for its long-term success. Consequently, the Bank ensures its continued compliance with regulatory provisions on employment and carries out pre-employment background screening on prospective employees.

The Bank also ensures that all employees are treated fairly and equally regardless of their ethnicity, gender, nationality, religion or other factors, while promoting diversity in the workplace. The Bank operates a contributory pension plan for its employees in accordance with the provisions of the Pension Reform Act 2014.

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

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

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

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

Beyond direct clinical healthcare support, staff members also benefit from structured preventive health awareness programmes. In this regard, the Bank carries out well-articulated awareness sessions on topical health issues including preventing the spread of malaria, diabetes, hypertension, and kidney disease. Staff are also engaged on occupational safety matters including regular fire and first aid drills, with each business office having designated fire safety officers/champions.

In addition to physical health, the Bank is mindful of the importance of mental wellness in the overall wellbeing of staff and arranges regular sessions on mental health by experienced professionals, while ensuring individual access to counselling/follow-up sessions.

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

Staff health and the COVID-19 Pandemic
Health awareness programmes also focus on preventing the spread of the Corona Virus. The Bank adopted several measures to ensure that staff and other stakeholders were protected from the Corona Virus.

These include implementation of an onsite and remote work model, regular advisories on safety measures to prevent the spread of the virus, vaccination of staff and their dependents and ensuring safe practices in the office.

Human Rights
The Bank has a formal Human Rights Policy and consciously strives to ensure that it does not engage in business activities or relationships that would violate the provisions of the policy.

The policy aligns with extant laws, including the relevant provisions of the Constitution of the Federal Republic of Nigeria. The Bank will continue to meet the standards of international treaties on human rights, as domesticated and ratified by the National Assembly, as well as other workplace related treaties.

Employee involvement and training
The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made on achieving same. The opinions and suggestions of staff are valued and considered not only on matters affecting them as employees, but also on the general business of the Bank. The Bank operates an open communication policy and employees are encouraged to communicate with Management through various media.

Sound management and professional expertise are considered to be the Bank's major assets, and investment in employees' future development continues to be a top priority. Fidelity is a learning organization and believes in the development of her employees, irrespective of their job roles and responsibilities in the Bank. As an institution committed to maintaining its competitive edge, Fidelity Bank ensures that employees receive qualitative training within and outside the country. Staff Training Plans are drawn up yearly premised on grade specific baseline and function specific programmes. These include local, offshore and inhouse programmes.

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

The Bank currently has nine modern Learning Centers at Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja, and Kano. A total of 5878 staff (3319 core staff and 2559 non-core), participated in various training programs as of 31 December 2023.

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

Research and Development
The Bank continues to research, develop, and deploy innovative banking products.

Directors' Report - continued

Credit Ratings

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

Fitch Ratings	Long-Term = B- Short-Term =B Outlook = Stable
Standard & Poor (S&P)	Long-Term = B- Short-Term =B Outlook = Stable
Global Credit Rating Co (GCR)	Short Term = A1(NG) Long Term = A (NG) Outlook = Stable
Agusto & Co	Long Term = "A" Outlook = Stable

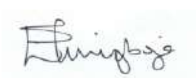
Additional information on the ratings can be obtained from the Bank's website at
https://www.fidelitybank.ng/investor-relations/credit-ratings/

External Auditors

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

The External Auditors have indicated their willingness to continue in office as the Bank's auditors for 2024 financial year in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. The resolution authorizing the Directors to determine their renumeration was proposed and approved at the 36th Annual General Meeting.

By order of the Board.



Ezinwa Unuigboje
Company Secretary
FRC/2015/NBA/00000006957

Fidelity Bank Plc
No 2 Kofo Abayomi Street
Victoria Island
Lagos
Date: 11th March 2024

Statement Of Directors' Responsibilities In Relation To The Preparation Of The Financial Statements
For the year ended 31 December 2023

In accordance with the provisions of Sections 377 and 378 of the Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Bank, and of the financial performance for the year . The responsibilities include ensuring that:

(a) Appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

(b) The Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria.

(c) The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

(d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

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

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and its financial performance for the year under review

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

Nothing has come to the attention of the Directors to indicate that the Bank and its subsidiary will not remain a going concern from the date of this statement.

Signed on behalf of the Directors by:

Kevin Ugwuoke
Executive Director
FRC/2020/003/00000022290

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

Report of the Statutory Audit Committee
For The Year Ended 31 December 2023

To The Members of Fidelity Bank Plc

In compliance with Section 404(7) of the Companies and Allied Matters Act, 2020, we the members of the Statutory Audit Committee hereby report that we:

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2023 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2023 and are satisfied that Management is taking appropriate steps to address the issues raised.
- Ascertained that the Company has complied with the provisions of Central Bank of Nigeria (CBN) Circular BSD/1/2004 dated February 18, 2004 on "Disclosure of insider credits in the financial statements of banks". In addition, related party transactions and balances have been disclosed in the Notes to the Financial Statements for the year ended 31 December 2023 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2023 are in accordance with legal requirements and agreed ethical practices.

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

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

March 12, 2024

MEMBERS OF THE COMMITTEE

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

In Attendance:

Mrs. Ezinwa Unuigboje	- Company Secretary

Statement Of Corporate Responsibility For The Preparation Of The Financial Statements
For the year ended 31 December 2023

In line with the provision of Section 405 of CAMA 2020, the Chief Executive Officer and Chief Financial officer of Fidelity Bank Plc have reviewed the Financial Statements of the bank for the year ended **December 31 2023** and accept responsibility for the financial and other information within the report based on the following:

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

ii The financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and result of operation of the bank as of and for the year ended December 31, 2023.

iii The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2023

iv The bank's internal Controls has been designed to ensure that all material information relating to the bank has been provided.

v That we have disclosed to the bank's Auditor and the Audit Committee that there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the course of the Audit; And that there is no fraud involving management or other employees which could have any significant role in the bank's internal control.

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

Signed on behalf of the Directors by:
Date: 11 March 2024

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

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

Corporate Governance Report

Introduction

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

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

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

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

Corporate Governance Framework

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

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

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

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

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

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

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

Key Governance Development

(1) Key Governance Developments (Board Changes) :
The following change occurred on the Board after the 35th Annual General Meeting, which held on May 23, 2023.

i	Mr. Hassan Imam, former Executive Director North, retired from the Board with effect from January 10, 2024, sequel to his appointment as the MD/CEO of another financial institution by the Central Bank of Nigeria.

(ii) Proposal to issue additional shares by way of Public Offer and Rights Issue
The Bank is on a strong growth trajectory and requires additional capital for increased profitability, expansion (domestic and international) and enhancement of its digital capabilities. Consequently, an Extra-Ordinary General Meeting was held on August 11, 2023 and Shareholders' approval was obtained for a capital raising exercise via a Public Offer and Rights Issue. The Bank has submitted an application to the Securities & Exchange Commission (SEC) for regulatory approval for the offer.

Corporate Governance Report

(ii) Acquisition of Fidelity Bank UK Limited (former Union Bank UK Plc)

The Bank completed its acquisition of its subsidiary, Fidelity Bank UK Limited (former Union Bank UK Plc) in 2023. The financial result of the subsidiary has been consolidated into these financial statements.

(2) New Code of Corporate Governance issued by the Central Bank of Nigeria

On July 14, 2023, the Central Bank of Nigeria published a new Code of Corporate Governance for Banks in Nigeria with an effective date of August 1, 2023. The Board is taking action to ensure the Bank's compliance with the provisions of the new Code.

The Board of Directors

Board Size

The Board currently comprises of thirteen (13) Directors, five (5) Executives including the Managing Director/Chief Executive Officer (MD/CEO) and eight (8) Non-Executive Directors including three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors do not hold any shares in the Company, nor are they involved in any business relationship with the Bank. All Board appointments are in line with the Bank's Directors Selection Criteria Policy, and applicable regulations and are also subject to the approval of the Central Bank.

Board Structure and Responsibilities

The Board is responsible for creating and delivering sustainable value to all stakeholders through efficient management of the business. The Board is also responsible for determining the strategic direction of the Bank, which said strategy is implemented through Executive Management, within a framework of rewards, incentives and controls. Executive Management, led by the Managing Director/Chief Executive Officer, constitutes the key management organ of the Bank and is primarily responsible for achieving performance expectations and increasing shareholder value.

Executive Management reports regularly to the Board on issues relating to the growth and development of the Bank. The Board plays a major supportive and complementary role in ensuring that the Bank is well managed and that appropriate controls are in place and fully operational.

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

Responsibility for the day-to-day management of the Bank resides with the MD/CEO, who carries out her functions in accordance with guidelines approved by the Board of Directors. The MD/CEO is ably assisted by the five (5) Executive Directors. In line with best practice and requisite regulations, the roles of the Chairman of the Board and MD/CEO are assumed by different individuals to ensure that the right balance of power and authority is maintained.

The effectiveness of the Board is derived from the broad range of skills and competencies of the Directors, who are persons of high integrity and seasoned professionals and are competent, knowledgeable and proficient in their professional careers, businesses and/or vocations. The Directors bring to the Board their diverse experience in several fields ranging from business management, corporate finance, accounting, banking operations, Oil & Gas, information technology, risk management, engineering, project finance, leasing, law, entrepreneurship and treasury management.

The professional background of the Directors reflects a balanced mix of skills, experience and competencies that impacts positively on the Board's activities. No individual dominates the decision-making process. The Board operated effectively throughout the period and continues to do so.

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

Access to Information

Management is responsible for ensuring that the Board receives information on the Bank's operations and activities on a regular and timely basis to aid the decision-making process. Executive Management and other principal officers attend Board and Board Committee meetings to make presentations and clarify any issue as appropriate.

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

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

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

The Board meets quarterly, and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and briefed on business developments between Board meetings. The Board met eleven (11) times during the year ended 31 December 2023.

Corporate Governance Report

Details of the Directors who served on the Board during the year ended 31 December 2023 are indicated below:

NO	NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT	Cumulative Period Served as at 31 December 2023
1	**Mr. Mustafa Chike-Obi**	Chairman /Non-Executive Director	August 15, 2020	3 Years and 4 months
2	**Mr. Chidi Agbapu**	Non-Executive Director	September 3, 2018	5years and 3 months
3	**Alhaji Isa Inuwa**	Independent Non-Executive Director	January 22, 2020	3 years and 11 months
4	**Engr. Henry Obih**	Independent Non-Executive Director	September 21, 2020	3 years and 3 months
5	**Mrs. Amaka Onwughalu**	Non-Executive Director	December 15, 2020	3 years
6	**Chief Nelson C. Nweke**	Non-Executive Director	December 15, 2020	3 years
7	**Mr. Chinedu Okeke**	Non-Executive Director	January 4, 2021	2 years and 11 months
8	**Mrs. Ronke Bammeke**	Independent Non-Executive Director	November 18, 2021	2 year and 1 month
9	**Mrs. Nneka Onyeali-Ikpe**	Managing Director/CEO	Appointed to the Board as Executive Director on September 3, 2015; Assumed office as MD/CEO on January 1, 2021.	3 years/6months as MD/CEO; 5 years /3 months as Executive Director
10	*** Mr. Hassan Imam**	Executive Director	January 1, 2020	4 years
11	**Mr. Kevin Ugwuoke**	Executive Director	July 28, 2020	3 years and 5 months
12	**Dr. Ken Opara**	Executive Director	January 1,2021	3 years
13	**Mr. Stanley Amuchie**	Executive Director	January 27, 2022	1 year and 11 months
14	**Mr. Pamela Shodipo**	Executive Director	February 3, 2022	10 months

Corporate Governance Report

Directors' Appointments, Retirements and Re-elections

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

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

Mrs. Pamela Shodipo was appointed to the Board on February 3, 2023, as Executive Director, South Directorate. The appointment was approved by the Central Bank and she was presented to the Shareholders for election at the 35th Annual General Meeting on May 23, 2023.

Mr. Hassan Imam, former Executive Director North, retired from the Board on January 10, 2024, sequel to his appointment as the MD/CEO of another financial institution by the Central Bank of Nigeria.

Directors' Term of Office

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

Board Induction and Continuous Education

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

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

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

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

Corporate Governance Report

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

S/N	Course	Vendor	Start Date	End Date	Name of Directors
1	Executive Negotiation Workshop: Negotiate With Confidence.	Wharton School of Business	April 17, 2023	April 21, 2023	1. Mr. Chidi Agbapu 2. Mrs. Amaka Onwughalu
2	Exploiting Disruption in the Digital Age	London Business School	May 7, 2023	May 12, 2023	Mr. Mustafa Chike-Obi
3	SBS Oxford High Performance Leadership Programme	Said Business School (University of Oxford)	May 7, 2023	May 12, 2023	Dr. Ken Opara
4	Business Model Innovation in The Digital Age	Wharton School of Business	May 8, 2023	May 12, 2023	Mrs. Morohunke Bammeke
5	Leading Strategic Growth & Change	Columbia Business School	June 5, 2023	June 9, 2023	Mr. Chinedu Okeke
6	Leading With Advanced Analytics and Artificial Intelligence)	Kellogg University	September 11, 2023	September 14, 2023	Alhaji Isa Inuwa
7	Agile Organizational Change: Responding Rapidly to Emerging Opportunities and Threats' Offshore Programme	COPEX Training FZ-LCC	September 18, 2023	September 22, 2023	Chief Nelson Nweke
8	The Leading Strategic Growth and Change	Columbia University USA	October 9, 2023	October 13, 2023	Mr. Kevin Ugwuoke
9	The Strategic Marketing Programme Seminar (09 Oct 2023 - 13 Oct 2023) By INSEAD	INSEAD In France	October 9, 2023	October 13, 2023	Mr. Hassan Imam
10	Directors' Consortium Programme	Standford Graduate School of Business	October 15, 2023	October 20, 2023	1. Engr. Henry Obih 2. Mrs. Amaka Onwughalu 3. Dr. Nneka Onyeali-Ikpe 4. Mrs Pamela Shodipo
11	Negotiation And Competitive Decision-Making Programme	Harvard University	October 29, 2023	November 3rd, 2023	Mr. Stanley Amuchie
12	Corporate Governance Effectiveness and Accountability in the Boardroom	Kellogg University	November 6, 2023	November 9, 2023	Mr. Chidi Agbapu

Corporate Governance Report

S/N	Course	Vendor	Start Date	End Date	Name of Directors
1	Board Induction Programme	In-house (Fidelity Bank Plc)	March 15, 2023	March 16, 2023	Mrs. Pamela Shodipo
2	Company Directors Course 1 for New Directors (CDC-1)	Institute of Directors of Nigeria (IOD)	June 14, 2023	June 15, 2023	Mrs. Pamela Shodipo
3	Review of the CBN Code of Corporate Governance	KPMG	August 15, 2023	August 16, 2023	1. Mr. Mustafa Chike-Obi 2. Mr. Chidi Agbapu 3. Alhaji Isa Inuwa 4. Engr. Henry Obih 5. Mrs. Amaka Onwughalu 6. Chief Nelson Nweke 7. Mr. Chinedu Okeke 8. Mrs. Morohunke Bammeke. 9. Dr. Nneka Onyeali-Ikpe 10. Mr. Hassan Imam 11. Mr. Kevin Ugwuoke 12. Dr. Ken Opara 13. Mr. Stanley Amuchie 14. Mrs. Pamela Shodipo
4	Key Imperatives for the Audit Committee in a New Age of Governance	KPMG	August 9, 2023	August 9, 2023	1. Mr. Chidi Agbapu 2. Alhaji Isa Inuwa 3. Engr. Henry Obih 4. Mrs. Amaka Onwughalu 5. Chief Nelson Nweke 6. Mr. Chinedu Okeke 7. Mrs. Morohunke Bammeke. 8. Dr. Nneka Onyeali-Ikpe 9. Mr. Hassan Imam 10. Mr. Kevin Ugwuoke 11. Dr. Ken Opara 12. Mr. Stanley Amuchie 13. Mrs. Pamela Shodipo
5	Data Protection Act 2023 Workshop	Institute of Directors of Nigeria (IOD)	September 7, 2023	September 7, 2023	1. Mr. Chidi Agbapu 2. Mrs. Amaka Onwughalu 3. Chief Nelson Nweke 4. Mrs. Morohunke Bammeke.

Corporate Governance Report

S/N	Course	Vendor	Start Date	End Date	Name of Directors
6	Audit Committee Oversight of Cybersecurity	Audit Committee Institute of Nigeria	September 6, 2023	September 7, 2023	1. Chief Frank Onwu 2. Dr. Christian Nwinia 3. Mr. Innocent Mmuoh
7	Board AML/CFT/ ESG Training	H. Pierson & Associates	September 28, 2023	September 28, 2023	1. Mr. Mustafa Chike-Obi 2. Mr. Chidi Agbapu 3. Alhaji Isa Inuwa 4. Engr. Henry Obih 5. Mrs. Amaka Onwughalu 6. Chief Nelson Nweke 7. Mr. Chinedu Okeke 8. Mrs. Morohunke Bammeke. 9. Dr. Nneka Onyeali-Ikpe 10. Mr. Hassan Imam 11. Mr. Kevin Ugwuoke 12. Dr. Ken Opara

Corporate Governance Report

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

Independent consultants engaged during the review period include:

S/N	Consultant	Brief
1	KPMG Advisory Services	Corporate Strategy, Board Appraisal
2	PricewaterhouseCoopers	Consultancy Services

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

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

The appraisal is extensive and covers the Board, Board Committees and individual Directors, focusing on strategy, corporate culture, monitoring, evaluation, performance and stewardship. A governance survey is also occasionally administered on senior management staff of the Bank and the result of the survey is presented to the Board.

Amongst other indices the annual assessment focuses on the Board's role in the following key areas:

(a) Defining strategy and management of the Board's own activities.
(b) Monitoring Management and evaluating its performance against defined objectives.
(c) Implementing effective internal control systems.
(d) Communicating standards of ethical organizational behaviour by setting the tone at the top.

The independent consultant's report on the Board appraisal is presented to Shareholders at the Annual General Meetings and submitted to the Central Bank of Nigeria. The Board appointed KPMG Advisory Services to carry out the Board appraisal and governance evaluation exercise for 2022 financial year. The Consultant's report was presented to the shareholders at the 35th Annual General Meeting on May 23, 2023.

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

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

Corporate Governance Report

A. Board Committees

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

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

To enable the Committees, execute their oversight responsibilities, each Committee has a formal Charter, which defines its objectives and operating structure including composition, functions, and scope of authority. At the beginning of the year, each Committee develops its Annual Agenda Cycle, Annual Goals, and meeting calendar, to guide its activities during the year.

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

The composition of Board Committees as of 31 December 2023, was as follows:

S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
1	Board Finance & General Purpose Committee (FGPC):	Chief Nelson C. Nweke	Chairman (Non-Executive Director)
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
2	Board Corporate Governance Committee (BGCG):	Engr. Henry Obih	Chairman (Independent Non-Executive Dire
		Mr. Chidi Agbapu	Non-Executive Director
		Alh. Isa Inuwa	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Chief Nelson C. Nweke	Non-Executive Director
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
3	Board Risk Committee (BRC) :	Mrs. Amaka Onwughalu	Chairman (Non-Executive Director)
		Alh. Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
		Mr. Kevin Ugwuoke	Executive Director, Chief Risk Officer
S/N	**COMMITTEE**	**MEMBERSHIP**	**DESIGNATION**
4	Board Audit Committee (BAC):	Alh. Isa Inuwa	Chairman (Independent Non Executive Dire
		Chief Nelson C. Nweke	Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director

Corporate Governance Report

S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
5	Board Credit Committee (BCC) :	Mr. Chidi Agbapu	Chairman, Independent Non-Executive Dire
		Alhaji. Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive
		Mr. Chinedu Okeke	Non-Executive
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
6	Board Information Technology Committee (BITC)	Mrs. Morohunke Bammeke	Chairman, Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director

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

Its terms of reference include:

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

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

Its terms of reference include:

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

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

Corporate Governance Report

3. Board Audit Committee:

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

Its terms of reference include:

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

4. Board Corporate Governance Committee:

The Board Corporate Governance Committee comprises a minimum of four (4) Non-Executive Directors (including an Independent Director who chairs the Committee). The Managing Director (and in her absence, an Executive Director nominated by her) is required to attend the Committee's meetings. The Committee has oversight responsibility for issues relating to the Bank's Corporate Governance Framework.

The Committee meets quarterly or as the need arises. Its terms of reference include.

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

5. Board Finance & General Purpose Committee:

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

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

6. Board Information Technology Committee:

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

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

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

Corporate Governance Report

B. Attendance at Board and Board Committee Meetings
Records of the Directors' attendance at meetings during the year ended 31 December 2023 are provided below:

BOARD OF DIRECTORS

NAME	DESIGNATION	30-Jan-23	8-Mar-23	4-Apr-23	4/27/20243	14-Jun-23
Mr. Mustafa Chike-Obi	Chairman	√	√	√	√	√
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	√	√
Chief Nelson Nweke	Non-Executive Director	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√
Engr. Henry Obih	Independent Non-Executive Director	√	√	√	√	√
Mr. Chidi Agbapu	Non-Executive Director	√	√	√	√	√
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	√	√	√	√
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	√	√	√	√
Mr. Hassan Imam	Executive Director	√	√	√	√	√
Mr. Kevin Ugwuoke	Executive Director	√	√	√	√	√
Dr. Ken Opara	Executive Director	√	√	√	√	√
Mr. Stanley Amuchie	Executive Director	√	√	√	√	√
*Mrs. Pamela Shodipo	Executive Director	N/A	√	√	√	√

NAME	DESIGNATION	22-Jun-23	9-Jul-23	22-Aug-23	30-Oct-23	23-Nov-23
Mr. Mustafa Chike-Obi	Chairman	√	√	√	√	√
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	√	√
Chief Nelson Nweke	Non-Executive Director	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√
Engr. Henry Obih	Independent Non-Executive Director	√	√	√	√	√
Mr. Chidi Agbapu	Non-Executive Director	√	√	√	√	√
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	√	√	√	√
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	√	√	√	√
Mr. Hassan Imam	Executive Director	√	√	√	√	√
Mr. Kevin Ugwuoke	Executive Director	√	√	√	√	√
Dr. Ken Opara	Executive Director	√	√	√	√	√
Mr. Stanley Amuchie	Executive Director	√	√	√	√	√
*Mrs. Pamela Shodipo	Executive Director	√	√	√	√	√

Corporate Governance Report

NAME	DESIGNATION	15-Dec-23	N0. OF MEETINGS	NUMBER ATTENDED
Mr. Mustafa Chike-Obi	Chairman	√	11	11
Alhaji Isa Inuwa	Independent Non-Executive Director	√	11	11
Mrs. Amaka Onwughalu	Non-Executive Director	√	11	11
Chief Nelson Nweke	Non-Executive Director	√	11	11
Mr. Chinedu Okeke	Non-Executive Director	√	11	11
Engr. Henry Obih	Independent Non-Executive Director	√	11	11
Mr. Chidi Agbapu	Non-Executive Director	√	11	11
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	11	11
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	11	11
Mr. Hassan Imam	Executive Director	√	11	11
Mr. Kevin Ugwuoke	Executive Director	√	11	11
Dr. Ken Opara	Executive Director	√	11	11
Mr. Stanley Amuchie	Executive Director	√	11	11
*Mrs. Pamela Shodipo	Executive Director	√	10	10

Notes:
(i) Mrs. Pamela Shodipo was appointed to the Board with effect from February 3, 2023. The first Board meeting after her appointment held on March 8, 2023.

BOARD CREDIT COMMITTEE MEETING

NAME	DESIGNATION	26-Jan-23	21-Feb-23	27-Mar-23	26-Apr-23	24-May-23
Mr. Chidi Agbapu	Chairman, Non-Executive Director	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√
Engr. Henry Obih	Independent Non-Executive Director	√	√	√	√	√
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	√	√
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	√	√	√	√

Corporate Governance Report

BOARD CREDIT COMMITTEE MEETING

NAME	DESIGNATION	20-Jul-23	17-Aug-23	10-Oct-23	5-Dec-23	28-Dec-23
Mr. Chidi Agbapu	Chairman, Non-Executive Director	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√
Engr. Henry Obih	Independent Non-Executive Director	√	√	√	√	√
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	√	√
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	√	√	√	√

NAME	DESIGNATION	N0. OF MEETINGS	NUMBER ATTENDED
Mr. Chidi Agbapu	Chairman, Non-Executive Director	10	10
Mr. Chinedu Okeke	Non-Executive Director	10	10
Engr. Henry Obih	Independent Non-Executive Director	10	10
Mrs. Amaka Onwughalu	Non-Executive Director	10	10
Alhaji Isa Inuwa	Independent Non-Executive Director	10	10
Dr. Nneka Onyeali-Ikpe	MD/CEO	10	10

BOARD RISK COMMITTEE

NAME	DESIGNATION	23-Jan-23	24-Jan-23	8-Jun-23	24-Jul-23	15-Nov-23
Mrs. Amaka Onwughalu	Chairman	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√
Engr. Henry Obih	Independent Non-Executive Director	√	√	√	√	√
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	√	√	√	√
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	√	√	√	√
Mr. Kevin Ugwuoke	Executive Director, Chief Risk Officer	√	√	√	√	√

NAME	DESIGNATION	16-Nov-23	N0. OF MEETINGS	NUMBER ATTENDED
Mrs. Amaka Onwughalu	Chairman	√	6	6
Mr. Chinedu Okeke	Non-Executive Director	√	6	6
Engr. Henry Obih	Independent Non-Executive Director	√	6	5
Alhaji Isa Inuwa	Independent Non-Executive Director	√	6	6
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	6	6
Dr. Nneka Onyeali-Ikpe	MD/CEO	√	6	6
Mr. Kevin Ugwuoke	Executive Director, Chief Risk Officer	√	6	6

Corporate Governance Report

FINANCE AND GENERAL-PURPOSE COMMITTEE

NAME	DESIGNATION	24-Jan-23	4-Apr-23	13-Jun-23	13-Jul-23	22-Aug-23
Chief. Nelson Nweke	Chairman, Non-Executive Director	√	√	√	√	√
Mr. Chidi Agbapu	Non-Executive Director	√	√	√	√	√
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	√	√
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	√	√	√	√

NAME	DESIGNATION	6-Nov-23	12-Dec-23	N0. OF MEETINGS	NUMBER ATTENDED
Chief. Nelson Nweke	Chairman, Non-Executive Director	√	√	7	7
Mr. Chidi Agbapu	Non-Executive Director	√	√	7	7
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	7	7
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	√	7	7

BOARD CORPORATE GOVERNANCE COMMITTEE

NAME	DESIGNATION	25-Jan-23	24-Apr-23	6-Jun-23	19-Jul-23	23-Oct-23
Engr. Henry Obih	Chairman,	√	√	√	√	√
Mr. Chidi Agbapu	Independent Non-Executive Director	√	√	√	√	√
Chief. Nelson Nweke	Non-Executive Director	√	√	√	√	√
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	√	√
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√

NAME	DESIGNATION	25-Jan-23	14-Dec-23	14-Dec-23	N0. OF MEETINGS	NUMBER ATTENDED
Engr. Henry Obih	Chairman,	√	√	√	8	8
Mr. Chidi Agbapu	Independent Non-Executive Director	√	√	√	8	8
Chief. Nelson Nweke	Non-Executive Director	√	√	√	8	8
Mrs. Amaka Onwughalu	Non-Executive Director	√	√	√	8	8
Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	8	8

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BOARD AUDIT COMMITTEE

NAME	DESIGNATION	19-Jan-23	4-Apr-23	17-Apr-23	17-Jul-23	22-Aug-23
Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director	√	√	√	√	√
Chief Nelson Nweke	Non-Executive Director	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	√	√	√	√

NAME	DESIGNATION	25-Oct-23	N0. OF MEETINGS	NUMBER ATTENDED
Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director	√	6	6
Chief Nelson Nweke	Non-Executive Director	√	6	6
Mr. Chinedu Okeke	Non-Executive Director	√	6	6
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	6	6

BOARD INFORMATION TECHNOLOGY COMMITTEE

NAME	DESIGNATION	20-Jan-23	24-Jan-23	18-Apr-23	14-Jul-23	27-Oct-23
Mrs. Ronke Bammeke	Chairman, Independent Non-Executive Director	√	√	√	√	√
Engr. Henry Obih	Independent Non-Executive Director	√	√	√	√	√
Mr. Chidi Agbapu	Non-Executive Director	√	√	√	√	√
Mr. Chinedu Okeke	Non-Executive Director	√	√	√	√	√

NAME	DESIGNATION	12-Dec-23	N0. OF MEETINGS	NUMBER ATTENDED
Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director	√	6	6
Chief Nelson Nweke	Non-Executive Director	√	6	6
Mr. Chinedu Okeke	Non-Executive Director	√	6	6
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	6	6

Corporate Governance Report

BOARD CHAIRMAN's MEETING WITH NON-EXECUTIVE DIRECTORS

NAME	DESIGNATION	15-Dec-23	N0. OF MEETINGS	NUMBER ATTENDED
Mr. Mustafa Chike-Obi	Chairman	√	1	1
Alhaji Isa Inuwa	Independent Non-Executive Director	√	1	1
Mrs. Amaka Onwughalu	Non-Executive Director	√	1	1
Chief Nelson Nweke	Non-Executive Director	√	1	1
Mr. Chinedu Okeke	Non-Executive Director	√	1	1
Engr. Henry Obih	Independent Non-Executive Director	√	1	1
Mr. Chidi Agbapu	Non-Executive Director	√	1	1
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	1	1

MEETING OF INDEPENDENT NON-EXECUTIVE DIRECTORS

NAME	DESIGNATION	22-Dec-23	N0. OF MEETINGS	NUMBER ATTENDED
Engr. Henry Obih	Chairman	√	1	1
Alhaji Isa Inuwa	Independent Non-Executive Director	√	1	1
Mrs. Ronke Bammeke	Independent Non-Executive Director	√	1	1

The dates of Board and Board Committee meetings that held in the year ended 31 December 2023 are shown below:

S/N	FULL BOARD	Board Credit Committee (BCC)	Board Corporate Governance Committee (BCGC)	Board Audit Committee (BAC)	Board Risk Committee (BRC)	Board Finance and General Purpose Committee (FGPC)
	6	5	3	3	3	3
1	January-30-2023	January-26-2023	January-25-2023	January-19-2023	January-23-2023	January-24-2023
2	March-8-2023	February-21-2023	April-26-2023	April-4-2023	January-24-2023	April-4-2023
3	April-4-2023	March-27-2023	June-6-2023	April-17-23	June-8-2023	June-13-2023
4	April-27-2023	April-26-2023	July-19-2023	July-17-2023	July-24-2023	July-13-2023
5	June-14-2023	May-24-2023	October -23-2023	August-22-2023	November-15-2023	August- 22-2023
1	June -22-2023	July -20- 2023	November -11-2023	October-25-2023	November-16-2023	November-6-2023
2	July- 9-2023	August -17-2023	December-14-2023			December-12-2023
3	August-22- 2023	October -10-2023	December-14-2023			
4	October-30- 2023	December -5-2023				
5	November -23- 2023	December-28-2023				
6	December- 15 - 2023					

Corporate Governance Report

S/N	Board Information Technology Committee (BITC)	Board Chairman's Meeting with Non-Executive Directors	Meeting of Independent Non-Executive Directors
	6	1	1
1	January-20-2023	15-Dec-2023	22-Dec-2023
2	January-24-2023	15-Dec-2023	
3	April-18-2023	April-18-2023	
4	July-14-2023		
5	October-27-2023		
6	December-12-2023		

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

C. Statutory Audit Committee

The Statutory Audit Committee was established in compliance with Section 404(3) of the Companies and Allied Matters Act, 2020. The Committee has five (5) members comprising of two (2) members of the Board and three (3) members nominated by Shareholders at the Annual General Meeting. The composition remained unchanged in the year ended December 31, 2023.

The Committee's primary responsibilities include:

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

Membership and attendance at Statutory Audit Committee meetings during the year ended December 31, 2023 is indicated below:

NAME	DESIGNATION	27-Jan-23	4-Apr-23	27-Apr-23	22-Aug-23	20-Oct-23
Chief Frank Onwu	Chairman, Shareholder Representative	√	√	√	√	√
Mr. Innocent Mmuoh	Shareholder Representative	√	√	√	√	√
Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√
Bammeke	Non-Executive Director	√	√	√	√	√
Nweke	Non-Executive Director	√	√	√	√	√

ATTENDENCE SCHEDULE

NAME	NUMBER OF MEETINGS	N0. OF ATTENDED
Chief Frank Onwu	5	5
Mr. Innocent Mmuoh	5	5
Dr. Christian Nwinia	5	5
Mrs. Ronke Bammeke	5	5
Chief Nelson Nweke	5	5

Corporate Governance Report

D. General Meetings

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

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

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

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

E. Management Committees

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

1. Executive Committee:

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

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

2. Asset & Liability Committee:

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

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

3. Management Credit Committee:

The primary purpose of the Committee is to advise the Board of Directors on its oversight responsibilities in relation to the Bank's credit exposures and lending practices. The Committee also provides guidance on development of the Bank's credit and lending objectives. The Committee meets once a week or as necessary and its key responsibilities include the following:

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

Corporate Governance Report

4. Criticized Assets Committee:

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

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

5. Monthly Performance Review Committee:

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

6. Quarterly Business Review Committee:

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

(i) Review the Bank's quarterly performance.
(ii) Monitor budget achievement.
(iii) Assess efficiency of resource deployment in the Bank.
(iv) Review product performance.
(v) Reappraise cost management initiatives.
(vi) Develop and implement a framework for measuring performance in the Bank.
(vii) Develop Key Performance Indicators (KPI) for business and support units in the Bank.
(viii) Determine the basis for rewards and consequence management

7. Operational Risk & Service Measurement Committee:

The Operational Risk & Service Measurement Committee meets monthly or as necessary and oversees all matters related to operational risk and service delivery in the Bank. The Committee is charged with the following key responsibilities:

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

8. Sustainable Banking Governance Committee:

The Sustainable Banking Governance Committee meets every two months and oversees implementation of the Sustainable Banking Policies and Guidance Notes. The Committee is responsible for the following:

(a) Oversee the implementation of Environmental and Social Management Systems.
(b) Oversee the implementation and management of the Bank's environmental and social footprints on:

(i) Energy and water conservation.
(ii) Waste management.
(iii) Sustainable procurement.
(iv) Stakeholder engagement.

(c) Oversee the implementation of other sustainability issues in the Bank as it relates to:

(i) Promotion of equality of opportunity and diversity.
(ii) Occupational health and safety.
(iii) Grievance mechanism and related issues.
(iv) Financial inclusion and literacy.
(v) Corporate Social Responsibility.
(vi) Collaborative partnerships.
(vii) Capacity building.

(d) Review the Bank's progress on environmental and social performance indices.
(e) Review and advise the Board on the progress of the Bank's initiatives

9. Information Technology (IT) Steering Committee

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

The Committee is comprised of the Executive Director, Chief Operations and Information Officer (who serves as the Chairman), the Chief Compliance Officer, Chief Technology Officer, Divisional Head, Operations, Chief Human Resources Officer and the Chief Information Security Officer (CISO). Other Committee members include key Divisional and Unit Heads.

The responsibilities of the Committee include the following:

(a) Steer the Bank's business to profitability through technology;
(b) Reviews, monitors and enforces implementation of the Bank's IT strategy;
(c) Reviews short to mid-term trends and makes recommendations
(d) Harmonizes all IT related budget entries from other Departments with the provisions in the IT budget;
(e) Serves as support and advisory to the Executive Committee on IT and Information Security matters;
(f) Assesses the criticality of IT spend;
(g) Reviews and monitors IT budget implementation;
(h) Serves as a governing council/steering committee for Information Security Management System;
(i) Resolves issues or conflicts that, if unresolved, would jeopardize the successful completion of approved IT initiatives and programmes;
(j) Makes recommendations on resources required to implement proposed IT initiatives and programmes;
(k) Reviews the performance and effectiveness of IT activities; and
(l) Ensures IT leadership meets on a quarterly basis with the Bank's user groups to further align IT initiatives with business needs

Corporate Governance Report

10. Information Security Steering Committee

The Central Bank of Nigeria (CBN) through its issuance of the Risk-Based Cyber Security Framework mandated Deposit Money Banks (DMBs) to establish cyber security governance and ensure it becomes an integral part of the organization's Corporate Governance.
The Information Security Steering Committee (ISSC) is a key instrument of this governance function. The existence of a strategic governing body is important in ensuring the alignment of cyber security investments and initiatives with business strategy and technology requirements.

The Information Security Steering Committee is chaired by the Managing Director/CEO and the Committee members include the Executive Director - Chief Operations and Information Officer, Chief Compliance Officer, Executive Director, Chief Risk Officer, Chief Technology Officer, Chief Financial Officer, and Chief Information Security Officer, who acts as the Secretary to the Committee. Other members include Divisional Heads of key divisions and Heads of various IT units.

The role of the Committee includes the following:

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

Note:

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

Governance and Management

Fidelity has adopted various policies which define acceptable standards of behavior in the organization.
These include the following:

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

Code of Business Conduct and Ethics Policy

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

(i) Demonstrate the Bank's commitment to the highest standards of ethics and business conduct; and
(ii) Govern the Bank's relationship with its stakeholders including employees, customers, suppliers, Shareholders, competitors, the communities in whic it operates and the relationship with each other as employees.

The Code requires all Directors, significant Shareholders, officers and employees of the Bank to avoid taking actions or placing themselves in positions that create or could create the appearance of conflict of interest, corruption or impropriety. The Bank must also protect the privacy of its customers' financial and other personal information. The Code provides basic guidelines of business practice, professional and personal conduct that the Bank expects all employees to adopt and uphold as members of Team Fidelity.

Employees are also expected to comply with other policies referred to in the Code, additional policies that apply to their specific job functions, and the spirit and letter of all laws and regulations. At the beginning of each year and upon resumption, all employees are required to formally disclose that they have no material or any other conflicting interest as well as declare their interest in any account, customer, transaction or person who is a party to a contract or proposed contract with the Bank.

The Chief Audit Executive has primary responsibility for enforcing the Code subject to the supervision of the Ethics Committee and the Board Audit Committee. The execution of disciplinary actions and sanctions for infringement of the Code are guided by the Bank's disciplinary procedures as documented in the Staff Handbook.

Corporate Governance Report

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

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

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

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

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

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

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

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

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

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

Email to ethicscommittee@fidelitybank.ng
Visit www.fidelitybank.ng/whistle-blowing
Call 08139843525

A policy statement on whistleblowing is available on the Bank's website along with a whistle-blowing form, to ease the reporting process. This can be accessed at:
https://www.fidelitybank.ng/whistle-blowing
The Board is responsible for implementation of the Policy and communication of same to stakeholders. To facilitate implementation of the Policy, the Bank has established an Ethics Committee comprised of staff drawn from key areas of the Bank including Operations, Legal, and Human Resources

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

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

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

Corporate Governance Report

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

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

(i) Remuneration and reward strategies are set at levels that enable the Bank to attract, motivate and retain employees with the skills required to efficiently manage the operations and growth of the business;
(ii) Performance goals are aligned to shareholders' interests and ensures that the Board makes prudent decisions in deploying the Bank's resources t generate sustainable growth;
(iii) The Bank's performance-based incentive programs are aligned to individual performance and the overall performance of the Bank. This approac drives a high-performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value

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

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

Gender Diversity
Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the workplace. The Bank recognizes that women have different skill sets, viewpoints, ideas and insights which will enable the Bank serve a diverse customer base more effectively.

Fraud & Forgeries
In accordance with the CBN Code of Corporate Governance, frauds and forgeries recorded in the year ended 2023 were as follows:

Fraud and Forgeries	December 2023	December 2022
Number of Fraud Incidents	3,079	2,518
Amount Involved (Naira)	3,826,666,643	1,008,107,122
Amount Involved (US Dollar)	15,707	8,554
Actual/Expected Loss (Euros)	0	100
Actual/Expected Loss (Naira)	2,094,761,450	237,180,344
Actual/Expected Loss (US Dollar)	200	2,450
Actual/Expected Loss (Euros)	0	100

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

Corporate Governance Report

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

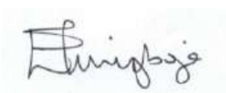
(i) To enable the Bank recover from any current or former Covered Persons, any incentive-based compensation paid or payable, that was determined, in whole or in part, based on any financial or operating results of Fidelity Bank, and which turns out to have been erroneously or excessively awarded to the Covered Persons, due to material noncompliance with any accounting or financial reporting requirement under applicable laws or wrongful act committed.
(ii) Promote compliance with global regulatory trends and corporate governance requirements, with emphasis on long-term sustainability.
(iii) Align Covered Persons' remuneration with the Bank's performance, shareholders' interests, and a prudent approach to risk management, whi avoiding any excessive or erroneous pay out. There was no incident of clawback during the reporting period.

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

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

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

By order of the Board.



Ezinwa Unuigboje
Company Secretary
FRC/2015/NBA/00000006957

Fidelity Bank Plc
No 2 Kofo Abayomi Street
Victoria Island
Lagos
Date: 11 March 2024

P.O. Box 965
Marina
Lagos
Nigeria

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

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Fidelity Bank Plc
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Fidelity Bank Plc** and its subsidiary (the Group and Company) set out on pages 45 to 158, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Fidelity Bank Plc as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020 and Financial Reporting Council of Nigeria (Amendment) Act 2023.

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 consolidated and separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of consolidated and separate financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate Financial Statements in Nigeria.

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

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Impairment of loans and advances Loans and advances make up a significant portion of the total assets of the bank. As at 31 December 2023, gross loans and advances for the Group were N3.236 trillion (2022: N2.196 trillion), Bank: N3.106 trillion (2022: N2.196) comprising local and foreign denominated loans against which total loan impairment for the Group is N143.970 billion (2022: N80.548 billion), Bank:143.927 billion (2022: N80.548) was recorded, resulting in a net loan balance of N3.092 trillion (2022: N2.116 trillion) for the Group, Bank:2.962 trillion (2022: N2.116 trillion). This value represents 47% (2022: 55%) of the total assets as at the reporting date. The basis of the impairment on loans and advances is summarized in the accounting policies (2.4) to the audited consolidated and separate financial statements. The Directors have assessed the bank's loan loss impairment using the expected credit loss (ECL) model, in accordance with the provisions of IFRS 9 - Financial Instruments, disclosed in notes 3.2, 8 and 22.The Directors exercised significant judgement and assumptions in the process of determining the value recorded as loan and advance impairment. Some of these judgements and assumptions include:	We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by Directors. Specifically, with the assistance of our technology and credit specialists, our audit procedures included the following: (a) Through discussion and inspection, we established an understanding of the processes, systems, models, data, and assumptions used, and the governance of all these during the origination and collection of loans and advances, and the subsequent impairment thereof as required by IFRS when there is a SICR. (b) We tested the design and operating effectiveness of the key General and IT Controls (GITC) on the loan impairment system, automated controls around the timely identification and determination of the impairment of loans and advances, including data inputs, and the interfaces between the core banking system and the loan impairment system.
(i) Segmentation of loans and advances into portfolios with similar characteristics (ii) Using a combination of payment history, credit ratings and prudential classification used to determine whether a significant increase in credit risk (SICR) occurred since origination that requires migration from stage 1 to stages 2 and default that require movement to stage 3.	(c) We tested a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and had been identified in a timely manner. We challenged management's judgements on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions, such as the oil and gas and power sectors.
(iii) Estimation of probability of default (PD), loss given default (LGD (including realization of the collateral) exposure at default (EAD), (iv) Assumptions and weightings applied to the macro-economic variables used as part of the forward-looking information. (v). The credit conversion factor (CCF) used when determining the required impairment on off-balance sheet exposures such as undrawn facilities and guarantees.	(d). We, we tested whether the loans and advances, undrawn facilities and historical payment data used in the models were accurate and assessed and challenged whether the modelling assumptions applied by management in their models (such as portfolio segmentation, PD, LGD, EAD, SICR, CCR, default, write off, recovery, cure, ratings, collateral value and timing, the effective interest rate, treatment of foreign denominated loans, modifications, and the multiple economic scenarios and probability

(vi) The accounting treatment applied when loan terms are modified.	weights used for the forward looking assumptions) were reasonable in light of the
In view of these above areas where significant estimates and judgements were made and in view of the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.	requirements of the applicable financial reporting standards, the bank's own historical experience, the economic climate, the current operational processes as well as our own knowledge of practices used by other similar banks (e) We extracted the required data from the bank's modelling system, determined our own assumptions, and recalculated the impairment for all portfolios using our own model. We compared our results with those of management, to assess whether there was any indication of error or management bias. Where a significant difference occurred, management revisited their own models and assumptions or appropriately challenged ours. (f) We selected a sample of the individually significant loans, established the loan, collateral and payment terms and actual performance for each of these and assessed whether the staging and the impairment applied was reasonable. (g) We reviewed the disclosures in the financial statements for reasonableness and compliance with the requirements of IFRS 7. The assumptions and judgment applied by the directors in assessing the required level of impairment of loans and advances support the related disclosures in notes 2.4, 3.2, 8 and 22 to the annual financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled **"Fidelity Bank Plc** Annual Report and Financial Statements for the year ended 31 December 2023", which includes the Directors' Report, the Audit Committee's Report, the Company Secretary's Report , the Report of the External Consultants on the Performance of the Board of Directors, the Statement Of Corporate Responsibility for the Preparation of the Financial Statements, and Other National Disclosures as required by the Financial Reporting Council of Nigeria which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Deloitte.

Responsibilities of the Directors for the consolidated and separate financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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's and the 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 / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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's and the 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 the 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's and the 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 / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the 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 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Group and the Company has kept proper books of account, so far as appears from our examination of those books.
iii) The Group and the Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In compliance with the Banks and Other Financial Institutions Act (BOFIA) 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

i) Related party transactions and balances are disclosed in Note 38 of the consolidated and separate financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.
ii) Returns on customers' complaints are disclosed in Note 41.2 to the consolidated and separate financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.

iii) As stated in Note 41.1 to the consolidated and separate financial statements, the Bank paid penalties for contraventions of certain sections of the Banks and Other Financial Institutions Act (BOFIA) 2020 and relevant Central Bank of Nigeria Circulars during the year ended 31 December 2023.

Odetayo Yetunde
FRC/2013/ICAN/00000000823
For: Deloitte & Touché
(Chartered Accountants)
Lagos, Nigeria
12 April 2024

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

		Group		Bank	
	Notes	**31 December 2023 N'million**	**31 December 2022 N'million**	**31 December 2023 N'million**	**31 December 2022 N'million**
Gross Earnings		**555,830**	**337,050**	**552,765**	**337,050**
Interest and similar income calculated using effective interest rate method	6	434,008	278,406	431,397	278,406
Other interest and similar income	12.1	25,522	17,172	25,522	17,172
Interest and similar expense calculated using effective interest rate method	7	(182,165)	(142,883)	(182,063)	(142,883)
Net interest income		**277,366**	**152,695**	**274,856**	**152,695**
Credit loss expense	8	(67,436)	(5,443)	(67,686)	(5,443)
Net interest income after credit loss expense		**209,929**	**147,252**	**207,170**	**147,252**
Fee and commission income	9	49,600	34,418	49,146	34,418
Fee and commission expense	9	(11,812)	(12,695)	(11,812)	(12,695)
Other operating income	11	46,700	7,054	46,700	7,054
Net Gains/(Losses) from financial assets at fair value through profit or loss	12	24,783	(1,568)	24,686	(1,568)
Personnel expenses	13	(52,619)	(29,731)	(50,836)	(29,731)
Depreciation and amortisation	14	(7,042)	(6,616)	(6,890)	(6,616)
Other operating expenses	15	(135,278)	(84,437)	(133,825)	(84,437)
Profit before income tax		**124,260**	**53,677**	**124,338**	**53,677**
Income tax expense	16	(24,806)	(6,953)	(24,806)	(6,953)
Profit for the year		**99,454**	**46,724**	**99,532**	**46,724**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Fair value gains on equity instruments at fair value through other comprehensive income	24.3i	13,981	444	13,981	444
Total items that will not be reclassified subsequently to profit or loss		**13,981**	**444**	**13,981**	**444**
Items that will be reclassified subsequently to profit or loss					
-Exchange differences on translation of foreign operations		6,050	-	-	-
- Net change in fair value during the year of FVOCI debt financial Instrument		9,035	(4,403)	9,035	(4,403)
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument		428	24	428	24
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	17	847	(693)	847	(693)
Total items that will be reclassified subsequently to profit or loss		**16,360**	**(5,072)**	**10,310**	**(5,072)**
Other comprehensive (loss)/income for the year, net of tax		**30,341**	**(4,628)**	**24,291**	**(4,628)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**129,795**	**42,096**	**123,823**	**42,096**
Earnings per share					
Basic and diluted (in kobo)	18	**310.79**	**161.32**	**311.04**	**161.32**

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

Consolidated and Separate Statement of Financial Position
as at 31 December 2023

		Group		Bank	
		31 December 2023 N'million	**31 December 2022 N'million**	**31 December 2023 N'million**	**31 December 2022 N'million**
ASSETS	**Note**				
Cash and Cash equivalents	19	364,177	300,345	376,595	300,345
Restricted balances with central bank	20	1,174,398	863,090	1,174,398	863,090
Loans and advances to customers	22	3,092,419	2,116,212	2,962,397	2,116,212
Derivative financial assets	23	10,723	4,778	10,723	4,778
Investment securities:					
Financial assets at fair value through profit or loss	24.1	7,684	2,036	7,684	2,036
Debt instruments at fair value through other comprehensive income	24.2	227,750	28,696	187,751	28,696
Equity instruments at fair value through other comprehensive income	24.3i	41,550	27,560	41,550	27,560
Investment in Subsidiary:	24.3ii	-	-	63,403	
Debt instrument at amortised cost	24.4	818,803	479,592	818,803	479,592
Deferred tax Assets	28.1	22,554	5,306	22,554	5,306
Other assets	29	403,763	112,915	402,186	112,915
Property, plant and equipment	25	47,382	42,657	47,329	42,657
Right of Use Assets	26	3,270	1,799	1,677	1,799
Goodwill	21	14,650	-	-	-
Intangible assets	27	5,564	4,023	5,123	4,023
TOTAL ASSETS		**6,234,688**	**3,989,009**	**6,122,174**	**3,989,009**
LIABILITIES					
Deposits from customers	30	4,014,811	2,580,597	3,926,842	2,580,597
Derivative financial liabilities	23	-	1,208	-	1,208
Current income tax payable	16	26,835	8,446	26,835	8,446
Deferred tax liabilities	28.2	22,905	5,629	22,905	5,629
Other liabilities	31	1,152,369	815,407	1,133,795	815,407
Provision	32	3,434	1,896	3,434	1,896
Debts issued and other borrowed funds	33	577,028	261,466	577,028	261,466
TOTAL LIABILITIES		**5,797,381**	**3,674,649**	**5,690,839**	**3,674,649**
EQUITY					
Share capital	34	16,000	14,481	16,000	14,481
Share premium	35	113,705	101,272	113,705	101,272
Retained earnings	35	65,508	44,883	65,573	44,883
Other equity reserves:					
Statutory reserve	35	66,270	51,352	66,282	51,352
Small scale investment reserve (SSI)	35	764	764	764	764
Non-distributable regulatory reserve (NDR)	35	100,279	62,144	100,279	62,144
Translation reserve	35	6,050	-	-	-
Fair value reserve	35	54,310	30,019	54,310	30,019
AGSMEIS reserve	35	14,422	9,445	14,422	9,445
Total equity		**437,307**	**314,360**	**431,335**	**314,360**
TOTAL LIABILITIES AND EQUITY		**6,234,688**	**3,989,009**	**6,122,174**	**3,989,009**

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

The financial statements were approved by the Board of Directors on 11 March 2024 and signed on its behalf by:

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

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

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

Consolidated and Separate Statement of Changes in Equity
for the year ended 31 December 2023

Group	**Share capital**	**Share premium**	**Retained earnings**	**Statutory reserve**	**Small scale investment reserve**	**Non-distributable regulatory reserve**	**Translation reserve**	**Fair value reserve**	**AGSMEIS reserve**	**Total equity**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Balance at 1 January 2023	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**-**	**30,019**	**9,445**	**314,360**
Profit for the period	-	-	99,454	-	-	-	-	-	-	99,454
Other comprehensive income										
- Net change in fair value during the year of FVOCI debt financial Instrument	-	-	`	-	-	-	-	**9,035**	**-**	**9,035**
Fair value gains on equity instruments at fair value through other comprehensive income	-	-	**-**	**-**	**-**	**-**	**-**	13,981	-	13,981
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument	-	-	-	-	-	-	-	428	-	428
-Exchange differences on translation of foreign operations	-	-	-	-	-	-	6,050	-	-	6,050
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	**-**	**-**	**-**	**-**	**-**	**-**	**-**	847	-	847
`	**-**	**-**	**99,454**	**-**	**-**	**-**	**6,050**	**24,291**	**-**	**129,795**
Proceed from Issue of Shares	**1,519**	**12,433**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,952**
Dividends paid	-	-	(20,800)	-	-	-	-	-		(20,800)
Transfers between reserves (Note 35) & (Note 43)	-	-	(58,029)	14,918		38,134	-	-	4,977	-
At 31 December 2023	**16,000**	**113,705**	**65,508**	**66,270**	**764**	**100,279**	**6,050**	**54,310**	**14,422**	**437,307**

Statement of changes in equity for the year ended 31 December 2022	**Share capital**	**Share premium**	**Retained earnings**	**Statutory reserve**	**Small scale investment reserve**	**Non-distributable regulatory reserve**	**Translation reserve**	**Fair value reserve**	**AGSMEIS reserve**	**Total equity**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Balance at 1 January 2022	**14,481**	**101,272**	**55,241**	**44,343**	**764**	**27,440**	**-**	**34,647**	**7,109**	**285,297**
Profit for the year	-	-	46,724	-	-	-		-	-	46,724
Other comprehensive income										
Net change in fair value of debt instruments at FVOCI	-	-	`	-	-	-	-	(4,403)	-	(4,403)
Net change in fair value of equity instruments at FVOCI	**-**	**-**	**-**	**-**	**-**	**-**	**-**	444	-	444
Changes in allowance for expected credit losses	-	-	-	-	-	-	-	24	-	24
Reclassification adjustment for realised net gains	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(693)	-	(693)
Total comprehensive income for the year	**-**	**-**	**46,724**	**-**	**-**	**-**	**-**	**(4,628)**	**-**	**42,096**
Dividends paid	-	-	(13,033)	-	-	-	-	-		(13,033)
Transfers between reserves (Note 35) & (Note 43)	-	-	(44,049)	7,009		34,704	-	-	2,336	-
At 31 December 2022	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**-**	**30,019**	**9,445**	**314,360**

*** Income from these instruments is exempted from witholding tax*
The accompanying notes to the financial statements are an integral part of these financial statements.

Consolidated and Separate Statement of Changes in Equity
for the year ended 31 December 2023

Bank	**Share capital**	**Share premium**	**Retained earnings**	**Statutory reserve**	**Small scale investment reserve**	**Non-distributable regulatory reserve**	**Fair value reserve**	**AGSMEIS reserve**	**Total equity**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Balance at 1 January 2023	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**30,019**	**9,445**	**314,360**
Profit for the period	-	-	99,532	-	-	-	-	-	99,532
Other comprehensive income									
- Net change in fair value during the year of FVOCI debt financial Instrument	-	-	`	-	-	-	**9,035**	**-**	**9,035**
Fair value gains on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	13,981	-	13,981
- Changes in allowance for expected credit losses of FVOCI debt financial Instrument	-	-	-	-	-	-	428	-	428
- Reclassification adjustments to profit or loss of FVOCI debt financial Instrument	-	-	-	-	-	-	847	-	847
Total comprehensive income for the year	**-**	**-**	**99,532**	**-**	**-**	**-**	**24,291**	**-**	**123,823**
Proceed from Issue of Shares	**1,519**	**12,433**							13,952
Dividends paid	-	-	(20,800)	-	-	-	-		(20,800)
Transfers between reserves (Note 35) & (Note 43)	-	-	(58,041)	14,930		38,134	-	4,977	-
At 31 December 2023	**16,000**	**113,705**	**65,573**	**66,282**	**764**	**100,279**	**54,310**	**14,422**	**431,335**

Statement of changes in equity for the year ended 31 December 2022	**Share capital**	**Share premium**	**Retained earnings**	**Statutory reserve**	**Small scale investment reserve**	**Non-distributable regulatory reserve**	**Fair value reserve**	**AGSMEIS reserve**	**Total equity**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Balance at 1 January 2022	**14,481**	**101,272**	**55,241**	**44,343**	**764**	**27,440**	**34,647**	**7,109**	**285,297**
Profit for the year	-	-	46,724	-	-	-	-	-	46,724
Other comprehensive income						-	-	-	-
Net change in fair value of debt instruments at FVOCI	-	-	`	-	-	-	(4,403)	-	(4,403)
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	444	-	444
Changes in allowance for expected credit losses	-	-	-	-	-	-	24	-	24
Reclassification adjustment for realised net gains	-	-	-	-	-	-	(693)	-	(693)
Total comprehensive income for the year	**-**	**-**	**46,724**	**-**	**-**	**-**	**(4,628)**	**-**	**42,096**
Dividends paid	-	-	(13,033)	-	-	-	-		(13,033)
Transfers between reserves (Note 35) & (Note 43)	-	-	(44,049)	7,009		34,704	-	2,336	-
At 31 December 2022	**14,481**	**101,272**	**44,883**	**51,352**	**764**	**62,144**	**30,019**	**9,445**	**314,360**

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

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

Consolidated and Separate Statement of Cash Flows
for the year ended 31 December

		Group		Bank	
	Note	**31 December 2023 N'million**	**31 December 2022 N'million**	**31 December 2023 N'million**	**31 December 2022 N'million**
Operating Activities					
Cash flows from operations	**36**	382,187	178,614	404,213	178,614
Interest received	**36b**	330,193	250,701	327,158	250,701
Interest paid	**36c**	(182,311)	(130,016)	(182,341)	(130,016)
Income tax paid	**16c**	(6,277) `	(1,707)	(6,277) `	(1,707)
Net cash flows from operating activities		**523,792**	**297,592**	**542,753**	**297,592**
Investing activities					
Purchase of property, plant and equipment	**25**	(9,537)	(7,124)	(9,488)	(7,124)
Proceeds from sale of property plant and equipment	**25**	87	118	85	118
Purchase of intangible assets	**27**	(2,851)	(2,246)	(2,745)	(2,246)
Purchase of debt Instruments at FVOCI	**36.d**	(173,688)	(27,028)	(221,229)	(27,028)
Purchase of debt Instruments at amortised cost	**36.e**	(647,686)	(245,918)	(647,686)	(245,918)
Redemption of financial assets at amortised cost	**36.e**	260,952	241,715	260,952	241,715
Redemption of debt financial assets at FVOCI	**36.d**	16,824	77,817	16,824	77,817
Purchase of equity instruments at FVOCI	**36f**	-	(909)	-	(909)
Acquisition of a subsidairy	**36g**	(40,845)	-	-	-
Dividend received	**11**	2,018	397	2,018	397
Net cash flows used in investing activities		**(594,725)**	**36,822**	**(601,268)**	**36,822**
Financing activities					
Dividends paid	**SCE**	(20,800)	(13,033)	(20,800)	(13,033)
Unclaimed dividend Receipt / (Payment)	**36h**	1,960	(429)	1,960	(429)
Lease Payment on Right of Use (ROU) Assets	**26**	(532)	(535)	(532)	(535)
Proceeds of debts issued and other borrowed funds	**33**	129,906	-	129,906	-
Payment of interest portion of debts issued and other borrowed funds	**33**	(4,804)	(28,625)	(4,804)	(28,625)
Repayment of principal portion of debts issued and other borrowed funds	**33**	(15,051)	(213,379)	(15,051)	(213,379)
Net cash flows used in financing activities		**90,679**	**(256,001)**	**90,679**	**(256,001)**
Net increase in cash and cash equivalents		**19,745**	**78,413**	**32,163**	**78,413**
Net foreign exchange difference on cash and cash equivalents	**11**	44,087	2,680	44,087	2,680
Cash and cash equivalents as at 1 January	**19**	300,345	**219,252**	**300,345**	**219,252**
Cash and cash equivalents as at 31 December	**19**	**364,177**	**300,345**	**376,595**	**300,345**

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

Notes To The Financial Statements:

1. Corporate Information

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

The Bank completed its acquisition of its subsidiary, Fidelity Bank UK Limited (former Union Bank UK Plc) on 26 July 2023. The financial result of the subsidiary has been consolidated into these financial statements.

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

2. Summary of accounting policies

2.1 Introduction to summary of accounting policies

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

2.1.1 Basis of Preparation

The Group's financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies and Allied Matters Act of Nigeria , the Financial Reporting Council Act of Nigeria , Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria Circulars, Additional information required by national regulations is included where appropriate.

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

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

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

2.1.2 Changes in accounting policies and disclosures

New standards, amendments and interpretations adopted.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. The same accounting policies and methods of computation are followed in the financial statements as compared with the most recent annual financial statements.

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

a IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

Notes To The Financial Statements:

2.1.1 Basis of Preparation- continued

b IAS 1 and IFRS Practice Statement 2 (Amendments):

Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'Four-Step Materiality Process'.

The Group is currently assessing the impact of this amendment but considering the fact that the significant accounting policies disclosed in Summary of significant accounting policies" in the Annual Financial Report as at and for the period ended 31 December 2022 include all material accounting policies, The Group assess and applly this amendment (where applicable) and expect to disclose fewer accounting policies in the future.

c IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

• The terms and conditions of the arrangements
• The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
• The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
• Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
• Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

d IAS 8 (Amendment): Definition of Accounting Estimates

IAS 8 (Amendment): Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition,

Accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. There was no impact on the Financial Statements from the adoption of this amendment.

e IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

f AS 12 Income Taxes - Deferred Tax

IAS 12 clarifies that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement, the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes To The Financial Statements:

2.1.1 Basis of Preparation- continued

g IFRS 16 - Leases : Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

h IFRS 17 Insurance Contracts

IFRS 17 (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for the users of financial statements. The core of IFRS 17 is the general model, supplemented by:

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

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

• The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
• The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the year under review.
• Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
• Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
• Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Notes To The Financial Statements:

2.1.2 Basis of consolidation

i Business Combination

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements. Business combinations are accounted for using the acquisition method as at the acquisition date, that is, when control is transferred to the Group. 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 recognized in profit or loss immediately. Transaction costs are expensed as incurred.

The Consideration transferred does not include amounts related to the settlement of any relationships or transaction. Such amounts are generally recognized in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Other contingent consideration is measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognized in profit or loss.

ii Non-controlling interest

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Bank acquired 100% 0f its United Kingdom Subsidiary.

iii Subsidiaries

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

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

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

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

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

iv Fund management

The entities within the group manage and administer assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

Notes To The Financial Statements:

2.1.2 Basis of consolidation- continued

v Loss of control

The Group assesses whether there is loss of control in a variety of ways which includes:
- sale of all or part of its ownership interest in its subsidiary.
- expiry of a contractual agreement that gave control of the subsidiary to the Group;
- issue of shares to third parties by the subsidiary, thereby reducing the Group's ownership interest in the subsidiary so that it no longer has control of the subsidiary.
- distribution of its ownership interest in the subsidiary by the Group;
- when the subsidiary becomes subject to the control of a government, court, administrator or regulator.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The amount recognised in profit or loss on the loss of control of a subsidiary is measured as the difference between:

(i) The sum of: - the fair value of the consideration received, if any;
- the recognized amount of the distribution of shares, if applicable;
- the fair value of any retained non-controlling investment (NCI); and
- the carrying amount of the NCI in the former subsidiary, including the accumulated balance of each class of other comprehensive income (OCI) attributable to the NCI .
(ii)The carrying amount of the former subsidiary's net assets, together with any profit or loss reclassifications.

From the Group's perspective, any loss of control of a subsidiary results in derecognition of the individual assets and liabilities of the subsidiary. On disposal, components of OCI related to the subsidiary's assets and liabilities are accounted for on the same basis as would be required if the individual assets and liabilities had been disposed of directly. As a result, amounts from the exercise are reclassified to profit or loss: (- exchange differences that were recognised in OCI; - changes in the fair value of financial assets at Fair value through other comprehensive income previously recognised in OCI; and - the effective portion of gains and losses on hedging instruments in a cash flow hedge previously recognised in OCI).

vi Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group entities at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the spot exchange rate at that date. The foreign currrency gain or loss on monetary items is the difference between the amortized cost in the functional currrency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation of monetary items are generally recognised in profit or loss. However, foreign currency differences arising from the translation of FVTOCI financial assets and monetary assets are recognised in Other Comprehensive Income (OCI).

vii Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into naira at spot exchange rates at the reporting date. The income and expenses and other comprehensive income of foreign operations are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at spot exchange rates on the dates of the transactions.

Foreign exchange differences on translation of foreign operations are recognized in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation differences is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

Notes To The Financial Statements:

2.1.2 Basis of consolidation- continued

viii Determination of Goodwill

Fidelity Bank Plc completed the acquisition of the United Kingdom component on the 26th of July 2023 from the Union bank plc (A Nigerian Parent) at a value of $50,000,000.00 with a charge of gap between the Completion net assets value and the Planned net asset value on the Purchase considration which has now been completed in the sum of $1,800,000.00 based on the Sales Purchase Agreement between the Seller and Fidelity Bank Plc, Nigeria. The purchase price paid has not been allocated to all the acquired assets and liabilities, therefore the amount below are provisional. IFRS 3 allows for a period of 12 months within which the purchase price is allocated to determine the various intangibles acquired that were not previously recognized by the seller. The Bank acquired 100% of its United Kingdom Subsidiary. Prior to the acquisition , the United Kingdom component did not have any legal suit that required settlement . Calculation of Goodwill is presented below :-

	USD'000	USD'000	Exchange rate	NGN'000
Purchase consideration:				
Cash	50,000			
Deferred consideration	-			
Contingent consideration	-			
Other consideration adjustments	(1,800)			
		48,200		
Net asset acquired				
Assets at June 30, 2023				
Intangible assets	514			
Tangible assets	37			
Right of use of asset	1,863			
Cash in bank	5,286			
Deposits placed with bank	73,321			
Securities	32,032			
Loans & overdrafts (gross)	35,507			
ECL	(374)			
Other assets	1,395			
Liabilities at June 30, 2023				
Current deposits	(38,837)			
Call deposits	(63,603)			
Fixed deposits	(11,206)			
Other liabilities	(3,127)			
Total comprehensive income to July 26, 2023				
		(32,808)		
Goodwill at acquisition - July 26, 2023		15,392	778.84	**11,987,905**
Exchange difference (Translation reserve in OCI)				2,662,046
Goodwill at year end - December 31, 2023		15,392	951.79	**14,649,952**

Notes To The Financial Statements:

2.2 Income Taxation

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

i Current Income Tax

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

ii Deferred Income Tax

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

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

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

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

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

• IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023). These amendments clarify and narrow the scope of the exemption provided by the IAS 12 “Income Taxes” standard allowing institutions to not recognise any deferred tax during the initial recognition of an asset and a liability. All leases and decommissioning obligations are excluded from the exemption scope for which companies recognise both an asset and a liability and will now have to recognise deferred taxes. From the date of first application of IFRS 16 “Leases”, the Bank have considered the right of use assets and the lease-related liabilities as a single transaction. Consequently, on the initial recognition date, the amount of deferred tax asset offsets the amount of deferred tax liability. The net temporary differences resulting from later variations in the right of use assets and lease liabilities subsequently result in a deferred tax asset as of 1 January 2023 which is subject to the recoverability criteria of IAS 12 “Income Taxes”.
There was no impact on the Financial Statements from the adoption of these amendments.

2.3 Accounting judgements, estimates and assumptions

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent liability about these assumptions and estimates that could result in outcome that requires a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Management discusses with the Audit Committee the development, selection and disclosure of the Group’s critical accounting policies and estimates, and the application of these policies and estimates.

Estimates and Assumptions:

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

Notes To The Financial Statements:

2.3 Accounting judgements, estimates and assumptions- continued

Going Concern

Business continues to function well and largely uninterrupted. The Group continues to provide access to vital materials for modern life which it has proven to be doing responsibly and efficiently in challenging circumstances.

Uncertainties remain with doubts about the status of Covid -19 , Russian- Ukrain War. However, the financial situation of the group remains healthy and it does not believe that the impact of the Covid-19 pandemic or Russian-Ukrain War will have any material adverse effect on our financial condition or liquidity. Therefore, based on the Group's liquidility and expected yearly cash outflow, the Group expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its financial statements.

Allowances for credit losses

Measurement of the expected credit loss allowance

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

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

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

The uncertainties caused by Covid-19, and the volatility in macro economic variables required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2022. No futher update was done in the current year .

Determination of Collateral Value

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

In determining the collateral value, the Bank has considered potential impacts of the continued economic volatility as a result of Covid-19 variations and the impact of Russian/Ukrain war.

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

Fair Value Measurement of Financial Instruments

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

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

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective

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

•IAS 1 (Amendments): Classification of liabilities as current or non-current

The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments also clarify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are expected to be effective for annual periods beginning on or after 1 January 2024 with early adoption permitted.

•IAS 7 and IFRS 7 (Amendments) - Disclosures: Supplier Finance Arrangements

Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024). The amendments require companies to disclose information about their Supplier Finance Arrangements such as terms and conditions, carrying amount of financial liabilities that are part of such arrangements, ranges of payment due dates and liquidity risk information. The Group is examining the impact from the above amendments.

2.3.2 IBOR Transition

Interbank Offered Rates (IBORs) are average rates at which certain banks (Contributor Panel bank) could borrow in the interbank market. The rate range in tenors from overnight to 12 months and includes a spread reflecting the credit risk involved in lending money to banks. These rates have been a major benchmark for financial transactions since the 1980s. As at 2018, USD LIBOR and EURIBOR (types of IBOR) together represent 80% of IBOR referenced transactions (Bloomberg, 2018) worth approximately $400 trillion (The World Bank, 2021). Examples of such transactions using LIBOR as reference rates are Loans, Deposits, Bonds, Adjustable-rate Mortgages, Over-the-counter Derivatives, Securitised products, Credit Cards, and more.

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

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

Key Timelines

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

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

The effect:

All new contracts entered either utilize a reference rate other than IBOR or have robust fallback language that includes a clearly defined ARR (Alternative Reference Rates) after IBOR's discontinuation at the end of June 2023 (for USD LIBOR Tenors other than I week and 2 months).

For existing contracts that are indexed to an IBOR and mature after the expected cessation of the IBOR rate, the fidelity team has established policies and transitioned the affected contracts .

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective- continued

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

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

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

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to a RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

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

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

Relief from discontinuing hedging relationships continued

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

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

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

Separately Identifiable Risk Components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 18 months..

Additional Disclosures :- Fidelity IBOR transition.

IFRS 7 lingering impact of the Disclosures include the following:

• How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform.

• Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs.

• If IBOR reform has given rise to changes in the entity’s risk management strategy,

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

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective- continued

Additional Disclosures :- Fidelity IBOR transition- continued

Fidelity Bank also worked with various stakeholders and improving processes, policies, and systems that may be affected by the transition. This is done to ensure that the transition's impact is fully addressed. The group also developed a robust communication plan to engage with customers and ensure they understand this transition and its significance to them. Client relationship managers are also prepared to further support customers on inquiries regarding the LIBOR transition.

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

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

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

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

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

Right to Defer Settlement

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

Existence at the end of the reporting period

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

Management Expectations

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

Amendments to IFRS 3 - Reference to the Conceptual Framework

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

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

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

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

Notes To The Financial Statements:

2.3.1 Standards Issued, Amendments But Not Yet Effective- continued

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

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

These amendments did not have any impact on the financial statements of the Group in the period.

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

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

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

These amendments have no impact on the financial statements of the Group, and it became effective in the reporting period beginning on 1 January 2022.

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

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

• An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

• An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

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

IFRS 16 Leases Illustrative Example accompanying - Lease incentives

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

• IAS 23 Borrowing Costs

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

2.3.3 Foreign currency translation and transaction

(a) Functional and presentation currency

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

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

Notes To The Financial Statements:

2.3.3 Foreign currency translation and transaction- continued

(a) Functional and presentation currency- continued

(b) Transactions and balances

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

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

2.3.3 Foreign currency translation and transaction-continued

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as fair value through other comprehensive income (FVOCI), a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

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

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

2.4.1 Initial recognition

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

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

Day 1 profit or loss

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

Amortised cost and gross carrying amount

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

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

Notes To The Financial Statements:

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

2.4.1 Initial recognition- continued

Effective interest method

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

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

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

Interest income

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

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

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

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

a) **Debt Instruments**

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

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

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

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

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

Notes To The Financial Statements:

2.4.2 Financial Assets - Subsequent Measurement- continued

Business Model Assessment

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

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

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

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

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

Solely Payments of Principal and Interest (SPPI) Assessment

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

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

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

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

Reclassifications

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

Modifications

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

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

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

Notes To The Financial Statements:

2.4.2 Financial Assets - Subsequent Measurement- continued

b) **Equity Instruments**
The Group subsequently measures all Quoted and Unquoted equity investments at fair value through other comprehensive income. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established. These investments are held for strategic purposes rather than for trading purposes .See note 24.3

c) **Derivative Financial Instruments**
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value.

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

d) **Non-derivative financial assets**
The Group has revised its internal treasury and risk management systems to support the transition to SOFR. During the course of this transition, the Group's IBOR Transition team established policies for amending the interbank offered rates on existing floating-rate loan portfolio indexed to IBORs. Loan products are amended in a uniform way, while syndicated products, are amended in bilateral negotiations with syndicated loan partners.
The IBOR transition working group is monitoring the progress of transition from IBORs to SOFR by reviewing the total amounts of impacted contracts. The Group also considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, (referred to as an ‘unreformed contract’).

e) **Non-derivative financial Liabilities**
The Bank has floating-rate liabilities indexed to USD LIBOR. The IBOR Transition team and the treasury team is in discussions with the counterparties of our financial liabilities to amend the contractual terms in response to IBOR reform.

2.4.3 Impairment of Financial Assets

Overview of the ECL principles
The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.
The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

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

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

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

Notes To The Financial Statements:

2.4.3 **Impairment of Financial Assets -continued**

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

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

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

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

The calculation of ECLs

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

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

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

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

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.2.4 (c).

When estimating the ECLs, the Group considers multiple scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. When relevant, the assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

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

The mechanics of the ECL method are summarised below:

Notes To The Financial Statements:

2.4.3 **Impairment of Financial Assets -continued**

Stage 1

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

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

Stage 2

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

Stage 3

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

POCI

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

Loan Commitments and Letters of Credit

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

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

Financial Guarantee Contracts

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

Bank Overdraft and Other Revolving Facilities

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

Restructured Financial Assets

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

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

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

Notes To The Financial Statements:

2.4.3 **Impairment of Financial Assets -continued**

Credit-Impaired Financial Assets

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

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

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

Collateral Valuation

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

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

Collateral Repossessed

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

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

2.4.4 Presentation of Allowance for ECL

Loan allowances for ECL are presented in the statement of financial position as follows:
• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
• Loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision;
• Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
• Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-Off

The Group writes off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the 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.

Notes To The Financial Statements:

2.4.4 Presentation of Allowance for ECL- continued

Initial and Subsequent Measurement

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

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

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

Derecognition

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

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

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

Financial Guarantee Contracts and Loan Commitments

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

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

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

Notes To The Financial Statements:

2.5 Revenue Recognition

Interest income and expense

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

Fees and Commission Income

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

Income From Bonds or Guarantees and Letters of Credit

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

Dividend Income

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

2.6 Impairment of Non-Financial Assets

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

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

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

2.7 Statement of Cash Flows

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

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

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

Notes To The Financial Statements:

2.8 Cash and Cash Equivalents

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

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

2.9 Leases

a The Bank is the lessee

i Right-of-use assets

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

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

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

B The Bank is the lessor

i Operating Lease

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

ii Finance Lease

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

2.10 Property, Plant and Equipment

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

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

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

Notes To The Financial Statements:

2.10 Property, Plant and Equipment- continued

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

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

Derecognition

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

2.11 Intangible Assets

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

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

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

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

Derecognition

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

2.12 Provisions

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

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

Notes To The Financial Statements:

2.13 Retirement Obligations and Employee Benefits

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

2.13.1 Defined Contribution Pension Scheme

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

2.13.2 Short-Term Benefits

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

2.14 Termination Benefits

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

2.15 Share Capital

(a) Share Issue Costs

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

(b) Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders.
Dividends for the period that are declared after the reporting date are dealt with in the subsequent events note.
Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.16 Fair Value Measurement

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

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

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

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

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

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

Notes To The Financial Statements:

2.16 Fair Value Measurement- continued

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

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

2.17 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.18 Segment Reporting

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

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

Retail Banking

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

Corporate Banking

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

Investment Banking

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

Note to The Financial Statements

3. Financial risk management and fair value measurement and disclosure

3.1 Introduction and overview

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

Enterprise Risk Management

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

i) Comprehensive and well defined policies and procedures designed to identify, assess, measure, monitor and report significant risk exposures of the entity. These policies are clearly communicated throughout the Group and are reviewed annually.

ii) Clearly defined governance structure.

iii) Clear segregation of duties within the Risk Management Division and also between them and the business groups.

iv) Management of all classes of banking risk broadly categorized into credit, market, liquidity, operational risk independently but in a co-coordinated manner at all relevant levels within the system.

v) Incorporate the volatility in macro economic variables caused by Covid-19 in the inputs and assumptions used for the determination of expected credit losses (“ECLs”)

Risk Management Governance Structure

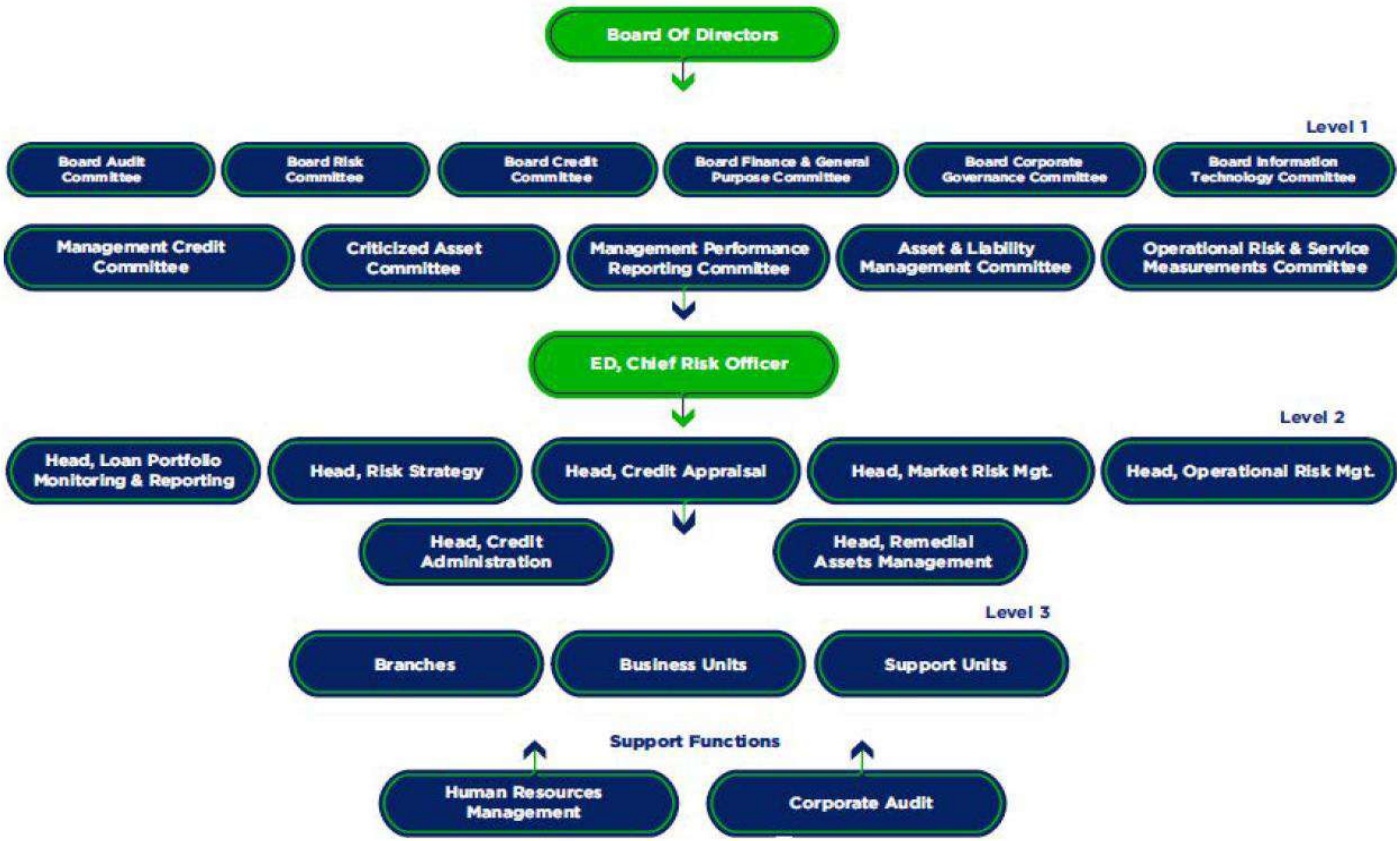
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Group at three levels as follows:

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

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

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

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


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

Enterprise Risk Management- continued

Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

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

Risk Appetite

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

The Group defines the Group's Risk Appetite quantitatively at two levels: Enterprise level and Business/Support Unit level.
To give effect to the above, the Board of Directors of the Group sets target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive Management Committee (EXCO).

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

3.2 Credit Risk

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

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

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

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

Approval Authority	**Approval limits**
Executive Directors	**N150 million and below**
Managing Director/CEO	**Above N150 million but below N300 million**
Management Credit and Investment Committee	**Above N300 million but below N3 billion**
Board Credit Committee	**Above N3 billion but below N10 billion**
Full Board	**N10 billion and above**

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

Enterprise Risk Management- continued

3.2.2 Credit Risk Ratings

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

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

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

Enterprise Risk Management- continued

3.2.2 Credit Risk Ratings- continued

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

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

3.2.3 Credit Limits

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

Monitoring Default Risk

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

3.2.4 Expected Credit Loss Measurement

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Change in credit quality since initial recognition

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

(a) Significant Increase In Credit Risk

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

The Group monitors its loans and debt portfolios to determine when there is a significant increase in credit risk in order to transition

Enterprise Risk Management- continued

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

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

(b) Definition of Default

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

Quantitative criteria

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

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

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

• EAD is based on the amounts the 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 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 Lifetime PD is derived by using historical data to develop specific lifetime PD models for all asset classes. The long term span of historical data is then used to directly model the PD across the life of a exposure. For debt instruments that are not internally rated , the Group obtains the issuer ratings of such instruments and matches them to its internal rating framework to determine the equivalent rating. The lifetime PD curves developed for that rating band will then be used.
The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

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

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

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

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

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

In addition to the base economic scenario, the Group's strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2023 and 31 December 2023, the Group concluded that the scenarios appropriately captured non-linearities for all its portfolios.

Enterprise Risk Management- continued

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

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The 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.

Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2023 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		6M	2022	2023	2024
Foreign exchange rate (₦)					
	Base Case	970	1,274	1,676	1,276
	Best Case	914	1,177	1,476	1,076
	Worse Case	1,142	1,778	2,078	1,878
Inflation rate					
	Base Case	30.91%	28.12%	22.61%	20.35%
	Best Case	23.50%	21.45%	16.61%	14.94%
	Worse Case	32.10%	30.12%	28.32%	26.35%
Crude Oil ($)					
	Base Case	88.01	84.28	79.68	77.25
	Best Case	100.19	112.21	116.77	117.49
	Worse Case	61.37	55.40	50.08	47.93
Foreign Reserves ($ Bn)					
	Base Case	33.10	33.26	34.99	36.89
	Best Case	39.10	39.26	44.99	46.89
	Worse Case	29.73	29.27	30.63	31.04
USD Index					
	Base Case	107.03	106.85	107.08	108.09
	Best Case	102.18	101.43	101.34	101.34
	Worse Case	112.12	112.56	113.14	115.29
Unemployment rate					
	Base Case	4.10%	4.10%	4.10%	4.10%
	Best Case	2.43%	1.96%	1.44%	1.14%
	Worse Case	6.92%	8.59%	11.67%	14.77%

(e) Grouping Financial Instruments For Collective Assessment

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

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

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

The Bank's maximum exposure to credit risk as at 31 December, 2023 and 31 December 2022 is represented by the gross carrying amounts of the financial assets set out below:

	Maximum exposure	Collateral held	Surplus collateral	Net exposure
Financial Assets	**31 December 2023**			
	N'million	**N'million**	**N'million**	**N'million**
Balances with central bank	115,576	-	-	115,576
Restricted balances with central bank	1,174,398			1,174,398
Due from banks	239,804	-	-	239,804
Loans and advances to customers	3,106,324	17,394,847	14,288,523	-
Derivative finacial assets	10,723		-	5,947
Investments:			-	-
Financial assets at fair value through profit or loss	7,684	-	-	7,684
Debt instruments at fair value through other comprehensive income	187,561	-	-	187,561
Equity instruments at fair value through other comprehensive income	104,953	-	-	100,763
Debt instruments at amortised cost	821,014	-	-	821,014
Other assets	394,750	-	-	394,699
	6,162,786	**17,394,847**	**14,288,523**	**3,047,446**

Enterprise Risk Management- continued

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

The Bank's maximum exposure to credit risk as at 31 December, 2023 and 31 December 2022 is represented by the gross carrying amounts of the financial assets set out below:

Financial Guarantee contracts:				-
Performance bonds and guarantees	730,779	-	-	730,779
Letters of credit	413,362		-	413,362
Undrawn portion of overdraft	115,650			120,292
	1,259,791	**-**	**-**	**1,264,433**

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	**31 December 2022**			
	N'million	**N'million**	**N'million**	**N'million**
Balances with central bank	121,216	-	-	121,216
Restricted balances with central bank	863,090			863,090
Due from banks	146,101	-	-	146,101
Loans and advances to customers	2,196,759	12,562,622	10,365,863	-
Derivative finacial assets	4,778		-	4,778
Investments:			-	-
Financial assets at fair value through profit or loss	2,036	-	-	2,036
Debt instruments at fair value through other comprehensive income	28,696	-	-	28,696
Equity instruments at fair value through other comprehensive income	27,560	-	-	27,560
Debt instruments at amortised cost	480,422	-	-	480,422
Other assets	107,505	-	-	107,505
	3,978,163	**12,562,622**	**10,365,863**	**1,781,404**
Financial Guarantee contracts:				-
Performance bonds and guarantees	489,618	-	-	489,618
Letters of credit	215,696		-	215,696
Undrawn portion of overdraft	74,577			74,577
	779,891	**-**	**-**	**779,891**

*Excluding equity instruments

Enterprise Risk Management- continued

3.2.6 Credit Concentrations- continued

The Bank monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2023, is set out below:

Group	**31 December 2023**				
Financial assets with credit risk:	**Cash and balances with Central**	**Due from banks**	**Loans and advances to customers**	**Investment securities**	**Other assets**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Carrying amount	1,311,414	246,361	3,092,419	1,054,237	391,807
Concentration by sector					
Agriculture	-	-	137,161	-	-
Oil and gas	-	-	1,111,294	-	-
Consumer credit	-	-	206,073	-	-
Manufacturing	-	-	357,545	-	-
Mining and Quarrying	-	-	5,631	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	44,793	-	-
Construction	-	-	108,803	-	-
Finance and insurance		246,361	4,728	6,847	-
Government	-	-	240,183	989,859	-
Power	-	-	241,954	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	328,058	-	-
Communication	-	-	66,576	10,199	-
Education	-	-	13,691	-	-
Central Bank balance (restricted)	1,174,398	-	-	-	-
Other	137,016	-	369,856	49,352	394,750
Total Gross Amount	1,311,414	246,361	3,236,346	1,056,257	394,750

Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	214,005	-	53,869	-
Nigeria:					
North East	-	-	58,371	-	-
North Central	1,289,974	-	102,225		-
North West	-	-	106,837	-	-
South East	-	-	84,225	-	-
South South	-	-	281,663	-	-
South West	21,440	32,356	2,473,003	1,002,385	394,699
Total gross amount	**1,311,414**	**246,361**	**3,106,324**	**1,056,255**	**394,699**

Bank	31 December 2023				
Financial assets with credit risk:	**Cash and balances with Central bank**	**Due from banks**	**Loans and advances to customers**	**Investment securities**	**Other assets**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Carrying amount	1,311,414	239,579	2,962,397	1,014,238	391,391
Concentration by sector					
Agriculture	-	-	137,161	-	-
Oil and gas	-	-	1,111,294	-	-
Consumer credit	-	-	76,051	-	-
Manufacturing	-	-	357,545	-	-
Mining and Quarrying	-	-	5,631	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	44,793	-	-
Construction	-	-	108,803	-	-
Finance and insurance		239,804	4,728	6,847	-
Government	-	-	240,183	989,859	-
Power	-	-	241,954	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	328,058	-	-
Communication	-	-	66,576	10,199	-
Education	-	-	13,691	-	-
Central Bank balance (restricted)	1,174,398	-	-	-	-
Other	137,016	-	369,856	9,354	394,750
Total Gross Amount	1,311,414	239,804	3,106,324	1,016,259	394,750

Enterprise Risk Management- continued

3.2.6 Credit Concentrations- continued

Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	207,448	-	13,874	-
Nigeria:					
North East	-	-	58,371	-	-
North Central	1,289,974	-	102,225		-
North West	-	-	106,837	-	-
South East	-	-	84,225	-	-
South South	-	-	281,663	-	-
South West	21,440	32,356	2,473,003	1,002,385	394,750
Total gross amount	**1,311,414**	**239,804**	**3,106,324**	**1,016,259**	**394,750**

	31 December 2022				
Financial assets with credit risk:	**Cash and balances with Central bank**	**Due from banks**	**Loans and advances to customers**	**Investment securities**	**Other assets**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Carrying amount	984,306	145,829	2,116,212	510,324	106,152
Concentration by sector					
Agriculture	-	-	109,006	-	-
Oil and gas	-	-	565,913	-	-
Consumer credit	-	-	66,986	-	-
Manufacturing	-	-	341,943	-	-
Mining and Quarrying	-	-	6,229	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	48,181	-	-
Construction	-	-	98,793	-	-
Finance and insurance		146,101	8,842	-	-
Government	-	-	202,183	490,374	-
Power	-	-	188,961	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	227,728	-	-
Communication	-	-	37,878	-	-
Education	-	-	12,901	-	-
Central Bank balance (restricted)	863,090	-	-	-	-
Other	121,216	-	281,217	20,780	107,505
Total Gross Amount	**984,306**	**146,101**	**2,196,759**	**511,154**	**107,505**

Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	-	132,499	-	6,587	-
Nigeria:					
North East	-	-	33,574	-	-
North Central	951,007	-	91,082		-
North West	-	-	70,376	-	-
South East	-	-	73,055	-	-
South South	-	-	152,678	-	-
South West	33,300	13,602	1,775,995	504,567	107,505
Total gross amount	**984,307**	**146,101**	**2,196,759**	**511,154**	**107,505**

Enterprise Risk Management- continued

3.2.7 Credit Quality

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

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

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

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

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

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	153,404	-	-	153,404
Standard monitoring	1,009,250	791,680	-	1,800,930
Default	-	-	52,100	52,100
Gross carrying amount	**1,162,655**	**791,680**	**52,100**	**2,006,435**
Loss allowance	(16,668)	(56,085)	(13,442)	(86,194)
Carrying amount	**1,145,987**	**735,595**	**38,658**	**1,920,240**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	120,626	-	-	120,626
Standard monitoring	856,314	358,713	-	1,215,028
Default	-	-	17,726	17,726
Gross carrying amount	**976,941**	**358,713**	**17,726**	**1,353,380**
Loss allowance	(10,441)	(25,753)	(7,322)	(43,516)
Carrying amount	**966,500**	**332,960**	**10,404**	**1,309,863**

Enterprise Risk Management- continued

b) Government, Public Sector & NBFIs portfolio

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	20,998	-	-	20,998
Standard monitoring	179,688	43,583	-	223,271
Default	-	-	10,480	10,480
Gross carrying amount	**200,686**	**43,583**	**10,480**	**254,749**
Loss allowance	(956)	(9,427)	(6,647)	(17,029)
Carrying amount	**199,730**	**34,156**	**3,834**	**237,720**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	16,497	-	-	16,497
Standard monitoring	193,781	728	-	194,509
Default	-	-	9,698	9,698
Gross carrying amount	**210,278**	**728**	**9,698**	**220,703**
Loss allowance	(1,128)	(0)	(8,355)	(9,484)
Carrying amount	**209,149**	**728**	**1,342**	**211,220**

c) Transport, Communication, Commerce & General portfolio

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	403,487	229,071	-	632,558
Default	-	-	16,741	16,741
Gross carrying amount	**403,487**	**229,071**	**16,741**	**649,299**
Loss allowance	(2,722)	(5,855)	(10,118)	(18,695)
Carrying amount	**400,765**	**223,216**	**6,624**	**630,605**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	54,187	-	-	54,187
Standard monitoring	358,457	57,027	-	415,484
Default	-	-	21,300	21,300
Gross carrying amount	**412,644**	**57,027**	**21,300**	**490,971**
Loss allowance	(7,077)	(2,815)	(10,028)	(19,920)
Carrying amount	**405,567**	**54,212**	**11,272**	**471,051**

Enterprise Risk Management- continued

d) Automobile, Equipment & Mortgage Loans portfolio

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	67,443	8,307	-	75,750
Default	-	-	2	2
Gross carrying amount	**67,443**	**8,307**	**2**	**75,752**
Loss allowance	(356)	(4)	(2)	(362)
Carrying amount	**67,087**	**8,303**	**0**	**75,390**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	31,369	3,705	-	35,074
Default	-	-	11	11
Gross carrying amount	**31,369**	**3,705**	**11**	**35,085**
Loss allowance	(127)	(34)	(6)	(168)
Carrying amount	**31,241**	**3,671**	**4**	**34,917**

e) Medium and Small Scale Enterprises portfolio

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	37,501	15	-	37,516
Default	-	-	6,523	6,523
Gross carrying amount	**37,501**	**15**	**6,523**	**44,039**
Loss allowance	(186)	(0)	(3,885)	(4,071)
Carrying amount	**37,315**	**15**	**2,638**	**39,968**

Enterprise Risk Management- continued

e) Medium and Small Scale Enterprises portfolio- continued

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	61	-	-	61
Standard monitoring	24,999	1,854	-	26,853
Default	-	-	2,721	2,721
Gross carrying amount	**25,060**	**1,854**	**2,721**	**29,635**
Loss allowance	(93)	(10)	(2,013)	(2,116)
Carrying amount	**24,967**	**1,844**	**708**	**27,519**

f) Personal & Employee Loans portfolio

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	48,232	882	-	49,114
Default	-	-	26,936	26,936
Gross carrying amount	**48,232**	**882**	**26,936**	**76,051**
Loss allowance	(390)	(6)	(17,180)	(17,576)
Carrying amount	**47,842**	**876**	**9,757**	**58,475**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	52,634	1,163	-	53,797
Default	-	-	13,189	13,189
Gross carrying amount	**52,634**	**1,163**	**13,189**	**66,986**
Loss allowance	(511)	(81)	(4,753)	(5,345)
Carrying amount	**52,123**	**1,082**	**8,436**	**61,641**

3.2.7 Credit Quality

B Reconciliation of Allowance for Impairment by portfolio

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
At 1 January	(19,377)	(28,693)	(32,478)	(80,548)
Agric, Energy, Manufactur'g, Const'n & Real Estate Portf	(6,227)	(30,332)	(6,119)	(42,678)
Government, Public Sector & NBFIs portfolio	172	(9,426)	1,709	(7,545)
Transport, Comm, Commerce & General portfolio	4,355	(3,040)	(90)	1,225
Automobile, Equipment & Mortgage Loans portfolio	(228)	30	4	(194)
Medium and Small Scale Enterprises portfolio	(93)	10	(1,872)	(1,955)
Personal & Employee Loans portfolio	121	75	(12,427)	(12,231)
At 31 December	**(21,277)**	**(71,377)**	**(51,273)**	**(143,927)**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
At 1 January	(18,460)	(26,981)	(28,689)	(74,130)
Agric, Energy, Manufactur'g, Const'n & Real Estate Portf	(4,230)	(1,163)	(919)	(6,312)
Government, Public Sector & NBFIs portfolio	57	(0)	(2,756)	(2,700)
Transport, Comm, Commerce & General portfolio	1,903	(775)	935	2,063
Automobile, Equipment & Mortgage Loans portfolio	98	0	5	102
Medium and Small Scale Enterprises portfolio	26	(10)	(163)	(147)
Personal & Employee Loans portfolio	1,229	236	(890)	575
At 31 December	**(19,377)**	**(28,693)**	**(32,478)**	**(80,548)**

Enterprise Risk Management- continued

	31 December 2023				
	Cash and balance with Central bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Not Due & Not impaired	1,311,414	239,804	1,855,876	1,016,259	394,750
Past due and not impaired (0-30 days)	-		64,128		
Past due and not impaired (31-90 days)	-	-	1,073,538	-	-
Past due and impaired (aged above 90 days)	-	-	112,783	-	-
Gross	1,311,414	239,804	3,106,324	1,016,259	394,750
Impairment allowance	-	(225)	(143,927)	(2,830)	(3,359)
Net	**1,311,414**	**239,579**	**2,962,397**	**1,013,429**	**391,391**

	31 December 2022				
	Cash and balance with Central bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Not Due & Not impaired	984,306	146,101	1,695,361	511,154	107,505
Past due and not impaired (0-30 days)	-		13,564		
Past due and not impaired (31-90 days)	-	-	423,190	-	-
Past due and impaired (aged above 90 days)	-	-	64,644	-	-
Gross	984,306	146,101	2,196,759	511,154	107,505
Impairment allowance	-	(271)	(80,548)	(830)	(1,351)
Net	**984,306**	**145,829**	**2,116,211**	**510,324**	**106,154**

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

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

	Due from Banks	Overdrafts	Term loans	Finance lease	Total Loan	Other assets
31 December 2023	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Grades:						
1. AAA to AA	165,044	3,967	274,568	-	278,535	-
2. A+ to A-	30,688	7,292	201,435	-	208,727	-
3. BBB+ to BB-	40,930	153,741	1,372,444	7,003	1,533,187	394,699
4. Below BB-	3,141	62,335	907,857	2,154	972,347	-
5. Unrated	-	676	68	-	745	-
	239,804	228,011	2,756,372	9,157	2,993,541	394,699
Collective Impairment	(225)	(5,045)	(87,606)	(3)	(92,654)	(3,359)
Net amount	**239,579**	**222,966**	**2,668,766**	**9,155**	**2,900,887**	**391,340**

31 December 2022	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Grades:						
1. AAA to AA	110,052	10,508	256,655	3,312	270,476	-
2. A+ to A-	11,674	1,184	66,484	179	67,847	-
3. BBB+ to BB-	9,640	152,616	949,354	8,717	1,110,686	107,505
4. Below BB-	14,735	60,298	618,811	2,926	682,035	-
5. Unrated	-	1,072	-	-	1,072	-
	146,101	225,678	1,891,303	15,134	2,132,116	107,505
Collective Impairment	(271)	(5,301)	(42,611)	(158)	(48,070)	(1,351)
Net amount	**145,829**	**220,377**	**1,848,692**	**14,976**	**2,084,045**	**106,154**

Enterprise Risk Management- continued

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

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

	Maximum exposure to credit risk	
	2023	**2022**
	N'million	**N'million**
Financial assets designated at fair value through profit or loss		
• Debt securities		
Federal Government bonds	1,023	351
Treasury bills	6,661	1,685
Placements	-	-
	7,684	**2,036**
Derivative financial assets	10,723	4,778

The credit rating of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 December 2023 and 31 December 2022:

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
31 December 2023	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
AAA to AA	302,060	565,226	413,616	-	-	1,280,902
A+ to A-	30,688	-	-	11,017	26,400	68,105
BBB+ to BB-	40,930	-	-	-		40,930
Below BB-	3,141	-	-	-	-	3,141
Unrated	-	-	-	-	-	-
	376,820	**565,226**	**413,616**	**11,017**	**26,400**	**1,393,078**

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
31 December 2022						-
AAA to AA	110,052	280,277	207,841	-	-	598,170
A+ to A-	11,674	-	-	2,256	20,780	34,710
BBB+ to BB-	9,640	-	-	-		9,640
Below BB-	14,735	-	-	-	-	14,735
Unrated	-	-	-	-	-	-
	146,101	**280,277**	**207,841**	**2,256**	**20,780**	**657,256**

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

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

3.2.8 Description of Collateral Held

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

(a) Key Collateral Management Policies

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

Enterprise Risk Management- continued

(a) Key Collateral Management Policies- continued

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

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

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

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

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

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

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

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

	31 December 2023		31 December 2022	
	Exposure	**Collateral Value**	**Exposure**	**Collateral Value**
	N'million	**N'million**	**N'million**	**N'million**
Secured against real estate	262,135	995,106	502,967	1,594,056
Secured by shares of quoted companies	-		-	
Secured by others	2,843,447	16,399,742	1,683,724	10,968,566
Unsecured	742	-	10,069	-
Gross Loans and Advances to Customers	**3,106,324**	**17,394,847**	**2,196,760**	**12,562,622**

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

3.3 Liquidity Risk

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

Enterprise Risk Management- continued

3.3.1 Management of Liquidity Risk

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

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

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

Enterprise Risk Management- continued

3.3.2 Maturity Analysis

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

Group	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
31 December 2023	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Non-deivative assets						
Restricted balances with central bank	-	-	-	1,174,398	-	1,174,398
Cash and Cash equivalents	362,530	21,172	-	-	-	383,702
Loans and advances to customers	235,975	515,799	867,353	1,001,318	2,013,800	4,634,245
Derivative financial assets	-		-	-	-	-
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	77	317	6,931	1,001	4,215	12,540
- Debt instruments at amortised	951	44,292	417,381	339,063	1,017,731	1,819,418
- Debt instruments at FVOCI	23,622	61,401	121,127	40,236	35,132	281,519
Other Assets	39,589	199,524	166,432	-	-	405,545
Total financial assets	**662,744**	**842,505**	**1,579,225**	**2,556,016**	**3,070,877**	**8,711,367**
Derivaitive assets						
Trading :						
Gross settled		10,723		-	-	10,723
Net settled						
	-	**10,723**	**-**	**-**	**-**	**10,723**
Total financial assets	**662,744**	**853,228**	**1,579,225**	**2,556,016**	**3,070,877**	**8,722,090**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	337,757	496,625	657,113	1,328,011	1,389,284	4,208,791
Other liabilities	122,415	172,796	248,943	360,566	281,890	1,186,609
Debt issued and other borrowed funds	85	303,773	53,379	520,491	49,049	926,777
	460,257	973,195	959,434	2,209,068	1,720,223	6,322,177
Derivative Liabilities						
Trading :						
Gross settled	-	-	-	-	-	-
Net settled						
	-	-	-	-	-	-
Total financial liabilities	460,257	973,195	959,434	2,209,068	1,720,223	6,322,177
Gap (assets-liabilities)	202,487	(119,966)	619,791	346,948	1,350,654	
Cumulative liquidity gap	**202,487**	**82,521**	**702,312**	**1,049,259**	**2,399,913**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	38,303	132,311	284,455	169,511	106,200	730,779
Letters of credit	91,580	127,638	177,868	16,276	-	413,362
	129,883	**259,949**	**462,323**	**185,786**	**106,200**	**1,144,141**

Enterprise Risk Management- continued

3.3.2 Maturity Analysis - continued

31 December 2022	Up to 1 month N'million	1-3 months N'million	3-12 months N'million	1-5 years N'million	Over 5 years N'million	Total N'million
Restricted balances with central bank	248,556	-	-	614,535	-	863,091
Cash and Cash equivalents	287,015	13,646	-	-	-	300,661
Loans and advances to customers	119,771	303,382	518,204	887,120	1,364,320	3,192,797
Derivative financial assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
- Financial assets at fair value through profit or loss	228	380	1,076	293	816	2,793
- Debt instruments at fair value through other comprehensive income	17,804	22,854	248,445	133,634	353,254	775,991
- Debt instruments at amortised cost	1,094	1,472	16,782	15,733	9,386	44,467
Deferred tax Assets						
Other Assets	10,034	50,172	40,138	-	7,159	107,503
Total financial assets	**684,502**	**391,906**	**824,645**	**1,651,315**	**1,734,935**	**5,287,303**
Derivaitive assets						
Trading :						
Gross settled		4,778		-	-	4,778
Net settled						
	-	**4,778**	**-**	**-**	**-**	**4,778**
Total financial assets	**684,502**	**396,684**	**824,645**	**1,651,315**	**1,734,935**	**5,292,081**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	307,166	373,276	445,359	838,959	973,495	2,938,255
Other liabilities	114,904	51,075	88,571	238,776	367,464	860,790
Debt issued and other borrowed funds	67	25,942	29,418	240,383	53,431	349,241
	422,137	450,293	563,348	1,318,118	1,394,390	4,148,286
Derivative Liabilities						
Trading :						
Gross settled	-	1,208	-	-	-	1,208
Net settled						
	-	**1,208**	**-**	**-**	**-**	**1,208**
Total financial liabilities	422,137	451,501	563,348	1,318,118	1,394,390	4,149,494
Gap (assets-liabilities)	262,365	(54,817)	261,297	333,197	340,545	
Cumulative liquidity gap	**262,365**	**207,548**	**468,845**	**802,042**	**1,142,587**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	8,293	75,908	248,141	157,276	-	489,618
Letters of credit	32,840	56,001	126,856	-	-	215,697
Total	**41,133**	**131,909**	**374,997**	**157,276**	**-**	**705,315**

Enterprise Risk Management- continued

3.3.2 Maturity Analysis - continued

Bank

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2023	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Non-deivative assets						
Restricted balances with central bank	-	-	-	1,174,398	-	1,174,398
Cash and Cash equivalents	362,530	14,390	-	-	-	376,920
Loans and advances to customers	235,975	515,799	867,353	1,001,318	2,013,800	4,634,245
Derivative financial assets	-		-	-	-	-
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	77	317	6,931	1,001	4,215	12,540
- Debt instruments at amortised	951	44,292	417,381	339,063	1,017,731	1,819,418
- Debt instruments at FVOCI	23,622	21,402	121,127	40,236	35,132	241,520
Other Assets	39,589	197,946	166,432	-	-	403,968
Total financial assets	**662,744**	**794,146**	**1,579,225**	**2,556,016**	**3,070,877**	**8,663,008**
Derivaitive assets						
Trading :						
Gross settled		10,723		-	-	10,723
Net settled						
	-	**10,723**	**-**	**-**	**-**	**10,723**
Total financial assets	**662,744**	**804,869**	**1,579,225**	**2,556,016**	**3,070,877**	**8,673,731**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	337,757	373,604	657,113	1,328,011	1,389,284	4,085,770
Other liabilities	122,415	170,073	248,943	360,566	281,890	1,183,887
	85	61,998	53,379	520,491	49,049	
Debt issued and other borrowed funds						685,002
	460,257	605,676	959,434	2,209,068	1,720,223	5,954,658
Derivative Liabilities						
Trading :						
Gross settled	-	-	-	-	-	-
Net settled						
	-	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	460,257	605,676	959,434	2,209,068	1,720,223	5,954,658
Gap (assets-liabilities)	202,487	199,193	619,791	346,948	1,350,654	
Cumulative liquidity gap	**202,487**	**401,680**	**1,021,471**	**1,368,419**	**2,719,073**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	38,303	132,311	284,455	169,511	106,200	730,779
Letters of credit	91,580	127,638	177,868	16,276	-	413,362
	129,883	**259,949**	**462,323**	**185,786**	**106,200**	**1,144,141**

Enterprise Risk Management- continued

3.3.2 Maturity Analysis - continued

31 December 2022	Up to 1 month N'million	1-3 months N'million	3-12 months N'million	1-5 years N'million	Over 5 years N'million	Total N'million
Restricted balances with central bank	248,556	-	-	614,535	-	863,091
Cash and Cash equivalents	287,015	13,646	-	-	-	300,661
Loans and advances to customers	119,771	303,382	518,204	887,120	1,364,320	3,192,797
Derivative financial assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
- Held for trading	228	380	1,076	293	816	2,793
- Available for sale	17,804	22,854	248,445	133,634	353,254	775,991
- Held to maturity	1,094	1,472	16,782	15,733	9,386	44,467
Other Assets	10,034	50,172	40,138	-	7,159	107,503
Total financial assets	**684,502**	**391,906**	**824,645**	**1,651,315**	**1,734,935**	**5,287,303**
Derivaitive assets						
Trading :						
Gross settled		4,778		-	-	4,778
Net settled						
	-	**4,778**	**-**	**-**	**-**	**4,778**
Total financial assets	**684,502**	**396,684**	**824,645**	**1,651,315**	**1,734,935**	**5,292,081**
Financial liabilities						
Non-derivative liabilities						
Customer deposits	307,166	373,276	445,359	838,959	973,495	2,938,255
Other liabilities	114,904	51,075	88,571	238,776	367,464	860,790
Debt issued and other borrowed funds	67	25,942	29,418	240,383	53,431	349,241
	422,137	450,293	563,348	1,318,118	1,394,390	4,148,286
Derivative Liabilities						
Trading :						
Gross settled	-	1,208	-	-	-	1,208
Net settled						
	-	**1,208**	**-**	**-**	**-**	**1,208**
Total financial liabilities	422,137	451,501	563,348	1,318,118	1,394,390	4,149,494
Gap (assets-liabilities)	262,365	(54,817)	261,297	333,197	340,545	
Cumulative liquidity gap	**262,365**	**207,548**	**468,845**	**802,042**	**1,142,587**	
Financial Guarantee Contracts:						
Performance bonds and guarantees	8,293	75,908	248,141	157,276	-	489,618
Letters of credit	32,840	56,001	126,856	-	-	215,697
Total	**41,133**	**131,909**	**374,997**	**157,276**	**-**	**705,315**

Enterprise Risk Management- continued

3.4 Market Risk

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

3.4.1 Management of Market Risk

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

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

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

3.4.2 Foreign Exchange Risk

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

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2023.

	31 December 2023				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Restricted balances with central bank	-	-	-	1,174,398	1,174,398
Cash and Cash equivalents	199,832	8,017	20,850	147,897	376,595
Loans and advances to customers	1,425,087	4,460	10,508	1,522,343	2,962,397
Derivative assets	10,723				10,723
Investment securities:	-	-	-		
- Financial assets at FVTPL	-	-	-	7,684	7,684
- Debt instruments at FVOCI	18,495	-	-	169,066	187,561
- Equity instruments at FVOCI	9,507	-	-	95,446	104,953
- Debt instruments at amortised cost	-	-	-	818,803	818,803
Other financial assets	355,347	11,442	813	23,789	391,391
	2,018,991	**23,919**	**32,171**	**3,959,425**	**6,034,506**
Financial liabilities					
Customer deposits	1,243,428	24,752	20,523	2,638,139	3,926,842
Derivative liabilities	-				-
Other liabilities	247,342	2,138	2,138	882,256	1,133,874
Debt issued and other borrowed funds	511,458			65,570	577,028
	2,002,228	**26,890**	**22,660**	**3,585,966**	**5,637,744**
Net on balance sheet position	16,763	(2,971)	9,510	373,460	396,762
Net exposure	**16,763**	**(2,971)**	**9,510**	**373,460**	**396,762**

Enterprise Risk Management- continued

Sensitivity Analysis of Foreign Currency Statement of Financial Position

Currency	**USD**	**GBP**	**Euro**
	N'million	**N'million**	**N'million**
Net effect on Statement of Financial Position	16,763	(2,971)	9,510
Closing Exchange Rate (Naira/ Currency)	952	1,140	991
1% Currency Depreciation (+)	961	1,152	1,001
Net effect of depreciation on Profit or loss (pre-tax)	168	(30)	95
1% Currency Appreciation (-)	942	1,129	981
Net effect of appreciation on Profit or loss (pre-tax)	(168)	30	(95)

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2022.

	31 December 2022				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Restricted balances with central bank	-	-	-	863,090	863,090
Cash and Cash equivalents	142,925	2,821	4,208	150,391	300,345
Loans and advances to customers	708,659	535	2,970	1,404,048	2,116,212
Derivative financial assets	4,778				4,778
Investment securities:	-	-	-		
- Financial assets at FVTPL	-	-	-	2,036	2,036
- Debt instruments at FVOCI	6,587	-	-	22,109	28,696
- Equity instruments at FVOCI	5,379	-	-	22,180	27,559
- Debt instruments at amortised cost	-	-	-	479,591	479,591
Other financial assets	204,439	191	302	(98,778)	106,154
	1,072,767	**3,547**	**7,480**	**2,844,666**	**3,928,461**
Financial liabilities					
Customer deposits	699,084	5,305	4,780	1,871,431	2,580,600
Derivative financial liabilities	1,208				1,208
Other liabilities	120,979	239	1,821	691,843	814,882
Debt issued and other borrowed funds	204,773	-	-	56,693	261,466
	1,026,044	**5,544**	**6,601**	**2,619,967**	**3,658,156**
Net exposure	46,723	(1,997)	879	224,699	270,305

Sensitivity Analysis of Foreign Currency Statement of Financial Position

Currency	**USD**	**GBP**	**Euro**
	N'million	**N'million**	**N'million**
Net effect on Statement of Financial Position	46,723	(1,997)	879
Closing Exchange Rate (Naira/ Currency)	461	555	492
1% Currency Depreciation (+)	466	561	497
Net effect of depreciation on Profit or loss	467	(20)	9
1% Currency Appreciation (-)	456	549	487
Net effect of appreciation on Profit or loss	(467)	20	(9)

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

Enterprise Risk Management- continued

3.4.3 Interest Rate Risk

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

31 December 2023	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
	N'million	N'million	N'million	N'million
Financial assets				
Restricted balances with central bank	1,174,398	-	-	1,174,398
Cash and Cash equivalents	376,595	-	32,356	344,239
Loans and advances to customers	2,962,397	647,617	2,314,780	-
Derivative assets	10,723	-	-	10,723
Investment securities	-			-
- Financial assets at FVTPL	7,684	-	7,684	-
- Debt instruments at FVOCI	187,561	-	187,561	-
- Debt instruments at amortised cost	818,803	-	818,803	-
Other financial assets	391,391	-	-	391,391
	5,929,553	**647,617**	**3,361,185**	**1,920,751**
Financial liabilities				
Customer deposits	3,926,842	-	1,574,066	2,352,776
Derivative liabilities	-	-	-	-
Other liabilities	1,133,874	-	443,736	690,138
Debts issued and other borrowed funds	577,028	83,337	493,691	-
	5,637,744	**83,337**	**2,511,493**	**3,042,914**

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2022	N'million	N'million	N'million	N'million
Financial assets				
Restricted balances with central bank	863,090	-	-	863,090
Cash and Cash equivalents	300,345	-	13,412	286,933
Loans and advances to customers	2,116,212	308,884	1,807,328	-
Derivative assets	4,778	-	-	4,778
Investment securities	-			-
- Financial assets at FVTPL	2,036	-	2,036	-
- Debt instruments at FVOCI	28,696	-	28,696	-
- Debt instruments at amortised cost	479,591	-	479,591	-
Other financial assets	106,154	-	-	106,154
	3,900,902	**308,884**	**2,331,063**	**1,260,955**
Financial liabilities				
Customer deposits	2,580,600	-	1,009,317	1,571,283
Derivative financial liabilities	1,208	-	-	1,208
Other liabilities	814,882	-	473,604	341,278
Debts issued and other borrowed funds	261,466	26,648	234,699	119
	3,658,156	**26,648**	**1,717,620**	**1,913,888**

(a) Interest Rate Sensitivity

Total interest repricing gap

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

31 December 2023	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Restricted balances with central bank	-	-	-	-	-	-
Cash and Cash equivalents	32,356		-			32,356
Loans and advances to customers	731,685	192,738	567,164	669,822	800,987	2,962,397
Derivative financial assets	-					-
Investment securities						-
- Financial assets at FVTPL	5,627	28	758	863	407	7,684
- Debt instruments at FVOCI	83,160	10,048	27,161	17,249	49,943	187,561
- Debt instruments at amortised cost	532,148	-	61,227	17,836	207,592	818,804
Total assets	**1,384,977**	**202,814**	**656,310**	**705,771**	**1,058,929**	**4,008,801**
Financial liabilities						
Customer deposits	276,822	117,231	102,541	538,960	538,512	1,574,066
Derivative Financial Liabilities						-
Other liabilities	7,529	15,661	23,492	161,931	235,123	443,736
Debts issued and other borrowed funds	61,683	28,594	-	444,271	42,480	577,028
Total liabilities	**346,034**	**161,485**	**126,033**	**1,145,162**	**816,115**	**2,594,830**
Net financial assets/(liabilities)	1,038,943	41,329	530,277	(439,391)	242,815	1,413,972

Enterprise Risk Management- continued

3.4.3 Interest Rate Risk- continued

31 December 2022 Financial assets	Less than 3 months N'million	3-6 months N'million	6-12 months N'million	1-5 years N'million	More than 5 years N'million	Total rate sensitive N'million
Cash and Cash equivalents	13,412		-			13,412
Loans and advances to customers	382,974	236,814	213,122	609,339	673,963	2,116,212
Derivative financial assets	-					-
Investment securities						-
- Financial assets at FVTPL	602	748	258	78	351	2,037
- Debt instruments at FVOCI	2,394	102	14,416	6,265	5,519	28,696
	38,308	144,490	78,084	48,756	169,954	479,592
Total assets	**437,690**	**382,154**	**305,880**	**664,438**	**849,787**	**2,639,949**
Financial liabilities						
Customer deposits	267,345	92,043	78,175	285,899	285,855	1,009,317
Derivative Financial Liabilities						-
Other liabilities	11,080	1,562	13,870	130,312	316,780	473,604
Debts issued and other borrowed funds	26,170	15,746		178,125	41,425	261,466
Total liabilities	304,595	109,351	92,045	594,336	644,060	1,744,387
Net financial assets and liabilities	**133,095**	**272,803**	**213,835**	**70,102**	**205,727**	**895,562**

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

31 December 2023

Asset with variable interest rate	Increase/ Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Loans and advances to customers	+200bp/-20	647,617	12,952	(12,952)	12,952	(12,952)
Debts issued and other borrowed funds	+200bp/-20	83,337	(1,667)	1,667	(1,667)	1,667

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

31 December 2022

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Loans and advances to customers	+/-200bp	308,884	6,178	(6,178)	6,178	(6,178)
Debts issued and other borrowed funds	+/-200bp	26,648	(533)	533	(533)	533

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

31 December 2023

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Investments:						
-Financial assets measured at FVTPL	+/-200bp	7,684	154	(154)	154	(154)
-Debt instruments at FVOCI*	+/-200bp	187,561	-	-	3,751	(3,751)

31 December 2022

Asset with variable interest rate	Increase/Decrease in bp	Amount N'million	Effect of increase by 200bp on Profit N'million	Effect of decrease by 200bp on Profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Investments:						
-Financial assets held for trading	+/-200bp	2,036	41	(41)	41	(41)
-Debt instruments at FVOCI*	+/-200bp	29,229	-	-	585	(585)

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

Enterprise Risk Management- continued

3.4.4 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. A 50.8 percent (Bank - 280.8 percent) increase in the value of the Group's equity investment at FVOCI at 31 December 2023 would have increased equity by N77.4billion (December 2022: N1.53 billion). An equivalent decrease would have resulted in an

3.5 Fair Value of Financial Assets and Liabilities

	31 December 2023		31 December 2022	
Financial assets	**Carrying value N'million**	**Fair value N'million**	**Carrying value N'million**	**Fair value N'million**
Cash and balances with Central bank of Nigeria	**1,311,414**	-	**1,017,606**	-
Cash	21,440		33,300	
Balances with central bank other than mandatory reserve deposits	115,576		121,216	
Mandatory reserve deposits with central banks	1,174,398		863,090	
Due from banks	**239,579**	-	**145,829**	-
- Current balances with foreign banks	207,330		132,417	
- Placements with other banks and discount houses	32,249		13,412	
Loans and advances to customers	**2,962,397**	-	**2,116,212**	-
- Term loans	2,707,023		1,866,402	
- Advances under finance lease	9,380		15,120	
- Other loans	245,994		234,690	
Derivative financial assets	**10,723**	**10,723**	**4,778**	**4,778**
Fair Value Through Profit and Loss	**7,684**	**7,684**	**2,036**	**2,036**
- Treasury bills	6,661	6,661	1,685	1,685
- Federal Government bonds	1,023	1,023	351	351
- Placement	-	-	-	-
Debt instruments at FVOCI	**187,561**	**187,561**	**28,696**	**28,696**
- Treasury bills	153,028	153,028	16,677	16,677
- Federal Government bonds	17,714	17,714	4,825	4,825
- State Government bonds	5,897	5,897	2,256	2,256
- Coporate bonds	10,922	10,922	4,938	4,938
Equity instruments measured at FVOCI	**41,550**	**41,550**	**27,560**	**27,560**
Debt instruments at amortised	**818,804**	**-**	**479,591**	**-**
- Treasury bills	404,734		261,847	
- Federal Government bonds	393,591		202,481	
- State Government bonds	5,103			
- Corporate Bonds	15,375		15,263	

	31 December 2023		31 December 2022	
Financial liabilities	**Carrying value N'million**	**Fair value N'million**	**Carrying value N'million**	**Fair value N'million**
Deposits from customers	**1,364,702**	**-**	**398,793**	**-**
Term	75,999		696,745	
Domiciliary	1,288,703			
Derivative financial liabilities	-	-	1,208	1,208
Debts issued and other borrowed funds	**577,028**	**-**	**261,466**	**-**

(a) Financial Instruments Measured at Fair Value

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

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

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

(a) Financial Instruments Measured at Fair Value- continued

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds	-		-	-
- State Government bonds	-	1,023	-	1,023
- Treasury bills	-	6,661	-	6,661
- Placement	-	-		-
			-	-
Debt instruments measured at FVOCI				-
- Treasury bills	-	153,028	-	153,028
- Federal Government bonds	-	17,714	-	17,714
- State Government bonds	-	5,897	-	5,897
- Corporate bonds	-	10,922		10,922
Equity instruments measured at FVOCI	3,773	37,777	63,403	104,953
				-
Assets for which fair values are disclosed				-
Loans and Advances				-
- Term loans	-	-	2,707,023	2,707,023
- Advances under finance lease	-	-	9,380	9,380
- Other loans	-	-	245,994	245,994
Derivative financial assets	**-**	10,723	-	10,723
				-
Debt instruments at amortised cost				-
- Treasury bills	-		404,734	404,734
- Federal Government bonds	-		393,591	393,591
- State Government bonds	-		5,103	5,103
- Corporate Bonds	-		15,375	15,375

Financial liabilities at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Derivative financial liabilities	-	24,225	-	24,225
Financial liabilities for which fair values are disclosed				-
Financial liabilities carried at amortised cost				-
Debt issued and other borrowed funds	-	-	577,028	577,028
Deposits from customers			1,364,702	1,364,702

(a) Financial Instruments Measured at Fair Value - continued

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Assets measured at fair value				
Held for trading				
- Federal Government bonds			-	-
- State Government bonds		351	-	351
- Treasury bills			-	-
- Placement		1,685		1,685
				-
Debt instruments measured at FVOCI				-
- Treasury bills	-	16,677	-	16,677
- Federal Government bonds	-	4,825	-	4,825
- State Government bonds	-	2,256	-	2,256
- Corporate bonds	-	4,937		4,937
Equity instruments measured at FVOCI	2,395	26,000	-	28,395
				-
Assets for which fair values are disclosed	**-**	-	**-**	-
Loans and Advances				-
- Term loans	-	-	1,908,096	1,908,096
- Advances under finance lease	-	-	18,202	18,202
- Other loans	-	-	270,462	270,462
Derivative financial assets	**-**	4,778	-	4,778

(a) Financial Instruments Measured at Fair Value- continued

	Level 1	Level 2	Level 3	Total
	N'million	N'million	N'million	N'million
Debt instruments at amortised cost				-
- Treasury bills	-	261,914	-	261,914
- Federal Government bonds	-	202,665	-	202,665
- State Government bonds	-	-	-	-
- Corporate bonds	-	15,843	-	15,843
Financial liabilities at FVTPL				
Derivative financial liabilities	-	1,208	-	1,208
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				-
Debt issued and other borrowed funds	-	-	261,466	261,466
Deposits from customers			1,095,539	1,095,539

(c) Fair Valuation Methods and Assumptions

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

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

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

(iv) Treasury Bills and Bonds
Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Group operates. The fair value of treasury bills are derived from the quoted yields, while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions were marked-to-model at 31 December 2023 and 31 December 2022 based on yields for identical assets. Fair value is determined using discounted cash flow model.

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

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

(vii) Overdraft
The management assessed that the fair value of Overdrafts approximate their carrying amounts largely due to the short-term maturities

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

(ix) Deposits from banks and due to customers

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

(c) Fair Valuation Methods and Assumptions- continued

(x) Other Liabilities

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

(xi) Debt Issued And Other Borrowed Funds

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

3.6 Operational Risk Management

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

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

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

Organizational Set-up

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

Operational Risk Framework

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

3.6 Operational Risk Management- continued

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

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

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

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

4. Capital Management

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

a.To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;

b. To safeguard the Bank’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

c. To maintain a strong capital base to support the development of its business.

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

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

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the year ended 31 December 2023 and the comparative period 31 December 2022 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II ACord (Interenal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian enviroment.

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

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

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

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

1 The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;

2 Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and

3 Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

4. Capital Management- continued

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2023 and as at 31 December 2022. During those two periods, the Bank as an entity complied with all of the externally imposed capital requirements to

	31 December 2023 N'million	31 December 2022 N'million
Tier 1 capital		
Share capital	16,000	14,481
Share premium	113,705	101,272
Retained earnings	103,708	79,587
Statutory reserve	66,282	51,352
Small scale investment reserve	15,186	10,209
Tier 1 Deductions - Intangible Assets	(5,123)	(4,023)
Total qualifying Tier 1 capital	309,757	252,878
Regulatory adjustment	38,134	34,704
Investment In Subsidiary	63,403	-
Adjusted qualifying Tier 1 capital	208,221	218,174
Tier 2 capital		
Eurobond Issue	-	-
Local Bond Issue (Discounted at 60%)	42,174	41,307
Revaluation reserve	-	-
Fair value reserve	54,310	30,019
Total Tier 2 capital	96,484	71,326
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital	90,541	71,326
Total Tier 1 & Tier 2 Capital	298,762	289,500
Risk-weighted assets:		
Credit Risk Weighted Assets	1,459,539	1,326,811
Market Risk Weighted Assets	12,104	17,977
Operational Risk Weighted Assets	376,354	250,941
Total risk-weighted assets	1,847,998	1,595,729
Capital Adequacy Ratio (CAR)	**16.17%**	**18.14%**
Minimum Capital Adequacy Ratio	15%	15%

5 SEGMENT ANALYSIS

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Executive Committee (the chief operating decision maker). In 2023, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board . This segment is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions.

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

Segment result of operations

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2023 is as follows:

	Group			
	Retail banking N 'millions	**Corporate banking N 'millions**	**Investment banking N 'millions**	**Combined N 'millions**
At 31 December 2023				
Revenue derived from external customers	381,730	99,488	74,612	555,830
Revenues from other segments	-	-	-	-
Total	381,730	99,488	74,612	555,830
Interest income	293,906	96,779	68,845	459,530
Interest expense	(106,910)	(47,987)	(27,268)	(182,165)
Fees and commission income	29,388	15,725	4,488	49,600
Fee and commission expense	(7,042)	(3,526)	(1,244)	(11,812)
Operating Expense	(120,124)	(35,371)	(32,402)	(187,897)
Profit before tax	98,180	15,379	10,701	124,260
Income tax expense	(22,352)	(1,447)	(1,007)	(24,806)
Profit for the year ended 31 December 2023	75,828	13,932	9,694	99,454
	-			
Total segment assets	4,510,316	942,561	781,811	6,234,688
Total segment liabilities	4,292,151	885,461	619,769	5,797,381
	-			
Other segment information	-			
Depreciation / amortization	**(4,433)**	**(1,568)**	**(1,041)**	**(7,042)**

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2022 is as follows:

	Group			
	Retail banking N 'millions	**Corporate banking N 'millions**	**Investment banking N 'millions**	**Combined N 'millions**
At 31 December 2022				
Revenue derived from external customers	162,950	99,488	74,612	337,050
Revenues from other segments	-	-	-	-
Total	162,950	99,488	74,612	337,050
Interest income	129,954	96,779	68,845	295,578
Interest expense	(67,628)	(47,987)	(27,268)	(142,883)
Fees and commission income	19,861	11,345	3,212	34,418
Fee and commission expense	(8,263)	(3,725)	(707)	(12,695)
Operating Expense	(67,317)	(17,638)	(29,213)	(114,168)
Profit before tax	**27,597**	**15,379**	**10,701**	**53,677**
Income tax expense	(4,499)	(1,447)	(1,007)	(6,953)
Profit for the year ended 31 December 2022	23,098	13,932	9,694	46,724
	-			
Total segment assets	2,264,637	942,561	781,811	3,989,009
Total segment liabilities	2,169,419	885,461	619,769	3,674,649
Other segment information	-			
Depreciation / amortization	**(4,007)**	**(1,568)**	**(1,041)**	**(6,616)**

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in the year ended 31 December 2023 and 31 December 2022 . The cashflow information for the reporting segment is not provided to the chief operating decision maker .

In the opinion of the directors, all of the Bank’s income form the United Kingdom component derives from one main activity, commercial and retail banking, which is carried out in the United Kingdom. .

5 **SEGMENT ANALYSIS- Continued**

	Bank			
	Retail banking N 'millions	**Corporate banking N 'millions**	**Investment banking N 'millions**	**Combined N 'millions**
At 31 December 2023				
Revenue derived from external customers	329,719	126,086	96,960	552,765
Revenues from other segments	-	-	-	-
Total	329,719	126,086	96,960	552,765
Interest income	252,350	115,039	89,530	456,919
Interest expense	(90,634)	(52,778)	(38,651)	(182,063)
Fees and commission income	28,933	15,725	4,488	49,146
Fee and commission expense	(7,042)	(3,526)	(1,244)	(11,812)
Operating Expense	(116,888)	(35,371)	(32,402)	(184,661)
Profit before tax	69,758	31,656	22,924	124,338
Income tax expense	(18,879)	(3,438)	(2,490)	(24,806)
Profit for the year ended 31 December 2023	50,879	28,218	20,434	99,532
	-			
Total segment assets	3,546,324	1,470,572	1,105,278	6,122,174
Total segment liabilities	3,280,461	1,388,927	1,021,451	5,690,839
	-			
Other segment information	-			
Depreciation / amortization	**(4,105)**	**(1,661)**	**(1,124)**	**(6,890)**

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2022 is as follows:

	Bank			
	Retail banking N 'millions	**Corporate banking N 'millions**	**Investment banking N 'millions**	**Combined N 'millions**
At 31 December 2022				
Revenue derived from external customers	162,950	99,488	74,612	337,050
Revenues from other segments	-	-	-	-
Total	162,950	99,488	74,612	337,050
Interest income	129,954	96,779	68,845	295,578
Interest expense	(67,628)	(47,987)	(27,268)	(142,883)
**Fees and commission income	19,861	11,345	3,212	34,418
**Fee and commission expense	(8,263)	(3,725)	(707)	(12,695)
Operating Expense	(67,317)	(17,638)	(29,213)	(114,168)
Profit before tax	**27,597**	**15,379**	**10,701**	**53,677**
Income tax expense	(4,499)	(1,447)	(1,007)	(6,953)
Profit for the year ended 31 December 2022	23,098	13,932	9,694	46,724
	-			
Total segment assets	2,264,637	942,561	781,811	3,989,009
Total segment liabilities	2,169,419	885,461	619,769	3,674,649
Other segment information	-			
Depreciation / amortization	**(4,007)**	**(1,568)**	**(1,041)**	**(6,616)**

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in the year ended 31 December 2023 and 31 December 2022 . The cashflow information for the reporting segment is not provided to the chief operating decision maker .

5 **SEGMENT ANALYSIS- Continued**

Segment report by country:

The segment information by country provided to the Executive Committee for the reportable segments for the year ended 31 December 2023 is as follows:

	Group by Country		
	Nigeria N 'millions	**United Kingdom N 'millions**	**Combined N 'millions**
At 31 December 2023			
Revenue derived from external customers	552,765	3,066	555,830
Revenues from other segments	-	-	-
Total	552,765	3,066	555,830
Interest income	456,919	2,611	459,530
Interest expense	(182,063)	(102)	(182,165)
Operating Expense	(184,661)	(3,236)	(187,897)
Profit before tax	124,338	(78)	124,260
Income tax expense	(24,806)	-	(24,806)
Profit for the year ended 31 December 2023	99,532	(78)	99,454
	-		
Total segment assets	6,122,174	112,515	6,234,688
Total segment liabilities	5,690,839	106,542	5,797,381
Other segment information			
Depreciation / amortization	**(6,890)**	**(151)**	**(7,042)**

**A further breakdown of Segment Report was provided to disclose fee and commission Income and fee and commission expense lines to ensure compliance with the requirement of IFRS 8.23. These lines have been included in the segment analysis report since they are usually provided in the report to the Chief Operating Decision Maker. This error affected prior year and have been corrected in the comparative figures.

Notes To The Financial Statements:

6 Interest and similar income using effective interest rate method

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Loans and advances to customers	363,370	230,951	360,914	230,951
Advances under finance lease	2,487	4,857	2,487	4,857
Treasury bills and other investment securities:				
-Fair value through other comprehensive income	11,143	7,734	10,564	7,734
-Amortised cost	56,039	34,330	56,039	34,330
Placements and short term funds	969	534	1,393	534
`	**434,008**	**278,406**	**431,397**	**278,406**

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

Interest income accrued on impaired financial assets amount to N6,190.43 million (31 December 2022: N2,214 million) in the financial Statement

7 Interest expense calculated using the effective interest rate method

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Term deposits	107,610	84,529	107,610	84,529
Debts issued and other borrowed funds	36,583	40,282	36,549	40,282
Savings deposits	21,799	8,800	21,799	8,800
Current accounts	7,170	4,251	7,035	4,251
Inter-bank takings	39	33	105	33
Intervention loan	8,965	4,988	8,965	4,988
	182,165	**142,883**	**182,063**	**142,883**

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

8 Credit loss expense

The table below shows the ECL charges on financial instruments for the period ended 31 December 2023 recorded in profit or loss:

Group

	Note	Stage 1 Individual N'million	Stage 1 Collective N'million	Stage 2 Individual N'million	Stage 2 Collective N'million	Stage 3 N'million	POCI N'million	Total N'million
Due from banks (Note 19)		-	(249)	-	-	-	-	(249)
Loans and advances to customers (Note 22)		-	1,942	-	42,684	18,796	-	63,422
Debt instruments measured at FVOCI (24.6.1)		-	428	-	-	-	-	428
Debt instruments measured at amortised costs (24.6.2)		-	1,289	-	-	-	-	1,289
Financial guarantees (Note 32.3.1)		-	126	-	-	-		126
Letters of credit (Note 32.3.2)		-	409	-	-	-	-	409
		-	**3,945**	**-**	**42,684**	**18,796**	**-**	65,425
Other assets (Note 29)		2,011	-	-	-	-	-	**2,011**
		-	-	-	-	-	-	**-**
		2,011	**3,945**	**-**	**42,684**	**18,796**	**-**	**67,436**

Notes To The Financial Statements:

The table below shows the ECL charges on financial instruments for the period ended 31 December 2022 recorded in profit or loss:

Group

Note	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Due from banks (Note 19)	-	(252)	-	-	-	-	(252)
Loans and advances to customers (Note 22)	-	918	-	1,712	3,785	-	6,415
Debt instruments measured at FVOCI (24.6.1)	-	24	-	-	-	-	24
Debt instruments measured at amortised costs (24.6.2)	-	6	-	-	-	-	6
Financial guarantees (Note 32.3.1)	-	(29)	-	-	-		(29)
Letters of credit (Note 32.3.2)	-	(733)	-	-	-	-	(733)
	-	**(66)**	**-**	**1,712**	**3,785**	**-**	**5,431**
Other assets (Note 29)	12	-	-	-	-	-	**12**
	-	-	-	-	-	-	-
	12	**(66)**	**-**	**1,712**	**3,785**	**-**	**5,443**

The table below shows the ECL charges on financial instruments for the period ended 31 December 2023 recorded in profit or loss:

Bank

Note	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Due from banks (Note 19)	-	(47)	-	-	-	-	(47)
Loans and advances to customers (Note 22)	-	1,899	-	42,684	18,796	-	63,379
Debt instruments measured at FVOCI (24.6.1)	-	428	-	-	-	-	428
Debt instruments measured at amortised costs (24.6.2)	-	1,380	-	-	-	-	1,380
Financial guarantees (Note 32.3.1)	-	126	-	-	-		126
Letters of credit (Note 32.3.2)	-	409	-	-	-	-	409
	-	**4,195**	**-**	**42,684**	**18,796**	**-**	65,675
Other assets (Note 29)	2,011	-	-	-	-	-	**2,011**
	-	-	-	-	-	-	-
	2,011	**4,195**	**-**	**42,684**	**18,796**	**-**	**67,686**

The table below shows the ECL charges on financial instruments for the period ended 31 December 2022 recorded in profit or loss:

Bank

Note	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Due from banks (Note 19)	-	(252)	-	-	-	-	(252)
Loans and advances to customers (Note 22)	-	918	-	1,712	3,785	-	6,415
Debt instruments measured at FVOCI (24.6.1)	-	24	-	-	-	-	24
Debt instruments measured at amortised costs	-	6	-	-	-	-	6
Financial guarantees (Note 32.3.1)	-	(29)	-	-	-		(29)
Letters of credit (Note 32.3.2)	-	(733)	-	-	-	-	(733)
	-	**(66)**	**-**	**1,712**	**3,785**	**-**	**5,431**
Other assets (Note 29)	12	-	-	-	-	-	**12**
	-	-	-	-	-	-	-
	12	**(66)**	**-**	**1,712**	**3,785**	**-**	**5,443**

Notes To The Financial Statements:

9 Net fee and commission income

Fee and commission income is disaggregated below and includes a total fees in scope of IFRS 15 Revenues from Contracts with Customers except for Credit related fee in line with IFRS 9.

	Group			
	31 December 2023			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	6,634	3,754	-	10,388
Accounts maintenance charge	4,066	3,532	911	8,509
Commision on E-banking activities	1,953	931	751	3,635
Commission on travellers cheque and foreign bills	3,515	1,242	919	5,677
Commission on fidelity connect	2,022	724	589	3,335
Letters of credit commissions and fees	2,932	1,497	922	5,351
Commissions on off balance sheet transactions	2,478	1,452	-	3,931
Other fees and commissions	704	109	-	812
Commision and fees on banking services	544	245	-	789
Commision and fees on NXP	222	129	95	446
Collection fees	167	114	56	337
Telex fees	915	315	236	1,466
Cheque issue fees	47	11	9	67
Remittance fees	58	34	-	92
Total revenue from contracts with customers	**26,258**	**14,089**	**4,488**	**44,834**
Other non-contract fee income:				
Credit related fees	3,130	1,636	-	4,766
Total fees and commission income	**29,388**	**15,725**	**4,488**	**49,600**
Fee and commission expense	(7,042)	(3,526)	(1,244)	(11,812)
Net fee and commission income	**22,346**	**12,199**	**3,244**	**37,788**

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

	Group			
	31 December 2022			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	5,424	3,409	-	8,833
Accounts maintenance charge	2,377	2,071	594	5,042
Commission on E-banking activities	1,464	871	496	2,831
Commission on travellers cheque and foreign bills	1,850	875	487	3,212
Commission on fidelity connect	1,338	477	321	2,136
Letters of credit commissions and fees	1,889	644	398	2,931
Commissions on off balance sheet transactions	55	16	-	71
Other fees and commissions	1,348	513	486	2,347
Commission and fees on banking services	463	238	-	701
Commission and fees on NXP	282	251	22	555
Collection fees	431	320	116	867
Telex fees	154	90	71	315
Cheque issue fees	628	333	221	1,182
Remittance fees	85	39	-	124
Total revenue from contracts with customers	**17,788**	**10,147**	**3,212**	**31,147**
Other non-contract fee income:				
Credit related fees	2,073	1,198	-	3,271
Total fees and commission income	**19,861**	**11,345**	**3,212**	**34,418**
Fee and commission expense	(8,263)	(3,725)	(707)	(12,695)
Net fee and commission income	**11,598**	**7,620**	**2,505**	**21,723**

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

Notes To The Financial Statements:

	Bank			
	31 December 2023			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	6,634	3,754	-	10,388
Accounts maintenance charge	4,040	3,532	911	8,483
Commision on E-banking activities	1,896	931	751	3,577
Commission on travellers cheque and foreign bills	3,515	1,242	919	5,677
Commission on fidelity connect	2,022	724	589	3,335
Letters of credit commissions and fees	2,566	1,497	922	4,985
Commissions on off balance sheet transactions	2,478	1,452	-	3,931
Other fees and commissions	699	109	-	807
Commision and fees on banking services	544	245	-	789
Commision and fees on NXP	222	129	95	446
Collection fees	167	114	56	337
Telex fees	915	315	236	1,466
Cheque issue fees	47	11	9	67
Remittance fees	58	34	-	92
Total revenue from contracts with customers	**25,804**	**14,089**	**4,488**	**44,380**
Other non-contract fee income:				
Credit related fees	3,130	1,636	-	4,766
Total fees and commission income	**28,933**	**15,725**	**4,488**	**49,146**
Fee and commission expense	(7,042)	(3,526)	(1,244)	(11,812)
Net fee and commission income	21,891	12,199	3,244	37,334

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

	Bank			
	31 December 2022			
Segments	**Retail banking N'million**	**Corporate banking N'million**	**Investment banking N'million**	**Total N'million**
Fee and commision type:				
ATM charges	5,424	3,409	-	8,833
Accounts maintenance charge	2,377	2,071	594	5,042
Commission on E-banking activities	1,464	871	496	2,831
Commission on travellers cheque and foreign bills	1,850	875	487	3,212
Commission on fidelity connect	1,338	477	321	2,136
Letters of credit commissions and fees	1,889	644	398	2,931
Commissions on off balance sheet transactions	55	16	-	71
Other fees and commissions	1,348	513	486	2,347
Commission and fees on banking services	463	238	-	701
Commission and fees on NXP	282	251	22	555
Collection fees	431	320	116	867
Telex fees	154	90	71	315
Cheque issue fees	628	333	221	1,182
Remittance fees	85	39	-	124
Total revenue from contracts with customers	**17,788**	**10,147**	**3,212**	**31,147**
Other non-contract fee income:				
Credit related fees	2,073	1,198	-	3,271
Total fees and commission income	**19,861**	**11,345**	**3,212**	**34,418**
Fee and commission expense	(8,263)	(3,725)	(707)	(12,695)
Net fee and commission income	11,598	7,620	2,505	21,723

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

Notes To The Financial Statements:

10 Derecognition loss on financial asset

The table below shows the modification charge on financial instruments recorded in profit or loss :

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Modified Loan Assets (Carrying Amount)			-	
Specific allowances for impairment			-	
	-		-	
Derecognition loss	-		-	
	-		-	

In line with IFRSs, derecognition is carried out when the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, A modification was carried out on affected customers' loans, the cash flows of the original financial assets were deemed to have expired and therefore modified to reflect a new financial assets at fair value . The gross carrying amount of the loan before modification was Nill billion (December 2023 is Nil). The financial assets is not deemed to be credit impaired.

11 Other operating income

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Net foreign exchange gains	44,087	2,680	44,087	2,680
Dividend income	2,018	397	2,018	397
Profit / (Loss) on disposal of property, plant and equipment	49	(56)	49	(56)
Loan Recoveries	470	3,967	470	3,967
Other income	76	66	76	66
	46,700	**7,054**	**46,700**	**7,054**

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

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

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

11d Other income relates to other miscelanoue income made during the financial year

12 Net gains / (Losses) from financial instruments classified as fair value through profit or loss

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Net gains/(losses) arising from:				
- Bonds	918	(481)	918	(481)
- Treasury bills	(18)	3	(18)	3
- Placements/Foreign exchange	97	-	-	-
- Derivatives	23,786	(1,090)	23,786	(1,090)
	24,783	**(1,568)**	**24,686**	**(1,568)**

Net gains on debt instruments financial assets reclassified from the bank's other comprehensive income amount to N847 million (31 December 2022: N693 million) in the financial Statements, Group was Nil .

12.1	Other interest and similar income measured at FVTPL	**25,522**	**17,172**	**25,522**	**17,172**

Other interest and similar income on financial assets measured at FVTPL have been presented separately in the statement of profit or loss and

Notes To The Financial Statements:

13 Personnel expenses

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Wages and salaries	50,257	26,077	48,474	26,077
End of the year bonus (see note 32)	1,807	3,164	1,807	3,164
Pension contribution	555	490	555	490
	52,619	**29,731**	**50,836**	**29,731**

14 Depreciation and Amortisation

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	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Property, plant and equipment (Note 25)	4,619	3,732	4,609	3,732
Computer software (Note 27)	1,686	2,191	1,645	2,191
Depreciation of ROU asset (Note 26)	736	693	636	693
	7,042	**6,616**	**6,890**	**6,616**

15 Other operating expenses

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Marketing, communication & entertainment	22,818	21,883	22,818	21,883
Banking sector resolution cost	23,071	18,276	23,071	18,276
Outsourced cost	7,416	5,613	7,352	5,613
Deposit insurance premium	11,129	8,238	11,129	8,238
Repairs and maintenance	8,315	5,395	8,315	5,395
Other expenses	10,109	2,621	8,720	2,621
Computer expenses	16,571	4,422	16,571	4,422
Lease expense (Finance Cost)	207	45	207	45
Security expenses	1,842	1,484	1,842	1,484
Rent and rates	399	389	399	389
Cash movement expenses	976	817	976	817
Training expenses	1,606	568	1,606	568
Travelling and accommodation	2,663	1,363	2,663	1,363
Consultancy expenses	2,466	4,818	2,466	4,818
Corporate finance expenses	16,283	2,675	16,283	2,675
Legal expenses	1,594	657	1,594	657
Electricity	756	565	756	565
Office expenses	393	313	393	313
Directors' emoluments	1,044	982	1,044	982
Insurance expenses	564	411	564	411
Stationery expenses	1,092	658	1,092	658
Bank charges	2,438	1,674	2,438	1,674
Auditors' remuneration	361	185	361	185
Donation	820	108	820	108
Telephone expenses	145	124	145	124
Postage and courier expenses	200	153	200	153
Loss on disposal of property, plant and equipment	0	0	-	-
	135,278	**84,437**	**133,825**	**84,437**

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

15b The Bank paid external auditors' professional fees for the provision of non-audit services. The total amount of non-audit services provided to the external auditors during the period was N9.06 million. These non-audit services were for Common Reporting Standard (CRS) Reporting (N1 million), Corporate Tax Reporting (N8.06 million). These services in the Bank's opinion, did not impair the independence and objectivity of the external auditors as adequate safeguards were put in place .

15c The bank paid a total of N326.64 million as contribution to the Industrial Training Fund, (N298.88 million annual contribution and N17.76 million as variation payment).

Notes To The Financial Statements:

16 Taxation

		Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
a	**Income tax expense**	**N'million**	**N'million**	**N'million**	**N'million**
	Current taxes on income for the period (Minimum tax)	20,297	4,679	20,297	4,679
	Tertiary education tax (note 16g)	2,921	1,277	2,921	1,277
	Police Trust Fund (note 16e)	6	3	6	3
	National Agency for science and engineering infrastructure 0.25%	311	134	311	134
	Capital gains tax	-	-	-	-
	Information Technology levy (note 16f)	1,243	537	1,243	537
	Current income tax expense	24,778	6,630	24,778	6,630
	Deferred tax expense	28	323	28	323
		24,806	**6,953**	**24,806**	**6,953**

		2023	2022	2023	2022
b	**Total income tax expense in profit or loss**	**N'million**	**N'million**	**N'million**	**N'million**
	Profit before income tax	124,260	53,677	124,338	53,677
	Income tax using the domestic corporation tax rate of 32.5% (Dec 2021 : 32.5%)	37,301	17,445	37,301	17,445
	Non-deductible expenses	24,419	11,854	24,419	11,854
	Tax exempt income	(32,512)	(7,653)	(32,512)	(7,653)
	Utilization of previously unrecognised tax losses	929	(23,851)	929	(23,851)
	Balancing Charge	4	-	4	-
	Income Tax expense	-	4,679		4,679
	Effect of concessions (research and development and other allowances)		-		-
	Tertiary education tax (note 16g)	2,921	1,277	2,921	1,277
	Capital allowance	(9,845)	-	(9,845)	-
	Police Trust Fund (note 16e)	6	3	6	3
	National Agency for science and engineering infrastructure 0.25%	311	134	311	134
	Information Technology levy (note 16f)	1,243	537	1,243	537
	Deferred Tax expense	28	-	28	-
		24,806	**6,630**	**24,806**	**6,630**

Effective tax rate
The effective income tax rate is 19.90% (31 December 2022: 12.95%).

		2023	2022	2023	2022
c	**The movement in the current income tax payable is as follows:**	**N'million**	**N'million**	**N'million**	**N'million**
	At 1 January	8,446	3,523	8,446	3,523
	Income tax paid	(6,277)	(1,707)	(6,277)	(1,707)
	WHT recovered	(112)	-	(112)	-
	Current income tax expense	24,806	6,630	24,778	6,630
	At 31 December	**26,863**	**8,446**	**26,835**	**8,446**

d The Companies Income Tax Act 2004 and as amended, stipulates that Companies be assessed at 30% of taxable income.

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

Notes To The Financial Statements:

1 Taxation- continued

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

g Tertiary Education Tax (TET) as amended by Finance Act 2022, stipulates that 3% (2022: 2.5%) of assessable profit of bank shall be contributed to funding of tertiary educational institutions in Nigeria. A specified rate has been provided as Tertiary Education Tax and recognized it as part of income tax for the period by the Bank

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

17 Net reclassification adjustments for realised net gains

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

18 Earnings per share (EPS)

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

	Group 31 December 2023 N'million	**Group 31 December 2022 N'million**	**Bank 31 December 2023 N'million**	**Bank 31 December 2022 N'million**
Profit attributable to equity holders of the Bank (N'million)	99,454	46,724	99,532	46,724
Weighted average number of ordinary shares in issue (N'million)	32,000	28,963	32,000	28,963
Basic & diluted earnings per share (expressed in kobo per share)	**310.79**	**161.32**	**311.04**	**161.32**

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

b In compliance with the provisions of Section 124 of CAMA 2020, the bank issued 3,037,414,308 units of unissued shares by way of Private Placement prior to the end of the 2022 financial year to bring the issued shares to 32,000,000,000 units of 50k shares ..

19 Cash and Cash equivalents

	31 December 2023 N'million	**31 December 2022 N'million**	**31 December 2023 N'million**	**31 December 2022 N'million**
Cash	21,440	33,300	21,440	33,300
Balances with central bank other than mandatory reserve deposits	115,576	121,216	115,576	121,216
Due from banks	227,161	145,829	239,579	145,829
Total cash and cash equivalents	**364,177**	**300,345**	**376,595**	**300,345**

		31 December 2023 N'million	**31 December 2022 N'million**	**31 December 2023 N'million**	**31 December 2022 N'million**
19.1	**Due from Banks**				
	Current accounts with foreign banks	214,230	132,500	207,448	132,500
	Placements with other banks and discount houses	32,356	13,601	32,356	13,601
	Sub-total	246,586	146,101	239,804	146,101
	Less: Allowance for impairment losses	(225)	(272)	(225)	(272)
		246,361	**145,829**	**239,579**	**145,829**
19.2	Movement in allowance for impairment losses				
	At 1 Jan	272	524	272	524
	Profit or Loss	(47)	(252)	(47)	(252)
	At 31 December	225	272	225	272

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

Notes To The Financial Statements:

19 Impairment Allowance for Due from Banks

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the external rating system are explained in Note 3.2.2 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 December 2023			
	Stage 1 individual	Stage 2 Individual	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
External rating grade				
Performing				
High grade	195,733	-	-	195,733
Standard grade	40,930	-	-	40,930
Sub-standard grade	3,141	-	-	3,141
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**239,804 -**	**- -**	**-**	**- 239,804**

	31 December 2022			
	Stage 1 individual	Stage 2 Individual	Stage 3	Total
	N'million	**N'million**	**N'million**	**N'million**
External rating grade				
Performing				
High grade	121,725	-	-	121,725
Standard grade	19,007	-	-	19,007
Sub-standard grade	5,368	-	-	5,368
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**146,100 -**	**- -**	**-**	**- 146,100**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	31 December 2023				
	Stage 1 individual	Stage 2 Individual		Stage 3	Total
	N'million	**N'million**		**N'million**	**N'million**
Gross carrying amount as at 1 January 2023	146,101	-		-	**146,101**
New assets originated or purchased	22,786	-		-	**22,786**
Assets derecognised or repaid (excluding write offs)	(4,389)	-		-	**(4,389)**
Transfers to Stage 1	-	-		-	**-**
Transfers to Stage 2	-	-		-	**-**
Transfers to Stage 3	-	-		-	**-**
Changes to contractual cash flows due to modifications not		-		-	**-**
Amounts written off	-	-		-	**-**
Changes in PD/LGD/EAD and Accrued Interest		-		-	**-**
Foreign exchange adjustments	75,305	-		-	**75,305**
At 31 December 2023	**239,804 -**	**-**	**-**	**-**	**239,804**

	31 December 2022				
	Stage 1 individual	Stage 2 Individual		Stage 3	Total
	N'million	**N'million**		**N'million**	**N'million**
Gross carrying amount as at 1 January 2022	134,302	-		-	**134,302**
New assets originated or purchased	14,161	-		-	**14,161**
Assets derecognised or repaid (excluding write offs)	(12,155)	-		-	**(12,155)**
Transfers to Stage 1	-	-		-	**-**
Transfers to Stage 2	-	-		-	**-**
Transfers to Stage 3	-	-		-	**-**
Changes to contractual cash flows due to modifications not		-		-	**-**
Amounts written off	-	-		-	**-**
Accrued Interest	(1,715)	-		-	**(1,715)**
Foreign exchange adjustments	11,507	-		-	**11,507**
At 31 December 2022	**146,100 -**	**-**	**-**	**-**	**146,100**

Notes To The Financial Statements:

Group

	31 December 2023					
	Stage 1 individual **N'million**		Stage 2 Individual **N'million**		Stage 3 **N'million**	Total **N'million**
ECL allowance as at 1 January 2023	272		-		-	**272**
New assets originated or purchased	107		-		-	**107**
Assets derecognised or repaid (excluding write offs)	(432)	-	-	-	-	**(432)**
Transfers to Stage 1	-	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	-	**-**
Impact on period end ECL of exposures transferred between	-	-	-	-	-	**-**
Unwind of discount		-	-	-	-	**-**
Changes to contractual cash flows due to modifications not		-	-	-	-	**-**
Changes to models and inputs used for ECLcalculations	-	-	-	-	-	**-**
Changes in PD/LGD/EAD and Accrued Interest		-	-	-	-	**-**
Amounts written off		-	-	-	-	**-**
Foreign exchange adjustments	76	-	-	-	-	**76**
At 31 December 2023	**23**	**-**	**-**	**-**	**-**	**23**

Bank

	31 December 2023					
	Stage 1 individual **N'million**		Stage 2 Individual **N'million**		Stage 3 **N'million**	Total **N'million**
ECL allowance as at 1 January 2023	272		-		-	**272**
New assets originated or purchased	107		-		-	**107**
Assets derecognised or repaid (excluding write offs)	(231)	-	-	-	-	**(231)**
Transfers to Stage 1	-	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	-	**-**
Impact on period end ECL of exposures transferred between	-	-	-	-	-	**-**
Unwind of discount		-	-	-	-	**-**
Changes to contractual cash flows due to modifications not		-	-	-	-	**-**
Changes to models and inputs used for ECLcalculations	-	-	-	-	-	**-**
Changes in PD/LGD/EAD and Accrued Interest		-	-	-	-	**-**
Amounts written off		-	-	-	-	**-**
Foreign exchange adjustments	76	-	-	-	-	**76**
At 31 December 2023	**225**	**-**	**-**	**-**	**-**	**225**

	31 December 2022					
	Stage 1 individual **N'million**		Stage 2 Individual **N'million**		Stage 3 **N'million**	Total **N'million**
ECL allowance as at 1 January 2022	524		-		-	**524**
New assets originated or purchased	190		-		-	**190**
Assets derecognised or repaid (excluding write offs)	(440)	-	-	-	-	**(440)**
Transfers to Stage 1	-	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	-	**-**
Impact on Year end ECL of exposures transferred between stages	-	-	-	-	-	**-**
Unwind of discount		-	-	-	-	**-**
Changes to contractual cash flows due to modifications not		-	-	-	-	**-**
Changes to models and inputs used for ECLcalculations	-	-	-	-	-	**-**
Recoveries	(9)	-	-	-	-	**(9)**
Amounts written off	-	-	-	-	-	**-**
Foreign exchange adjustments	7	-	-	-	-	**7**
At 31 December 2022	**272**	**-**	**-**	**-**	**-**	**272**

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 31 December 2023 and at 31 December 2022.

Notes To The Financial Statements:

20 Restricted balances with central bank

	31 December 2023 N'million	31 December 2022 N'million	31 December 2023 N'million	31 December 2022 N'million
Mandatory reserve deposits with central bank (see note 20.1 below)	945,037	614,534	945,037	614,534
Special cash reserve (see note 20.2 below)	229,361	248,556	229,361	248,556
Carrying amount	**1,174,398**	**863,090**	**1,174,398**	**863,090**

20.1 Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. It represents a percentage of the Customers' deposits and are non interest-bearing. The amount, which is based on qualified assets, is determined by the Central Bank of Nigeria from time to time. For the purpose of statement of cash flows, these balances are excluded from the cash and cash equivalents.

20.2 Special cash reserve represents special Intervention funds held with Central Bank of Nigeria as a regulatory requirement.

20.3 Cash and Bank Balances was seperated into Cash and Cash Equivalent ,and Balances with Central Bank to reflect best practice . See Note 44

21 Goodwill

	31 December 2023 N'million	31 December 2022 N'million
Carrying amount	14,650	-
		-
	14,650	**-**

21.1 Determination of Goodwill is shon in Note 2.1.3viii

21.2 For impairment testing goodwill acquired through business combinations is allocated to a single cash generating unit (CGU), which is also a subsidiary.
The recoverable amount of the Fidelity Bank UK CGU of N129.644 billion at 31 December 2023 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to cash flow projections is 10% and cash flows beyond the five-year period are extrapolated using a 3.0% growth rate . The VIU computed is assumed to approximate fair value and it is higher than the carrying value of the CGU. The VIU computed is N490.563 billion, whereas the carrying value of the CGU is N129.644 billion, which shows that the recoverable of value is higher by N360.919 billion, therefore we conclude that the CGU is not impaired. See Note 2.1.3 viii

22 Loans and Advances to Customers

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Loans to corporate and other organisations	3,160,338	2,129,774	3,030,274	2,129,774
Loans to individuals	76,051	66,986	76,051	66,986
	3,236,389	2,196,760	3,106,324	2,196,760
Less: Allowance for ECL/impairment losses	(143,970)	(80,548)	(143,927)	(80,548)
	3,092,419	**2,116,212**	**2,962,397**	**2,116,212**

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Loans to corporate entities and other organisations				
Overdrafts	281,837	256,424	281,837	256,424
Term loans	2,870,144	1,856,537	2,740,080	1,856,537
Advance under finance lease	8,357	16,813	8,357	16,813
	3,160,338	2,129,774	3,030,274	2,129,774
Less: Allowance for ECL/impairment losses	(126,394)	(75,203)	(126,351)	(75,203)
	3,033,944	**2,054,571**	**2,903,923**	**2,054,571**
Loans to individuals				
Overdrafts	17,837	14,038	17,837	14,038
Term loans	57,165	51,559	57,165	51,559
Advance under finance lease	1,049	1,389	1,049	1,389
	76,051	66,986	76,051	66,986
Less: Allowance for ECL/impairment losses	(17,576)	(5,345)	(17,576)	(5,345)
	58,475	61,641	58,475	61,641
Movement in Allowance for ECL/impairment losses for loans to corporate entities and other organization				
Net loans and advances include	**3,092,419**	**2,116,212**	**2,962,398**	**2,116,212**

Notes To The Financial Statements:

22.1 Impairment allowance for loans and advances to customers

22.1.1 Corporate and Other Organisations

The table below shows the credit rating of corporate obligors and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

Group	31 December 2023						
	Stage 1 Individual N'million		Stage 2 Individual N'million	Stage 3 N'million		POCI N'million	Total N'million
Internal rating grade							
Performing							
High grade (AAA - A)	423,615		193,711	-	-	-	617,326
Standard grade (BBB - B)	1,398,593		874,936	-	-	-	2,273,529
Sub-standard grade (CCC -	179,627		4,009	-	-	-	183,636
Past due but not impaired (C)					-	-	-
Non- performing:					-	-	-
Individually impaired	-	-	-	85,847	-	-	85,847
Total	**2,001,836**		**1,072,655**	**85,847**		**-**	**3,160,338**

Bank	31 December 2023						
	Stage 1 Individual N'million		Stage 2 Individual N'million	Stage 3 N'million		POCI N'million	Total N'million
Internal rating grade							
Performing							
High grade (AAA - A)	293,551		193,711	-	-	-	487,262
Standard grade (BBB - B)	1,398,593		874,936	-	-	-	2,273,529
Sub-standard grade (CCC -	179,627		4,009	-	-	-	183,636
Past due but not impaired (C)					-	-	-
Non- performing:					-	-	-
Individually impaired	-	-	-	85,847	-	-	85,847
Total	**1,871,772**		**1,072,655**	**85,847**		**-**	**3,030,274**

	31 December 2022						
	Stage 1 Individual N'million		Stage 2 Individual N'million	Stage 3 N'million		POCI N'million	Total N'million
Internal rating grade							
Performing							
High grade (AAA - A)	283,833		54,489	-		-	338,322
Standard grade (BBB - B)	1,224,621		250,631	-		-	1,475,252
Sub-standard grade (CCC -	147,837		116,907			-	264,745
Past due but not impaired (C)						-	-
Non- performing:						-	-
Individually impaired	-	-	-	51,455		-	51,455
Total	**1,656,291**		**422,027**	**51,455**		**-**	**2,129,774**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	31 December 2023							
	Stage 1 Individual N'million		Stage 2 Individual N'million		Stage 3 N'million		POCI N'million	Total N'million
Gross carrying amount as at 1 January 2023	1,656,291		422,027		51,455	-	-	2,129,774
New assets originated or purchased	385,016		-		-	-	-	385,016
Assets derecognised or repaid (excluding write offs)	(167,077)	-	(1,961)	-	(36,470)	-	-	(205,508)
Transfers to Stage 1	97,613	-	(96,019)	-	(1,594)	-	-	-
Transfers to Stage 2	(361,004)	-	379,580	-	(18,575)	-	-	-
Transfers to Stage 3	(61,281)	-	(16,780)	-	78,061	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-		-		-	-	-	-
Unwind of discount	14,418		5,347		654	-	-	20,419
Amounts written off					(21,360)	-	-	(21,360)
Changes in PD/LGD/EAD Including Accrued Interest	22,633	-	22,838	-	26,490	-	-	71,961
Foreign exchange adjustments	285,163	-	357,624		7,186	-	-	649,972
At 31 December 2023	**1,871,772**		**1,072,655**		**85,847**		**-**	**3,030,274**

	31 December 2022						
	Stage 1 Individual N'million		Stage 2 Individual N'million		Stage 3 N'million	POCI N'million	Total N'million
Gross carrying amount as at1 January 2022	1,303,827		318,410		43,648	-	1,665,885
New assets originated or purchased	963,441		-		-	-	963,441
Assets derecognised or repaid (excluding write offs)	(551,915)	-	(15,038)	-	(28,644)	-	(595,597)
Transfers to Stage 1	(113,979)	-	106,543	-	7,436	-	-
Transfers to Stage 2	18,319	-	(18,290)	-	(29)	-	-
Transfers to Stage 3	(2,163)	-	41	-	2,122	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-		-		-	-	-
Unwind of discount	12,412		8,217		401		21,030
Amounts written off	(50)	-	(86)	-	(490)		(626)
Changes in PD/LGD/EAD	22,934	-	20,386	-	25,835	-	69,155
Foreign exchange adjustments	3,465	-	1,845		1,176	-	6,486
At 31 December 2022	**1,656,291**		**422,027**		**51,455**	**-**	**2,129,774**

Group

	31 December 2023							
	Stage 1 Collectively		Stage 2 Collectively N'million		Stage 3 N'million		POCI N'million	Total N'million
ECL allowance as at 1 January 2023 under IFRS 9	18,866	-	28,612	-	27,725	-	-	75,203
New assets originated or purchased	21,141	-	-	-	-	-	-	21,141
Assets derecognised or repaid (excluding write offs)	(28,123)	-	(9,434)	-	(1,614)	-	-	(39,170)
Transfers to Stage 1	2,004	-	(1,627)	-	(377)	-	-	-
Transfers to Stage 2	(14,218)	-	15,773	-	(1,556)	-	-	-
Transfers to Stage 3	(1,380)	-	(8,913)	-	10,293	-	-	-
Impact on year end ECL of exposures transferred between stages during the						-	-	-
Unwind of discount	421		3,481		-	-	-	3,902
Changes to contractual cash flows due to modifications not resulting in derecognition	-		-		-	-	-	-
Changes in PD/LGD/EAD Including	8,473		2,955	-	10,204	-	-	21,632
Changes to models and inputs used for ECL	-		-		-	-	-	-
Amounts written off					(21,360)	-	-	(21,360)
Foreign exchange adjustments	13,745		40,523		10,778	-	-	65,046
At 31 December 2023	**20,929**		**71,371**		**34,094**		**-**	**126,394**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

Bank	**31 December 2023**							
	Stage 1 Collectively		**Stage 2 Collectively N'million**		**Stage 3 N'million**		**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2023 under IFRS 9	18,866	-	28,612	-	27,725	-	-	75,203
New assets originated or purchased	21,141	-	-	-	-	-	-	21,141
Assets derecognised or repaid (excluding write offs)	(28,165)	-	(9,434)	-	(1,614)	-	-	(39,213)
Transfers to Stage 1	2,004	-	(1,627)	-	(377)	-	-	-
Transfers to Stage 2	(14,218)	-	15,773	-	(1,556)	-	-	-
Transfers to Stage 3	(1,380)	-	(8,913)	-	10,293	-	-	-
Impact on year end ECL of exposures transferred between stages during the year						-	-	-
Unwind of discount	421		3,481		-	-	-	3,902
Changes to contractual cash flows due to modifications not resulting in derecognition	-		-		-	-	-	-
Changes in PD/LGD/EAD Including	8,473		2,955	-	10,204	-	-	21,632
Changes to models and inputs used for ECL calculations	-		-		-	-	-	-
Amounts written off					(21,360)	-	-	(21,360)
Foreign exchange adjustments	13,745		40,523		10,778	-	-	65,046
At 31 December 2023	**20,886**		**71,371**		**34,094**		**-**	**126,351**

	31 December 2022							
	Stage 1 Collectively N'million		**Stage 2 Collectively N'million**		**Stage 3 N'million**		**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2022 under IFRS 9	16,720	-	26,663	-	24,829	-	-	68,213
New assets originated or purchased	11,279	-	-	-	-		-	11,279
Assets derecognised or repaid (excluding	(2,491)	-	(6,417)	-	(3,743)		-	(12,651)
Transfers to Stage 1	(11,693)	-	6,166	-	5,527		-	-
Transfers to Stage 2	386	-	(376)		(10)		-	-
Transfers to Stage 3	(405)	-	402	-	3		-	-
Impact on year end ECL of exposures transferred between stages during the year							-	-
Unwind of discount	392		244		31		-	667
Changes to contractual cash flows due to modifications not resulting in derecognition	-		-		-		-	-
Changes in PD/LGD/EAD Including	4,629	-	1,990	-	1,577			8,197
Changes to models and inputs used for ECL	-		-		-		-	-
Amounts written off	(50)	-	(86)	-	(490)		-	(626)
Foreign exchange adjustments	98		26		-		-	124
At 31 December 2022	**18,866**		**28,612**		**27,725**	**-**	**-**	**75,203**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 December 2023 (31 December 2023: nil).
The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increase in credit risk and changes in economic conditions. Further analysis of economic factors is outlined in Note 3.

22.1.2 Loans to individuals

The table below shows the credit rating of loans to individuals and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	31 December 2023				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Internal rating grade					
Performing					
High grade (AAA - A)	-	- -	- -	-	-
Standard grade (BBB - B)	47,487	882		-	48,370
Sub-standard grade (CCC -	745	-		-	745
Past due but not impaired (C)				-	-
Non- performing				-	-
Individually impaired	-		26,936	-	26,936
Total	**48,232**	**882**	**26,936**	**-**	**76,051**

	31 December 2022				
	Stage 1 Collectively N'million	**Stage 2 Collectively N'million**	**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Internal rating grade					
Performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	51,504	1,163	-	-	52,667
Sub-standard grade (CCC -	1,130	-		-	1,130
Past due but not impaired (C)				-	-
Non- performing				-	-
Individually impaired	-	-	13,189	-	13,189
Total	**52,634**	**1,163**	**13,189**	**-**	**66,986**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

	31 December 2023							
	Stage 1 Collectively N'million		**Stage 2 Collectively N'million**		**Stage 3 N'million**		**POCI N'million**	**Total N'million**
Gross carrying amount as at1 January 2023	52,634		1,163		13,189	-	-	66,986
New assets originated or purchased	19,363	-	-	-	-	-	-	19,363
Assets derecognised or repaid (excluding write offs)	(17,688)	-	(67)	-	(283)	-	-	(18,038)
Transfers to Stage 1	559	-	(166)	-	(393)	-	-	-
Transfers to Stage 2	(459)	-	468	-	(9)	-	-	0
Transfers to Stage 3	(12,344)	-	(769)	-	13,113	-	-	(0)
Changes to contractual cash flows due to	-		-		-	-	-	-
Unwind of discount	312		204		358	-	-	874
Changes in PD/LGD/EAD Including Accrued Interest	4,312	-	46	-	1,237	-	-	5,595
Amounts written off					(285)	-	-	(285)
Foreign exchange adjustments	1,543		3		10	-	-	1,556
At 31 December 2023	**48,232**		**882**		**26,936**		**-**	**76,051**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

	31 December 2023						
	Stage 1 Collectively N'million		**Stage 2 Collectively N'million**		**Stage 3 N'million**	**POCI N'million**	**Total N'million**
ECL allowance as at 1 January 2023	511	-	81	-	4,753	-	5,345
New assets originated or purchased	1,428	-	-	-	-	-	1,428
Assets derecognised or repaid (excluding write offs)	(2,175)	-	(336)	-	(153)	-	(2,663)
Transfers to Stage 1	89	-	(7)	-	(82)	-	-
Transfers to Stage 2	(2)	-	7	-	(5)	-	(0)
Transfers to Stage 3	(31)	-	(46)	-	77	-	(0)
Impact on year end ECL of exposures transferred between stages during the period	-		-		-	-	-
Unwind of discount	423		168		8,432		9,023
Changes in PD/LGD/EAD Including Accrued Interest	141	-	136	-	4,329	-	4,606
Amounts written off					(285)	-	(285)
Foreign exchange adjustments	6		2		115	-	123
At 31 December 2023	**390**		**6**		**17,180**	**-**	**17,576**

	31 December 2022						
	Stage 1 Collectively N'million		**Stage 2 Collectively N'million**		**Stage 3 N'million**	**POCI N'million**	**Total N'million**
Gross carrying amount as at 1 January 2022	58,743		1,390		6,525	-	66,658
New assets originated or purchased	25,883	-	-	-	-	-	25,883
Assets derecognised or repaid (excluding write offs)	(19,954)	-	(407)	-	(840)	-	(21,201)
Transfers to Stage 1	293	-	(91)	-	(203)	-	-
Transfers to Stage 2	(439)	-	446		(8)	-	-
Transfers to Stage 3	(5,660)	-	(244)	-	5,905	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-		-		-	-	-
Unwind of discount	351		122		89		562
Changes in PD/LGD/EAD Including Accrued Interest	(6,417)	-	(43)	-	1,776		(4,684)
Amounts written off	(166)	-	(10)	-	(133)	-	(308)
Foreign exchange adjustments	-		-		76	-	76
At 31 December 2022	**52,634**		**1,163**		**13,189**	**-**	**66,986**

Notes To The Financial Statements:

22 Loans and Advances to Customers - continued

22.1 Impairment allowance for loans and advances to customers- continued

	31 December 2022							
	Stage 1 Collectively N'million		**Stage 2 Collectively N'million**		**Stage 3 N'million**		**POCI N'million**	**Total N'million**
Gross Carrying amount as at 1 January 2022	1,740	-	318	-	3,863		-	5,921
New assets originated or purchased	1,250	-	-	-	-		-	1,250
Assets derecognised or repaid (excluding write offs)	(441)	-	(195)	-	(639)		-	(1,275)
Transfers to Stage 1	186	-	(4)	-	(182)		-	-
Transfers to Stage 2	(65)	-	65		(0)		-	-
Transfers to Stage 3	(1,486)	-	(102)	-	1,588		-	-
Impact on year end ECL of exposures transferred between stages during the year		-		-			-	-
Unwind of discount	21		10		3			34
Changes in PD/LGD/EAD Including Accrued Interest	(528)	-	(1)	-	251		-	(277)
Amounts written off	(166)	-	(10)	-	(133)		-	(308)
Foreign exchange adjustments	-	-	-	-	-		-	-
At 31 December 2022	**511**	**0**	**81**	**0**	**4,753**	**-**	**-**	**5,345**

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.

22.1 Advances under finance lease may be analysed as follows:

	Group 31 December 2023 N'million	**Group 31 December 2022 N'million**	**Bank 31 December 2023 N'million**	**Bank 31 December 2022 N'million**
Gross investment				
- No later than 1 year	878	6,621	878	6,621
- Later than 1 year and no later than 5 years	10,147	11,448	10,147	11,448
- Later than 5 years	-	133	-	133
Less:	11,026	18,202	11,026	18,202
Allowance for ECL/impairment losses	(23)	-	(23)	-
Unearned future finance income on finance leases	(53)	(70)	(53)	(70)
Net investment	10,950	18,132	10,950	18,132
The net investment may be analysed as follows:				
- No later than 1 year	878	6,616	878	6,616
- Later than 1 year and no later than 5 years	10,125	11,382	10,125	11,382
- Later than 5 years	-	134	-	134
	11,003	18,132	11,003	18,132

22.2 Nature of security in respect of loans and advances:

	Group 31 December 2023 N'million	**Group 31 December 2022 N'million**	**Bank 31 December 2023 N'million**	**Bank 31 December 2022 N'million**
Secured against real estate	549,781	502,967	549,781	502,967
Secured by shares of quoted companies	-	-	-	-
Secured others	2,058,895	1,640,770	2,058,895	1,640,770
Advances under finance lease	37,523	42,954	37,523	42,954
Unsecured	100,434	10,069	100,434	10,069
Gross loans and advances to customers	**2,746,633**	**2,196,760**	**2,746,633**	**2,196,760**

Notes To The Financial Statements:

23 Derivative Financial Instruments

The Bank entered into derivative contracts with counter parties; Total Return Swap with Standard Chartered Bank (“SCB”) , Meshraq (December 2022) and Non-deliverable Forwards with the Central Bank of Nigeria (“CBN”). The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts’ underlying instrument (being foreign currency and treasury bills). The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

		Group	Group	Bank	Bank
		31 December	31 December	31 December	31 December
23a	**Derivative financial Assets**	2023	2022	2023	2022
		N'million	N'million	N'million	N'million
	Total return swap contracts	-	4,363	-	4,363
	Non-deliverable forwards -	10,673	415.00	10,673.00	415.00
	Futures Contracts	50	-	50	-
	Total derivative financial Assets	**10,723**	**4,778**	**10,723**	**4,778**
	Notional Amount				
	Forward contracts	11,998	27,399	11,998	27,399
	Futures Contracts	-	-	-	-
	Total	**11,998**	**27,399**	**11,998**	**27,399**

		Group	Group	Bank	Bank
		31 December	31 December	31 December	31 December
23b	**Derivative financial liabilities**	2023	2022	2023	2022
		N'million	N'million	N'million	N'million
	Total return swap contracts	-	1,208	-	1,208
	Non-deliverable forwards	-	-	-	-
	Futures Contracts	-	-	-	-
	Total derivative financial Liabilities	**-**	**1,208**	**-**	**1,208**
	Notional Amount				
	Forward Contract	-	15,370	-	15,370
	Futures Contracts	-	-	-	-
	Total	**-**	**15,370**	**-**	**15,370**

i The Bank enters into currency forward contracts with counter parties. On initial recognition, the Bank estimates the fair value of derivatives transacted with the counter parties in line with IFRS 13. In many cases, all significant inputs into the valuation techniques are wholly observable (e.g with reference to similar transactions in the dealer market.) See note 2.4.2 c

ii During the period, various derivative contracts entered into by the Bank generated a net loss which was recognized in the statement of profit or loss and other comprehensive income , while additional liability was recognized for the liabilities .

iii All derivative contracts are current .

24 Investment Securities

		Group	Group	Bank	Bank
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
24.1	Financial assets at fair value through profit and loss (FVTPL)	N'million	N'million	N'million	N'million
	Federal Government bonds	1,023	351	1,023	351
	Treasury bills	6,661	1,685	6,661	1,685
	Placements	-	-	-	-
	Total financial assets measured at FVTPL	**7,684**	**2,036**	**7,684**	**2,036**

Notes To The Financial Statements:

24 Investment Securities- continued

		Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
24.2	Debt instruments at fair value through other comprehensive income (FVOCI)	N'million	N'million	N'million	N'million
	Treasury bills	193,217	16,677	153,218	16,677
	Federal Government bonds	17,714	4,825	17,714	4,825
	State bonds	5,897	2,256	5,897	2,256
	Corporate bonds	10,922	4,938	10,922	4,938
	Total debt instruments measured at FVOCI	**227,750**	**28,696**	**187,751**	**28,696**

		Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
24.3i	Equity instruments at fair value through other comprehensive income (FVOCI)	N'million	N'million	N'million	N'million
	Unquoted equity investments:				
	- Pay Attitude Global	14	20	14	20
	- African Finance Corporation (AFC)	8,547	4,928	8,547	4,928
	- Unified Payment Solution (UPSL)	20,156	12,791	20,156	12,791
	- Nigerian Inter Bank Settlement System (NIBBS)	6,078	4,618	6,078	4,618
	- African Export–Import Bank (AFREXIM BANK)	960	452	960	452
	- The Central Securities Clearing System (CSCS)	3,716	2,334	3,716	2,334
	- Investment in FMDQ	2,022	2,356	2,022	2,356
	Quoted equity investments:				
	- Nigerian Exchange Group (NGX)	57	61	57	61
	Total equity instruments at FVOCI	**41,550**	**27,560**	**41,550**	**27,560**
24.3ii	**Investment in Subsidiary:**				
	- Fidelity Bank -UK	-	-	63,403	-
	Total equity instruments at FVOCI	**-**	**-**	**63,403**	**-**

24.3.1 The Group has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading , see note **2.4.2.b.** During the year ended 31 December 2023 , the Bank recognised dividends of N2,018 million (December 2022 - N397 million) from its FVOCI equities which was recorded in the profit or loss as other operating income.

		Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
24.4	Debt instruments at amortised cost	N'million	N'million	N'million	N'million
	Treasury bills	405,536	261,914	405,537	261,914
	Federal Government bonds	394,879	202,665	394,879	202,665
	State Government bonds	5,120	-	5,120	-
	Corporate bonds	15,478	15,843	15,478	15,843
	Sub-total	821,013	480,422	821,014	480,422
	Allowance for impairment	(2,210)	(830)	(2,210)	(830)
	Total debt instruments measured at amortised cost	**818,803**	**479,592**	**818,803**	**479,592**
	Reconciliation of allowance for impairment				
	At beginning of period	(830)	(824)	(830)	(824)
	Additional allowance for impairment	(1,380)	(6)	(1,380)	(6)
	At end of period	(2,210)	**(830)**	(2,210)	**(830)**
	Total investments	**1,095,787**	**537,884**	**1,119,191**	**537,884**

Notes To The Financial Statements:

24 Investment Securities- continued

24.5 Pledged Assets

The assets pledged as collateral were given to the counter parties without transferring the ownership to them. These are held by the counter party for the term of the transaction being collateralized.

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company Plc (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank pledged Treasury bills and Bonds in its capacity as collection bank for government taxes and Interswitch electronic card transactions. The pledges are overnight collaterals to allow the free flow of the bank''s dailly transactions.

The nature and carrying amounts of the assets pledged as collaterals are as follows:

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Treasury bills - Amortised cost	35,993	40,411	35,993	40,411
Federal Government bonds - Amortised cost	90,055	107,889	90,055	107,889

24.6 Impairment losses on financial investments subject to impairment assessment

24.6.1 Debt Instruments Measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and Period-end stage classification. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

	31 December 2023				
	Stage 1 Collectively	**Stage 2 Collectively**		**Stage 3**	**Total**
Internal rating grade	**N'million**	**N'million**		**N'million**	**N'million**
Performing					
High grade	170,742	-	-	-	**170,742**
Standard grade	16,818	-	-	-	**16,818**
Sub-standard grade	-	-	-	-	**-**
Past due but not impaired	-	-	-	-	**-**
Non- performing	-	-	-	-	**-**
Individually impaired	-	-	-	-	**-**
Total	187,561	-		-	**187,561**

	31 December 2022			
	Stage 1 Collectively	**Stage 2 Collectively**	**Stage 3**	**Total**
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	21,503	-	-	**21,503**
Standard grade	7,194	-	-	**7,194**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**28,696**	-	-	**28,696**

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.1 Debt Instruments Measured at FVOCI- continued

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	31 December 2023				
	Stage 1 Collectively	Stage 2 Collectively		Stage 3	Total
	N'million	N'million		N'million	N'million
Gross carrying amount as at 1 January 2023	28,696	-	-	-	**28,696**
New assets originated or purchased	159,091	-	-	-	**159,091**
Assets derecognised or matured (excluding write-offs)	(16,825)	-	-	-	**(16,825)**
Change in fair value	8,682	-	-	-	**8,682**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Changes due to modifications not derecognised	-	-	-	-	**-**
Unwind of discount	765	-	-	-	**765**
Amounts written off		-	-	-	**-**
Foreign exchange adjustments	7,153	-	-	-	**7,153**
At 31 December 2023	187,561	-		-	**187,561**

	31 December 2023				
	Stage 1 Collectively	Stage 2 Collectively		Stage 3	Total
	N'million	N'million		N'million	N'million
ECL allowance as at 1 January 2023	192	-	-	-	**192**
New assets originated or purchased	279	-	-	-	**279**
Assets derecognised or matured (excluding write offs)	(14)	-	-	-	**(14)**
Impact on year end ECL of exposures transferred between stages during the period	-	-	-	-	-
Unwind of discount (recognised in interest income)	12	-	-	-	**12**
Changes due to modifications not resulting in derecognition		-	-	-	**-**
Changes to models and inputs used for ECL calculations		-	-	-	**-**
Recoveries	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	151	-	-	-	**151**
At 31 December 2023	620	-		-	620

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.1 Debt Instruments Measured at FVOCI- continued

	31 December 2022			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2022	100,009	-	-	**100,009**
New assets originated or purchased	20,138	-	-	**20,138**
Assets derecognised or matured (excluding write-offs)	(77,817)	-	-	**(77,817)**
Change in fair value	(15,097)	-	-	**(15,097)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	-	-	-	**-**
Unwind of discount	1,214			**1,214**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	249	-	-	**249**
At December 2022	28,696	-	-	**28,696**

	31 December 2022			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2022	168	-	-	**168**
New assets originated or purchased	35	-	-	**35**
Assets derecognised or matured (excluding write offs)	(85)	-	-	**(85)**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	**-**
Unwind of discount (recognised in interest income)	64	-	-	**64**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations		-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	10			**10**
At 31 December 2022	192	-	-	192

24.6.2 Debt Instruments Measured at Amortised Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4:

	31 December 2023				
	Stage 1 Collectively	Stage 2 Collectively		Stage 3	Total
Internal rating grade	N'million	N'million		N'million	N'million
Performing					
High grade	800,416	-	-	-	**800,416**
Standard grade	20,598	-	-	-	**20,598**
Sub-standard grade	-	-	-	-	**-**
Past due but not impaired	-	-	-	-	**-**
Non- performing	-	-	-	-	**-**
Individually impaired	-	-	-	-	**-**
Total	**821,014**	**-**		**-**	**821,014**

	31 December 2022			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	464,578	-	-	**464,578**
Standard grade	15,843	-	-	**15,843**
Sub-standard grade	-	-	-	**-**
Past due but not impaired	-	-	-	**-**
Non- performing				**-**
Individually impaired	-	-	-	**-**
Total	**480,421**	**-**	**-**	**480,421**

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.2 Debt Instruments Measured at Amortised Cost- continued

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	31 December 2023				
	Stage 1 Collectively	Stage 2 Collectively		Stage 3	Total
	N'million	N'million		N'million	N'million
Gross carrying amount as at 1 January 2023	480,422	-	-	-	**480,422**
New assets originated or purchased	592,111	-	-	-	**592,111**
Assets derecognised or matured (excluding write-offs)	(260,952)	-	-	-	**(260,952)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Changes due to modifications not derecognised	-	-	-	-	**-**
Unwind of Discount	9,433	-	-	-	**9,433**
Amounts written off		-	-	-	**-**
Foreign exchange adjustments	-	-	-	-	**-**
At 31 December 2023	821,014	-		-	821,014

Group

	31 December 2023				
	Stage 1 Collectively	Stage 2 Collectively		Stage 3	Total
	N'million	N'million		N'million	N'million
ECL allowance as at 1 January 2023	830	-	-	-	**830**
New assets purchased	1,264	-	-	-	**1,264**
Assets derecognised or matured (excluding write offs)	(155)	-	-	-	**(155)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the period		-	-	-	**-**
Unwind of discount (recognised in interest income)	180	-	-	-	**180**
Changes due to modifications not resulting in derecognition	-	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	-	**-**
Recoveries	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	-	-	-	-	**-**
At 31 December 2023	**2,119**	**-**		**-**	**2,119**

Bank

	31 December 2023				
	Stage 1 Collectively	Stage 2 Collectively		Stage 3	Total
	N'million	N'million		N'million	N'million
ECL allowance as at 1 January 2023	830	-	-	-	**830**
New assets purchased	1,264	-	-	-	**1,264**
Assets derecognised or matured (excluding write offs)	(64)	-	-	-	**(64)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the period		-	-	-	**-**
Unwind of discount (recognised in interest income)	180	-	-	-	**180**
Changes due to modifications not resulting in derecognition	-	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	-	**-**
Recoveries	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	-	-	-	-	**-**
At 31 December 2023	**2,210**	**-**		**-**	**2,210**

Notes To The Financial Statements:

24 Investment Securities- continued

24.6.2 Debt Instruments Measured at Amortised Cost- continued

	31 December 2022			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2022	442,277	-	-	**442,277**
New assets originated or purchased	277,011	-	-	**277,011**
Assets derecognised or matured (excluding write-offs)	(241,715)	-	-	**(241,715)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Changes due to modifications not derecognised	-			**-**
Unwind of Discount	2,849			**2,849**
Amounts written off		-	-	**-**
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	480,422	-	-	480,422

	31 December 2022			
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2022	824	-	-	**824**
New assets purchased	282	-	-	**282**
Assets derecognised or matured (excluding write offs)	(359)	-	-	**(359)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the year		-	-	**-**
Unwind of discount (recognised in interest income)	83	-	-	**83**
Changes Other than modifications not derecognised	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-		-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2022	**830**	**-**	**-**	**830**

Notes To The Financial Statements:

25 Property, Plant and Equipment

Group	**Land**	**Buildings**	**Leasehold improvements**	**Office equipment**	**Furniture, fittings**	**Computer equipment**	**Motor vehicles**	**Work in progress**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cost									
At 1 January 2023	**15,679**	**18,312**	**4,194**	**7,874**	**1,896**	**15,842**	**5,466**	**3,264**	**72,527**
Additions	63	304	304	1,505	205	1,337	2,022	3,796	9,537
Reclassifications	(7)	269	10	133	67	1,720	-	(2,360)	(168)
Disposals	(22)	-	-	(27)	(1)	(9)	(22)	-	(81)
At 31 December 2023	**15,713**	**18,885**	**4,508**	**9,485**	**2,167**	**18,890**	**7,466**	**4,700**	**81,814**
Accumulated depreciation									
At 1 January 2023	-	(4,144)	(3,318)	(6,218)	(1,588)	(10,782)	(3,779)	-	(29,829)
Charge for the period	-	(372)	(225)	(892)	(119)	(2,096)	(943)	-	(4,646)
Reclassifications		-	-	12	(12)	-	-		
Disposals	-	-	-	28	1	6	9	-	43
At 31 December 2023	**-**	**(4,516)**	**(3,543)**	**(7,070)**	**(1,718)**	**(12,872)**	**(4,713)**	**-**	**(34,432)**
Carrying amount at 31 December 2023	**15,713**	**14,369**	**965**	**2,415**	**449**	**6,018**	**2,753**	**4,700**	**47,382**
Cost									
At 1 January 2022	15,669	17,379	3,852	6,638	1,744	13,706	4,936	1,402	65,326
Additions	355	573	77	625	167	1,913	907	2,507	7,124
Reclassifications	(345)	366	17	259	-	348	-	(645)	-
Disposals	-	(6)	(17)	(134)	(15)	(125)	(377)	-	(674)
At 31 December 2022	**15,679**	**18,312**	**3,929**	**7,388**	**1,896**	**15,842**	**5,466**	**3,264**	**71,776**
Accumulated depreciation									
At 1 January 2022	-	(3,785)	(2,877)	(5,258)	(1,507)	(9,083)	(3,377)	-	(25,887)
Charge for the period	-	(353)	(204)	(639)	(95)	(1,793)	(648)	-	(3,732)
Reclassifications		(8)	(1)	8	-	-	-		
Disposals	-	2	13	131	14	94	246	-	500
At 31 December 2022	**-**	**(4,144)**	**(3,069)**	**(5,758)**	**(1,588)**	**(10,782)**	**(3,779)**	**-**	**(29,119)**
Carrying amount at 31 December 2022	**15,679**	**14,168**	**860**	**1,630**	**308**	**5,060**	**1,687**	**3,264**	**42,657**

Notes To The Financial Statements:

Bank

25 Property, Plant and Equipment

	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2023	**15,679**	**18,312**	**3,929**	**7,388**	**1,896**	**15,842**	**5,466**	**3,264**	**71,776**
Additions	63	304	281	1,480	205	1,337	2,022	3,796	9,488
Reclassifications	(7)	269	10	133	67	1,720	-	(2,360)	(168)
Disposals	(22)	-	-	(15)	(1)	(9)	(22)	-	(69)
At 31 December 2023	**15,713**	**18,885**	**4,220**	**8,986**	**2,167**	**18,890**	**7,466**	**4,700**	**81,027**
Accumulated depreciation									
At 1 January 2023	-	(4,144)	(3,069)	(5,758)	(1,588)	(10,782)	(3,779)	-	(29,120)
Charge for the period	-	(372)	(207)	(874)	(119)	(2,096)	(943)	-	(4,611)
Reclassifications		-	-	12	(12)	-	-		
Disposals	-	-	-	17	1	6	9	-	33
At 31 December 2023	**-**	**(4,516)**	**(3,276)**	**(6,603)**	**(1,718)**	**(12,872)**	**(4,713)**	**-**	**(33,698)**
Carrying amount at 31 December 2023	**15,713**	**14,369**	**944**	**2,383**	**449**	**6,018**	**2,753**	**4,700**	**47,329**
Cost									
At 1 January 2022	15,669	17,379	3,852	6,638	1,744	13,706	4,936	1,402	65,326
Additions	355	573	77	625	167	1,913	907	2,507	7,124
Reclassifications	(345)	366	17	259	-	348	-	(645)	-
Disposals	-	(6)	(17)	(134)	(15)	(125)	(377)	-	(674)
At 31 December 2022	**15,679**	**18,312**	**3,929**	**7,388**	**1,896**	**15,842**	**5,466**	**3,264**	**71,776**
Accumulated depreciation									
At 1 January 2022	-	(3,785)	(2,877)	(5,258)	(1,507)	(9,083)	(3,377)	-	(25,887)
Charge for the period	-	(353)	(204)	(639)	(95)	(1,793)	(648)	-	(3,732)
Reclassifications		(8)	(1)	8	-	-	-		
Disposals	-	2	13	131	14	94	246	-	500
At 31 December 2022	**-**	**(4,144)**	**(3,069)**	**(5,758)**	**(1,588)**	**(10,782)**	**(3,779)**	**-**	**(29,119)**
Carrying amount at 31 December 2022	**15,679**	**14,168**	**860**	**1,630**	**308**	**5,060**	**1,687**	**3,264**	**42,657**

a Work in progress relates to capital cost incured in setting up new branches. When completed and available for use, they are transfered to the respective property, plant and equipment classes and depreciation commences.

b All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

c There were no impairment losses on any class of property , plant and equipment during the year (31 December 2022: Nil)

d There were no pledged assets in any class of property, plant and equipment during the year (31 December 2022: Nil)

26 Right-of-Use Asset

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Cost				
Balance at beginning of year	6,434	3,466	4,481	3,466
Additions	532	535	532	535
Additions / Reclassifications during the year	167	480	167	480
Disposal during the year	(1,803)	-	(1,803)	-
Balance	**5,330**	**4,481**	**3,377**	**4,481**
Accumulated Depreciation				
Balance at beginning of year	(2,682)	(1,989)	(2,682)	(1,989)
Depreciaiton for the year	(996)	(693)	(636)	(693)
Disposal during the year	1,618	-	1,618	-
Balance	(2,060)	(2,682)	(1,700)	(2,682)
Carrying amount	**3,270**	**1,799**	**1,677**	**1,799**

Expense of Low value Item :

The expense for low value items and short term leases is N161.88million (31 December 2022: N389.30 million) .

27 Intangible Assets - Computer Software

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Cost				
Balance at 1 January	12,964	7,410	9,361	7,410
Additions	2,851	2,246	2,745	2,246
Write offs during the year	(3,126)	(295)	(3,126)	(295)
Balance as at 31 December	**12,689**	**9,361**	**8,980**	**9,361**
Accumulated amortization				
Balance at 1 January	(8,458)	(3,442)	(5,338)	(3,442)
Amortisation for the year	(1,793)	(2,191)	(1,645)	(2,191)
Write offs during the year	3,126	295	3,126	295
Balance as at 31 December	(7,126)	(5,338)	(3,857)	(5,338)
Carrying amount	**5,564**	**4,023**	**5,123**	**4,023**

These relate to purchased softwares.

All intangible assets are non-current with finite useful life and are amortised over the period . The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N1,645 bn (Group -N1,793 bn)for the year ended 31 December 2023 (31 December 2022:

28 Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 33% as applicable (31 December 2022: 30% or 32.5%).

Deferred tax assets and liabilities are attributable to the following items:

28.1 Deferred Tax Assets

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Deferred tax assets				
Property,plant and equipment				
Allowances for loan losses	22,554	15,753	22,554	15,753
Tax loss carried forward	-	-	-	-
Unutilised tax credits (capital allowances)	-	6,793	-	6,793
	22,554	22,546	22,554	22,546
Unrecognised deferred tax assets	**-**	**(17,240)**	**-**	**(17,240)**
Net	22,554	5,306	22,554	5,306

28.1 Deferred Tax Assets- continued

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
28.2 Deferred tax Liabilities				
Property,plant and equipment	6,913	5,585	6,913	5,585
Foreign exchange diffence (Unrealized)	14,549	-	14,549	-
Fair value adjustments	1,443	44	1,443	44
	22,905	5,629	22,905	5,629

28.3 Movements in temporary differences during	1 Jan 2023 N'million	Recognised in P&L N'million	Recognised in OCI N'million	31 Dec 2023 N'million
Accelerated tax depreciation	(5,585)	(1,328)	-	(6,913)
Unutilised capitalised allowance	6,793	(6,793)	-	-
Allowances for loan losses	15,754	6,800	-	22,554
Tax loss carry forward	-	-	-	-
Foreign exchange diffence (Unrealized)	-	(14,549)		(14,549)
Fair value adjustments	(44)	(1,399)	-	(1,443)
	16,918	(17,269)	-	(351)

Movements in temporary differences during the year:	1 Jan 2022 N'million	Recognised in P&L N'million	Recognised in OCI N'million	31 Dec 2022 N'million
Accelerated tax depreciation	(5,376)	(209)	-	(5,585)
Unutilised capitalised allowance	14,599	-	-	6,793
Allowances for loan losses	9,240	-	-	15,754
Tax loss carry forward	440	-	-	-
	18,903	- 209.00	-	16,918

29 Other Assets

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Financial assets				
Sundry receivables	141,512	24,921	141,512	24,921
Electronic payment receivables	244,159	75,423	243,743	75,423
Investments in SMESIS	9,445	7,109	9,445	7,109
Shared Agent Network Expansion Facility (SANEF)	50	50	50	50
	395,166	107,503	394,750	107,503
Less:				
Specific allowances for impairment	(3,359)	(1,351)	(3,359)	(1,351)
	391,807	106,152	391,391	106,152
Non financial assets				
Prepayments	8,845	5,259	8,367	5,259
Others	184	414	184	414
Other non financial assets	2,928	1,090	2,244	1,090
	11,957	6,763	10,795	6,763
Total	**403,763**	**112,915**	**402,186**	**112,915**

Reconciliation of Allowance for Impairment

	31 December 2023 N'million	31 December 2022 N'million	31 December 2023 N'million	31 December 2022 N'million
At 1 January	1,351	1,648	1,351	1,648
Charge for the year	2,011	12	2,011	12
Reversal of provision	0	-		-
Write-off during the year	(4)	(309)	(4)	(309)
At 31 December	**3,359**	**1,351**	**3,359**	**1,351**

a The Bank's investments under the Small and Medium Enterprises Equity Investment Scheme ("SMEEIS") is in compliance with the Policy Guidelines for 2001 Fiscal Year (Monetary Policy Circular No. 35). There is no existence of either Control or Joint control in SMESIS.

b Prepayment relates to payments made by the bank on items whose benefits covers specified future period of time beyond the reporting period e.g. Insurance premiums, Adverts and publicity, Computer expenses and Subscriptions. They are short tenured and are quickly settled.

c Other non-financial assets comprises of balances on settlement accounts such as: Stock of ATM cards, stock electronic cards, and stock cheque books and stationeries and sundry receivables. These assets are short tenured and are quickly settled.

d The Shared Agent Network Facility (SANEF) is an intervention fund under the MSME Development Fund to provide ten (10) year loans to CBN Licensed and pre-qualified Mobile Money and Super- Agent operators for the purposes of rolling out of a Shared Agent Network. The objective of the Shared Agent Network is to deepen financial inclusion in the country with the offering of basic financial services such as Cash-in, Cash-out, Funds, Bills Payments, Airtime Purchase, Government disbursements as well as remote enrollment on BMS infrastructure (BVN).

30 Deposits from Customers

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Demand	1,652,267	862,425	1,652,267	862,425
Savings	880,905	599,331	880,905	599,331
Term	75,999	398,793	75,999	398,793
Domicilliary	1,376,672	696,745	1,288,703	696,745
Others	28,968	23,303	28,968	23,303
	4,014,811	2,580,597	3,926,842	2,580,597
Current	1,491,495	1,125,801	1,368,474	1,125,801
Non-current	2,523,315	1,454,796	2,558,368	1,454,796
	4,014,811	**2,580,597**	**3,926,842**	**2,580,597**

30a Others relate to accrued interest payable of deposit liabilities which are considered to be component of deposits.

31 Other Liabilities

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Customer deposits for letters of credit (see note 31.1)	46,856	57,221	46,856	57,221
Accounts payable (see note 31.2)	391,476	202,980	375,489	202,980
FGN Intervention fund (see note 31.3)	443,736	473,604	443,736	473,604
Manager's cheque	4,827	4,256	4,827	4,256
Payable on E-banking transactions (see note 31.4)	246,453	74,981	246,453	74,981
Other liabilites/credit balances (see note 31.5)	4,555	(1,324)	3,873	(1,324)
Accruals for year end bonus (see note 31.6)	12,055	3,164	12,055	3,164
Lease liability (see note 31.8)	2,410	525	506	525
	1,152,369	**815,407**	**1,133,795**	**815,407**

31.1 Customer deposits for letters of credit relates to liabilities generated from loans granted to customers for trade finance transactions, it mirrors the value of the confirmation line enjoyed by the customer with the offshore bank for the purpose of facilitating the letters of Credit.

31.2 Account payable represents balances in internal accounts drawn for the purpose of settlement of obligations which are due against the bank either from bank expense or customer transaction settlement e.g. accrual/provision for expenses that has or will fall due, Ebanking settlement values drawn from customers account, customers deposit drawn for FX bid with CBN for letters of credit etc.

31.3 FGN Intervention Fund (On Lending facilities)

	2023 N'million	2022 N'million	2023 N'million	2022 N'million
CBN state bailout fund	79,824	82,065	79,824	82,065
Real Sector Support Facility - Differentiated Cash Reserves Requirement - (DCRR)	188,204	211,001	188,204	211,001
Real Sector Support Facility - (RSSF)	4,954	10,941	4,954	10,941
Commercial Agricuture Ccredit Scheme - (CACS)	6,503	8,089	6,503	8,089
Bank of Industry BG backed	105,324	80,981	105,324	80,981
Bank of Industry - Restructured and Refinance scheme	192	297	192	297
Bank of Industry on lending	1	67	1	67
Development Bank of Nigeria - (DBN)	32,661	40,015	32,661	40,015
Nigeria Export Import Bank - (NEXIM)	18,483	19,613	18,483	19,613
Power Airline Intervention Fund - (PAIF)	1,628	3,871	1,628	3,871
CBN Paddy Agegate Scheme (PAS) Funds	0	5,000	-	5,000
Accelerated Agiculture Credit Scheme - (AADS)	0	-	-	-
CBN 100 for 100 PPP - (Policy on Production and Productivity)	5,945	11,644	5,945	11,644
Nigerian Incentive-based Risk Sharing system for Agricultural Lending - (NIRSAL)	17	19	17	19
	443,736	**473,603**	**443,736**	**473,603**

a FGN Intervention fund is CBN Bailout Fund of N79.82billion (31 Dec 2023: N82.07 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 9% per annum. See Note 31.3 k

b The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The facility is disbursed to large enterprises and startups with financing needs of N500 million up to a maximum of N10.0 billion. The activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The funds are received from the CBN at 2% per annum, and disbursed

c The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector.The facility attracts an interest rate of 2% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to the Bank's customers. This facility is not secured.

31.3 FGN Intervention Fund (On Lending facilities)- Continued

d The Central Bank of Nigeria (CBN) / Bank of Industry (B0I) - SME / Manufacturing Intervention Fund represents an intervention credit granted to the Bank for the purpose of refinancing / restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and Manufacturing Companies. The total facility is secured by Nigerian Government Securities. A management fee of 1% per annum is deductible at source and the Bank is under obligation to on-lend to customers at an all-In interest rate of 7% per annum. The Bank is the primary obligor to CBN / BOI and

e Federal Government through CBN, BOI and DBN to enable DMOs avail loans at single digit rates or rates lower than the normal commercial rate to qualifying institutions in line with the guidelines provided by CBN, BOI and DBN.

f Non-oil Export Stimulation Facility (NESF): This Facility was established by the Central Bank of Nigeria to diversify the economy away from the oil sector, after the fall in crude prices. The Central Bank invested N500billion debenture, issued by Nigerian Export-Import Bank (NEXIM). The facility disbursed per customer shall not exceed 70% of total cost of project, or subject to a maximum of N5 billion. Funds disbursed to the Bank from CBN are at a cost of 2% which are then disbursed to qualifying customers at the rate of 9% per annum.

g The purpose of granting new loans and refinancing / restructuring existing loans to companies in the power and aviation industries is to support Federal Government's focus on the sectors. The facility is secured by Irrevocable Standing Payment Order (ISPO). The maximum tenor for term loans under the programme is 15 years while the tenor for working capital is one year, with option to renew the facility annually subject to a maximum tenor of five years. The facility attracts an interest rate of 2% per annum payable quarterly in arrears and the Bank is under obligation

h Accelerated Agricultural Development Scheme (AADS) was established by the Central Bank of Nigeria to help states develop at least 2 crops/agricultural commodities in which they have comparative advantage. The fund is disbursed to the Bank at 2% per annum. Each state is availed the facility at 9% per annum and repayments are made via ISPO deductions.

i CBN PAS FUND - The Paddy Aggregation Scheme (PAS) is for Integrated Rice Millers and Large-Scale Aggregators to enable them to purchase home-grown rice paddy at a single digit interest rate to promote the Federal Government of Nigeria’s National Food Security Programme (NFSP). It is to provide credit facilities to Integrated Rice Millers and Large-scale rice paddy aggregators at single digit interest rate to increase local production of rice towards effecting lower prices and enhancing national food security.. The fund is disbursed to the Bank at 6% per annum. Each

j CBN 100 for 100 PPP - (Policy on Production and Productivity) was established by the Central Bank of Nigeria to stimulate investments in Nigeria’s manufacturing sector with the core objective of boosting production and productivity necessary to transform and catalyse the productive base of the economy. The fund is disbursed to the Bank at 2% per annum. Each enterprise is availed the facility at 9% per annum and

k The Bailout fund is for a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum until March 2020 , the rate was reduced to 5% for 1 year period due to Covid 19 pandemic to March 2021 after which it was extended to February 2023 . CBN on August 17 2022 further reviewed the rates in response to economic outlook and approved the following order; All intervention facilities granted effective July 20, 2022 shall be at 9% per annum while all existing intervention facilities granted prior to July 20, 2022 shall be at 9% per annum effective

l The bank carries out modification test on all Intervention funds / loans . The modification test was performed and there was no material impact on the financial statement from the assessment.

31.4 Payable on E-banking transactions are settlement balances for RTGS/NIBSS transaction and Etransact transactions .

31.5 Other liabilities/credit balances are credit balances for other liabilities, other than the ones relating to customers deposit.

31.6 A provision has been recognised in respect of staff year end bonus, the provision has been recognised based on the fact that there is a constructive and legal obligation on the part of the Bank to pay bonus to staff where profit has been declared. The provision has been calculated as a percentage of the profit after tax

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Movement in provision for year end bonus				
At 1 January	3,164	1,014	3,164	1,014
Arising during the year	19,709	3,164	19,709	3,164
Utilised	(10,818)	(1,014)	(10,818)	(1,014)
At 31 December	12,055	3,164	12,055	3,164

31.7 Maturity Analysis is presented in Note 44.

31.8 This relates to lease rental for properties used by the Bank. The net carrying amount of leased assets, included within Right of Use Assets is N713 million . (31 December 2022: N570 million) for Bank.

The future minimum lease payments on the lease liabilities extend over a number of years. This is analysed as follows:

Not more than 1year	-	-
Over one year but less than five years	506	525
More than five years	-	-
At end of the year	506	525

32.2 Impairment losses on guarantees and letters of credit

An analysis of changes in the gross carrying amount and the corresponding allwances for impairment losses in relation to guarantees and letters

32.3.1 Performance bonds and guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4. This relates funds held to ensure that customers do not default in the obligation .

	31 December 2023				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
Internal rating grade	N'million	N'million		N'million	N'million
Performing					
High grade	9,583	-	-	-	**9,583**
Standard grade	675,626	-	-	-	**675,626**
Sub-standard grade	45,569	-	-	-	**45,569**
Past due but not impaired	-	-	-	-	-
Non- performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	**730,779**	**-**		**-**	**730,779**

	31 December 2022				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
Internal rating grade	N'million	N'million		N'million	N'million
Performing					
High grade	10,042	-		-	**10,042**
Standard grade	474,101	-		-	**474,101**
Sub-standard grade	5,475	-		-	**5,475**
Past due but not impaired	-	-		-	-
Non- performing	-	-		-	-
Individually impaired	-	-		-	-
Total	**489,618**	**-**		**-**	**489,618**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2023				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
	N'million	N'million		N'million	N'million
Gross carrying amount as at 1 January 2023	489,617	-	-	-	**489,617**
New exposures	552,551	-	-	-	**552,551**
Exposure derecognised or matured/lapsed (excluding write-offs)	(371,381)	-	-	-	**(371,381)**
Changes due to modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	59,992	-	-	-	**59,992**
At 31 December 2023	**730,779**	**-**		**-**	**730,779**

32.3.1 Performance bonds and guarantees- continued

	31 December 2023				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
	N'million	N'million		N'million	N'million
ECL allowance as at 1 January 2023	329	-	-	-	**329**
New exposures	230	-	-	-	**230**
Exposure derecognised or matured/lapsed (excluding write-offs)	(141)	-	-	-	**(141)**
Impact on year end ECL of exposures transferred between stages		-	-	-	**-**
Unwind of discount		-	-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	-	**-**
Recoveries	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	37	-	-	-	**37**
At 31 December 2023	**455**	**-**		**-**	**455**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2022	287,993	-	-	**287,993**
New exposures	387,908	-	-	**387,908**
Exposure derecognised or matured/lapsed (excluding write-offs)	(188,042)	-	-	**(188,042)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	1,758	-	-	**1,758**
At 31 December 2022	**489,617**	**-**	**-**	**489,617**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2022	359	-	-	**359**
New exposures	245	-	-	**245**
Exposure derecognised or matured/lapsed (excluding write-offs)	(343)	-	-	**(343)**
Impact on year end ECL of exposures transferred between stages		-	-	**-**
Unwind of discount		-	-	**-**
Changes due to modifications not resulting in derecognition	-	-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	69	-	-	**69**
At 31 December 2022	**329**	**-**	**-**	**329**

32.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an

	31 December 2023				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
Internal rating grade	**N'million**	**N'million**		**N'million**	**N'million**
Performing					
High grade	22,868	-	-	-	**22,868**
Standard grade	329,595	-	-	-	**329,595**
Sub-standard grade	60,898	-	-	-	**60,898**
Past due but not impaired	-	-	-	-	-
Non- performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	**413,362**	**-**		**-**	**413,362**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	**N'million**	**N'million**	**N'million**	**N'million**
Performing				
High grade	63,940	-	-	**63,940**
Standard grade	150,254	-	-	**150,254**
Sub-standard grade	1,503	-	-	**1,503**
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	**215,696**	**-**	**-**	**215,696**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2023				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
	N'million	**N'million**		**N'million**	**N'million**
Gross carrying amount as at 1 January 2023	215,696	-	-	-	**215,696**
New exposures	331,454	-	-	-	**139,547**
Exposure derecognised or matured/lapsed (excluding write-offs)	(166,214)	-	-	-	**(84,205)**
Changes due to modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	32,426	-	-	-	**161,388**
At 31 December 2023	**413,362**	**-**		**-**	**432,426**

	31 December 2023				
	Stage 1 Individual	Stage 2 Individual		Stage 3	Total
	N'million	**N'million**		**N'million**	**N'million**
ECL allowance as at 1 January 2023	684	-	-	-	**684**
New exposures	341	-	-	-	**341**
Exposure derecognised or matured/lapsed (excluding write-offs)	(495)	-	-	-	**(495)**
Impact on year end ECL of exposures transferred between stages	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Changes due to modifications not resulting in derecognition		-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Recoveries	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	563	-	-	-	**563**
At 31 December 2023	**1,093**	**-**		**-**	**1,093**

32.3.2 Letters of Credit- continued

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2022	153,725	-	-	**153,725**
New exposures	177,400	-	-	**177,400**
Exposure derecognised or matured/lapsed (excluding write-offs)	(122,896)	-	-	**(122,896)**
Changes due to modifications not resulting in derecognition		-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	7,467	-	-	**7,467**
At 31 December 2022	**215,696**	**-**	**-**	**215,696**

	31 December 2022			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2022	1,417	-	-	**1,417**
New exposures	614	-	-	**614**
Exposure derecognised or matured/lapsed (excluding write-offs)	(1,564)	-	-	**(1,564)**
Impact on year end ECL of exposures transferred between stages	-	-	-	**-**
Unwind of discount	-	-	-	**-**
Changes due to modifications not resulting in derecognition		-	-	**-**
Changes to models and inputs used for ECL calculations	-	-	-	**-**
Recoveries	-	-	-	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	217	-	-	**217**
At 31 December 2022	**684**	**-**	**-**	**684**

33 Debts Issued and Other Borrowed Funds

	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
	N'million	N'million	N'million	N'million
Long term loan from African Development Bank (ADB) (see note 33.1)	24,791	16,671	24,791	16,671
European Investment Bank Luxembourg (see note 33.2)	0	640	-	640
$400 Million Euro Bond issued (see note 33.4)	382,422	178,242	382,422	178,242
Local Bond issued (see note 33.5)	42,174	41,307	42,174	41,307
Bank One (see note 33.8)	22,389	-	22,389	-
Rand Merchant Bank (see note 33.6)	48,810	-	48,810	-
Development Bank of Nigeria (see note 33.7))	20,285	15,268	20,285	15,268
Afrexim (see note 33.3)	36,157	9,338	36,157	9,338
	577,028	**261,466**	**577,028**	**261,466**

Reconcilation of Borrowings during the period:	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	N'million	N'million	N'million	N'million
At 1 January	261,466	468,415	261,466	468,415
Additions during the year	129,906	-	129,906	-
Accrued interest	10,747	25,796	10,747	25,796
Payment of interest	(4,804)	(28,625)	(4,804)	(28,625)
Repayment of principal during the year	(15,051)	(213,379)	(15,051)	(213,379)
Foreign exchange difference	194,764	9,259	194,764	9,259
At 31 December	**577,028**	**261,466**	**577,028**	**261,466**

33.1 The amount of N24,791.26 billion (31 Dec 2022: N16,670.68 billion) represents the amortized cost balance in the on-lending facility of $50million granted to the Bank by ADB. The first tranche of $40 million was disbursed July 27, 2019 while the second tranche of $10 million was disbursed June 3, 2020 with both to mature February 1, 2026 and October 1, 2026 respectively at an interest rate of Libor plus 4.5% per

33.2 The amount of N639.72 billion - 31 Dec 2022: represents the amortised cost balance in the on-lending facility of $21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March, 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing has been fully repaid .

33.3 The amount of N36,157.76 billion, (31 Dec 2022: N9,337.63 billion) represents amortised cost balance of $150 million borrowing from AFREXIM (under the repurchase agreement), with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a

33 Debts Issued and Other Borrowed Funds- Continued

33.4 On 28 October , 2021, $400 million 5-year 2026 Senior Notes at a 7.625 percent coupon was issued. The proceed from the new issue is for general corporate purposes including supporting the Bank's trade finance business.. The amount of N382,422.31 billion represents the amortised cost of the Issued Notes as at 31 December 2023; N178,124.86 billion represents the amortised cost at the end of the financial year 2022

33.5 "The amount of N42,174.32 billion (31 Dec 2022 : N41,306.78billion) represents the amortized cost of 10-Year N41.2 billion Subordinated Unsecured Series I Bonds issued at 8.5% p.a. in January 2021. The coupon is paid semi-annually. The proceeds from the Series I Bonds will support the Bank's SME and Retail Banking Businesses as well as its Information and Technology Infrastructure"

33.6 The amount of N48,810.52 billion of represent the Amortised cost the short term liability with Rand Merchant Bank. ($50m) as at 31 December 2023 at an Interest rate of 9.97% to mature March 2024 .

33.7 The amount of N20,285.62 billion (31 Dec 2022: N15,267.71 billion) represents the amortised cost of a N20 billion of wholesale borrowing from Development Bank of Nigeria, to mature 27th April, 2024 at an interest rate of 10% per annum. Interest is paid semi-annually, with principal repayment after 1 year moratorium period, effective 27th October 2022 to maturity. The borrowing is an unsecured borrowing.

33.8 The amount of N22,388.83 billion represents the amortised cost of a $23 million wholesale borrowing from Bank One Mauritius, to mature 27 March 2024 at an interest rate of 10.97% ($15m) and 10.98% ($8m) per annum repectively. Interest is paid semi-annually, with principal

33.9 Maturity Analysis is presented in Note 44.

34 Share Capital

	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Authorised				
32 billion ordinary shares of 50k each (2022: 32 billion ordinary shares)	16,000	16,000	16,000	16,000
Issued and fully paid				
32,000 million ordinary shares of 50k each (31 December 2022: 32,000 million	16,000	16,000	16,000	16,000

34a In compliance with the provisions of Section 124 of CAMA 2020, the bank issued 3,037,414,308 units of unissued shares by way of Private Placement after the end of the 2022 financial year to bring the issued shares to 32,000,000,000 units of 50k shares .. .

35 Other Equity Accounts

The nature and purpose of the other equity accounts are as follows:

Share Premium
Premiums from the issue of shares are reported in share premium.

Retained Earnings
Retained earnings comprise the undistributed profits from previous years and current period, which have not been reclassified to the other

35 Other Equity Accounts- continued

a Dividends

The following dividends were declared and paid by the Bank during the year

	31 December 2023 N'million	31 December 2022 N'million
Balance, begining of year	-	-
Final dividend declared	12,800	10,137
Interim dividend dclared	8,000.00	2,896
Payment during the year	(20,800)	(13,033)
Balance, end of year	-	-

b Statutory Reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.15(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. The Bank made a transfer of N14,975 million to statutory reserves during the period ended 31 December 2023 (31 December 2022: N7,009 million)

c Small Scale Investment Reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contribution was 10% of profit after tax for the first 5 (five) periods , and thereafter

d Non-Distributable Regulatory Reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-

e Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

f AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS fund is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled

Though there is no longer mandatory transfers to this reserve under the earlier directives, all Nigerian banks are now required to set aside an amount equal to 5% of their annual Profit After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme. This is done after the statutory external audit and Central Bank of Nigeria (CBN) approval.

g Translation Reserves

The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations. There were no effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

h Non-controlling Interest

Fidelity Bank acquired 100% holding of the United Kingdom component

36 Cash Flows Generated from Operations

	Notes	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Profit before income tax		124,260	53,677	124,338	53,677
Adjustments for:					
– Depreciation and amortisation	14	7,042	6,616	6,890	6,616
– Profit/(Loss) on disposal of property, plant and equipment	11	(49)	56	(49)	56
– Net foreign exchange	36a	150,677	6,579	150,677	6,579
– Net gains from financial assets at fair value through profit or loss	12	(24,783)	1,568	(24,686)	1,568
– Increase in Provisions	32	1,538	(503)	1,538	(503)
– Credit loss expense	8	67,436	5,443	67,686	5,443
– Impairment charge / reversal on other assets	8	- 4.00	(309)	(4)	(309)
– Dividend income	11	(2,018)	(397)	(2,018)	(397)
– Gain on debt instruments measured at FVOCI reclassified from equ	17	847	(693)	847	(693)
– Net interest income	SOCI	(277,366)	(152,695)	(274,856)	(152,695)
			-	-	-
		47,581	(80,658)	50,363	(80,658)
Changes in operating assets					
– Net changes in Cash and balances with the Central Bank (restricted	20	(311,308)	(176,993)	(311,308)	(176,993)
– Loans and advances to customers	22	(846,446)	(412,924)	(716,424)	(412,924)
– Financial assets held for trading	23	(17,355)	47,182	11,885	47,182
– Other assets	29	(290,848)	(63,558)	(289,271)	(63,558)
Changes in operating liabilities					
– Deposits from customers	30	1,463,601	545,755	1,340,580	545,755
– Other liabilities	31	336,962	319,810	318,388	319,810
Cash flows from/(used in) operations		**382,187**	**178,614**	**404,213**	**178,614**

36a Net foreign exchange

	Group 31 December 2023 N'million	Group 31 December 2023 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Unrealized Foreign exchange gain	194,764	9,259	194,764	9,259
Unrealized Foreign exchange loss	(150,677)	(6,579)	(150,677)	(6,579)
	-		-	
Net foreign exchange gains	44,087	2,680	44,087	2,680

36b Interest received

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Opening interest receivable	137,451	92,575	137,451	92,575
Intrest income	459,954	295,578	456,919	295,578
Closing interest receaivable	(267,212)	(137,451)	(267,212)	(137,451)
Interest inreceived	330,193	250,701	327,158	250,701

36c Interest paid

	Group 31 December 2023 N'million	Bank 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Opening interest payable	23,303	13,264	23,303	13,264
Interest expense	(182,589)	142,883	(182,063)	142,883
Interest paid on debt and borrowed fund	(4,804)	(28,625)	(4,804)	(28,625)
Accrued Interest	10,747	25,797	10,747	25,797
Closing interest payable	(28,968)	(23,303)	(28,968)	(23,303)
Interest paid	(182,311)	130,016	182,341	130,016

36d Debt instrument at FVOCI

	Group 31 December 2023 N'million	Bank 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Opeing balance	28,696	100,009	28,696	100,009
New assets purchase (by cash)	173,814	27,028	221,229	27,028
Assets derecognised (cash received)	(16,825)	(77,817)	(16,824)	(77,817)
Accrued interest	656	301	656	301
Change in fair value	41,218	(20,824)	(46,006)	(20,824)
Closing balance	227,560	28,696	187,751	28,696

36e Debt instrument at amortised cost

	Group 31 December 2023 N'million	Bank 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Opeing balance	480,422	442,277	480,422	442,277
New assets purchase (by cash)	647,686	245,918	647,686	245,918
Assets derecognised (cash received)	(260,952)	(241,715)	(260,952)	(241,715)
Accrued interest	11,443	6,960	11,443	6,960
Change in fair value	(59,795)	26,982	(59,795)	26,982
Closing balance	818,803	480,422	818,803	480,422

36f Equity instruments at FVOCI

	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Opening balance	27,560	26,207
New assets purchase (by cash)	63,403	909
Assets derecognised (cash received)	-	-
Change in fair value	- 49,412	444
Closing balance	**41,550**	**27,560**

36g Acquisition of a subsidairy

	Group 31 December 2023 N'million	Bank 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Purchase consideration (Acquisition of UK office)	(45,876)	-	-	-
Cash in bank	5,031	-	-	-
	(40,845)	-	-	-

36h Unclaimed dividend Receipt / (Payment)

	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Unclaimed Dividend from First Registrars		1
Unclaimed Dividend from First Registrars		945
UNCLAIMED Dividend payment		(1,376)
Unclaimed Dividend from First Registrars	7	
Unclaimed Dividend from First Registrars	1,218	
Unclaimed Dividend from First Registrars	0	
Unclaimed Dividend from First Registrars	734	
		-
	1,960	(429)

37 Contingent Liabilities and Commitments

37.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N4.10 billion (31 Dec 2022: N5.24billion). The capital commitments relate to property plant and Equipment.

37.2 Confirmed credits and other obligations on behalf of customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments

	Group 31 December 2023 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Performance bonds and guarantees (Note 32.3.1)	730,779	489,618	730,779	489,618
Letters of credit (Note 32.3.2)	413,362	215,697	413,362	215,697
AGSMEIS Disbursement		1	-	1
	1,144,141	**705,316**	**1,144,141**	**705,316**

Included in Performance bonds and guarantees is N104.46 bn (31 December 2022: N80.19billion) Bank of industry backed guarantee. Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transactions.

37.3 Claims and Litigation

The Bank is a party to legal actions arising out of its normal business operations.The Directors believe that, based on currently available information and advice of counsel , none of the outcomes that result from the proceedings will have a material adverse effect on the financial position of the bank either individually or collectively

As at reporting date, the Bank is currently involved in 65 cases as defendant (31 December 2022 - 58) and 7 cases as Plaintiff (31 December 2022 - 15). The total amount claimed against the Bank is estimated at N11.74 billion as at December 31, 2023 (31 Dec 2022: N12.06 billion) while the amount in the 7 cases instituted by the Bank is N3.95 billion as at 31 December 2023 (31 Dec 2022: N5.19 billion, 15 Cases). Based on the advice of the Bank's legal team and the case facts, the management of the Bank estimates a potential loss of N1.886 billion (31 Dec 2022: N883 million) upon conclusion of the cases. A provision for the potential loss of N1.886 billion is shown in 32.

38 Related party transactions with Key Management Personnel

a The related party transactions in respect of Entity controlled by Key Management Personnel have been disclosed in compliance with Central Bank of Nigeria circular BSD/1/2004.A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, placements and off-balance sheet transactions. The volumes of related-party transactions, outstanding balances at the year-end are disclosed below:

b **Subsidiaries**
Transactions between Fidelity Bank of Nigeria Plc and its subsidiaries also meet the definition of related party transactions. Transactions with Fidelity Bank UK Limited have been eliminated on consolidation. During the year, Fidelity Bank Plc earned a total interest income of N424 million from Fidelity Bank Uk Limited. And as 31 December 2023 a total amount of N35 billion is held as placements with Fidelity Bank UK Limited.

c The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management personnel includes close members of family of key personnel and any entity over which key management personnel exercises control. The key management personnel have been identified as the executive and non-executive directors of the Group and other relevant senior management personnel. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank and its subsidiaries.

38.1 Deposits/ Interest Expense from Related Parties

Entity Controlled by Key Management Personnel	Related party	Nature Relationship	Deposits at 31 December 2023 N	Interest expense 31 December 2023 N	Deposits at 31 December 2022 N	Interest expense 31 December 2022 N
Cy Incorporated Nig Ltd (DSRA)	Insider related	Former Director	56,191	-	31,886	-
Equipment Solutions a	Insider related	Former Director	55,061	-	63,942	-
The Genesis Restaurant Limited	Insider related	Former Director	94,152,427	-	4,146,727	-
John Holt Plc	Insider related	Former Director	11,288,719	-	356,686,651	-
Tenderville Ltd	Insider related	Former Director	362,675	-	359,030	-
Genesis Hub Limited	Insider related	Former Director	24,462,347	-	20,427,560	-
Genesis Deluxe Cinemas	Insider related	Former Director	1,874,612	301	3,526,896	301
Sub total			**132,252,032**	**301**	**385,242,692**	**301**
A-Z Petroleum Products Limited	Insider related	Current Director	1,357,832,373	492,784	77,322,045	-
Neconde Energy Limited	Insider related	Current Director	552,750,949	-	258,628,141	-
Dangote Industries Limited	Insider related	Current Director	71,782,429	-	927,721	-
Agric Int'l Tech and Trade	Insider related	Current Director	2,206,541	-	2,983,292	-
Mr. Mustafa Chike-Obi	Insider related	Current Director	67,754,782	-	52,331,219	-
Pastor Kings C. Akuma	Insider related	Current Director	17,758,943	8,883	44,816,681	-
Chief Charles Chidebe Umolu	Insider related	Former Director	103,468,311	11,911	14,830,659	-
Mr. Okeke Ezechukwu Michael	Insider related	Former Director	5,446,237	3,289	1,266,268	-
Alhaji Isa Inuwa	Insider related	Current Director	22,416,087	5,702,931	9,811,386	-
Mr. Alex Chinelo Ojukwu	Insider related	Former Director	72,181	9,336	263,304	-
Mr. Chidi Agbapu	Insider related	Current Director	5,840,004	2,403,177	40,679,192	-
Mr. Chinedu Okeke	Insider related	Current Director	7,216,279	35,126	49,268,305	4,242
Mr. Henry Obih	Insider related	Current Director	219,652,354	2,692,603	128,090,805	-
Mrs. Amaka Onwughalu	Insider related	Current Director	24,828,030	362,696	12,942,161	7,844
Chief Nelson C, Nweke	Insider related	Current Director	147,391,712	816	67,067,335	-
Mrs. Morohunke Bammeke	Insider related	Current Director	1,801,761	64,407	6,666,010	-
Sub total			**2,608,218,975**	**11,787,959**	**767,894,524**	**12,086**
Transactions with Key Management Persc	Insider related		287,168,331	43,084,309	319,919,876	-
TOTAL			**3,027,639,339**	**54,872,569**	**1,473,057,092**	**12,387**

38.2 Loans and Advances/ Interest Income from Related parties

Entity Controlled by Key Management Personnel	Related party	Loan amount Outstanding	Interest Income	Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
		Dec 2023 N	Dec 2023 N	Dec 2022 N	Dec 2022 N			
Cy Incorporated Nig Lt	Mrs. Onome Olaolu (Former	313,087,308	26,811,241.81	286,276,066	-	Finance Lease/Overdraft	Lost	Perfected
Equipment Solutions A	Mr. Ik Mbagwu	767,029,435	-	767,029,435	-	Term Loan/Overdraft	Lost	Perfected
The Genesis Restaurar	Ichie Nnaeto Orazu	-	-	98,999,888	20,577,418	Term Loan/Overdraft	Performing	Perfected
Genesis Deluxe Cinema	Ichie Nnaeto Orazu	-	-	154,281,689	19,193,045	Term Loan/Overdraft	Performing	Perfected
Genesis Hub Ltd	Ichie Nnaeto Orazu	-	-	17,851,522	4,588,399	Term Loan/Overdraft	Performing	Perfected
Genesis Food Nigeria L	Ichie Nnaeto Orazu	-	-	647,987,746	58,981,475	Term Loan/Overdraft	Performing	Perfected
Genesis F&B Nigeria Li	Ichie Nnaeto Orazu	-	-	312,433,504	20,355,586	Term Loan/Overdraft	Performing	Perfected
Genesis Sojourner Ltd	Ichie Nnaeto Orazu	-	-	1,031,204,957	73,555,912	Term Loan/Overdraft	Performing	Perfected
Genesis Technical Com	Ichie Nnaeto Orazu	-	-	600,000,000	-	Term Loan/Overdraft	Performing	Perfected
A-Z Petroleum Product	Mr. Alex Ojukwu	-	-	2,575,466,736	413,584,415	Term Loan/Overdraft	Performing	Perfected
Agric Int'l Tech and Tra	Mr. Ernest Ebi	400,000,000	55,405,479.45	800,000,000	62,375,342	Term Loan	Performing	Perfected
Dangote Industries Ltd	Mr. Ernest Ebi	-	-	47,463,109,162	4,194,290,480	Term Loan	Performing	Perfected
Dangote Fertilizer Ltd	Mr. Ernest Ebi	-	-	1,017,518	1,494,738	Term Loan	Performing	Perfected
Dangote Oil Refining C	Mr. Ernest Ebi	-	-	3,750,000,000	272,465,753	Term Loan/Overdraft	Performing	Perfected
Dangote Cement Plc -C	Mr. Ernest Ebi	-	-	29,504,809,611	2,514,033,399	Term Loan	Performing	Perfected
Dangote Sugar Refiner	Mr. Ernest Ebi	-	-	3,371,600,084	5,754,290	Term Loan	Performing	Perfected
SUB-TOTAL		**1,480,116,743**	**82,216,721**	**91,382,067,918**	**7,661,250,252**			
Related party	**Key management personnel**							
Onyeali-Ikpe Nnekachi	Managing Director	104,343,868	3,835,705	137,108,499	4,337,829	Term Loan/Credit Carc	Performing	Perfected
Hassan Imam Galadanc	Executive Director	79,660,508	3,069,792	98,126,107	4,475,974	Term Loan/Credit Carc	Performing	Perfected
Kevin Chukwuma Ugwu	Executive Director	65,744,966	2,914,160	101,348,758	3,880,819	Term Loan/Credit Carc	Performing	Perfected
Kenneth Onyewuchi O	Executive Director	80,415,584	4,363,839	109,037,100	4,543,507	Term Loan/Credit Carc	Performing	Perfected
Pamela Iyabo Shodipo	Executive Director	67,122,342	1,713,905			Term Loan	Performing	Perfected
Kings Chukwu Akuma	Non Executive Dire	1,746,787	210,974	684,284	316,003	Credit Card	Performing	Perfected
Chidozie Bethram Agba	Non Executive Dire	41,506	4,310	76,246,279	10,471,746	Overdraft	Performing	Perfected
Ikemefuna A. Mbagwu	Former Director	1,481,692	278,781	669,181	54,123	Credit Card	Performing	Perfected
Ichie Nnaeto Orazulike	Former Director	-	-	9,956,970	1,667,467	Credit Card	Performing	Perfected
Chief Charles Chidebe I	Former Director	14,322	13,189	752,869	93,523	Credit Card	Performing	Perfected
Okonkwo Nnamdi Johr	Former Director	100,080,026	2,655,773	85,583,727	3,588,980	Term Loan/Credit Carc	Performing	Perfected
Odinkemelu Aku	Former Director	-	1,312,075	77,173,753	2,884,237	Term Loan	Performing	Perfected
Adegbolahan Simisola .	Former Director	-	-	97,714,286	3,810,575	Term Loan	Performing	Perfected
Obaro Alfred Odeghe	Former Director	75,428,572	3,288,906	102,819,445	5,084,627	Term Loan	Performing	Perfected
Yahaya Umar Imam	Former Director	29,401,024	6,437,947	29,213,405	4,671,755	Overdraft/Credit Card	Performing	Perfected
SUB-TOTAL		**605,481,197**	**30,099,354**	**926,434,663**	**49,881,165**			
TOTAL		**2,085,597,940**	**112,316,075**	**92,308,502,581**	**- 7,711,131,417**			

****A-Z Petroleum Limited , Dangote Group and Genesis group who were related parties as at 31 December 2022 exited the Related party relationship post 2022 financial year in line with CBN requirement .

38.3 Bank Gurantees in Favour of Key Management Personnel

December 2023

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT	(N)
NI	NIL	NIL	NIL		**NIL**
					NIL

December 2022

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT	(N)
BOI	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR		144,975,738.00
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR		629,086,327.00
BOI	GENESIS SOJOURNER LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR		1,004,374,482.00
OGUN STATE PROPERTY AND INVESTMENT COMPANY LIMITED	A-Z PETROLEUM PRODUCTS LIMITED- OI	MR. ALEX OJUKWU	FORMER DIRECTOR		1,000,000,000.00
TRUSTEES UNDER THE NOTE ISSUING PROGRAMME	A-Z PETROLEUM PRODUCTS LIMITED- OI	MR. ALEX OJUKWU	FORMER DIRECTOR		5,000,000,000.00

38.4 Key Management Compensation

	Group 31 December 2022 N'million	Group 31 December 2022 N'million	Bank 31 December 2023 N'million	Bank 31 December 2022 N'million
Salaries and other short-term employee benefits (Executive directors only)	507	430	507	430
Pension cost	30	16	30	16
Post-employment benefits paid- Gratuity	-	-	-	-
Post-employment benefits paid- Retirement	-	-	-	-
Other employment benefits paid	168	139	168	139
	705	**585**	**705**	**585**

38.5 Loan and Advances to Staff members

	31 December 2023 N'million	31 December 2022 N'million
At start of the period	6	12,019
Granted during the period	441	2,950
Repayment during the period	2,616	(3,192)
At end of the period	**3,063**	**11,777**

Loans to Staff members include mortgage loans and other personal loans. The loans are repayable from various repayment monthly cycles over the tenor and have an average interest rate of 3.5%. Loans granted to staff are performing.

39 Employees

The number of persons employed by the Bank during the year was as follows:

	Bank Number 31 December 2023	Bank Number 31 December 2022
Executive directors	6	5
Management	441	453
Non-management	2,616	2,580
	3,063	**3,038**

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contribtionss and certain benefits) were:

	Number 2023	Number 2022
N300,000 - N2,000,000	17	7
N2,000,001 - N2,800,000	-	6
N2,800,001 - N3,500,000		
N3,500,001 - N6,500,000	1,044	1,654
N6,500,001 - N7,800,000	-	306
N7,800,001 - N10,000,000	660	606
N10,000,001 and above	1,342	459
	3,063	**3,038**

40 Directors' Emoluments

Remuneration paid to the Bank's executive and non-executive directors (excluding certain allowances) was:	Group **Number 31 December 2023 N'million**	Group **Number 31 December 2022 N'million**	Bank **Number 31 December 2023 N'million**	Bank **Number 31 December 2022 N'million**
Fees and sitting allowances	257	138	361	138
Executive compensation	**256**	260	**256**	260
Other directors' expenses	**427**	301	**427**	301
	940	**699**	**1,044**	**699**

Fees and other emoluments disclosed above include amounts paid to:

Chairman	40	40	40	40
Highest paid director	**110**	**110**	145	**110**

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number 2022	Number 2022	Number 2023	Number 2022
Below N1,000,000	-	-	-	-
N1,000,000 - N2,000,000	-	-	-	-
N2,000,001 - N3,000,000	-	-	-	-
N5,500,001 - and above	14	14	**14**	14
	14	**14**	**14**	**14**

41 Compliance with Banking Regulations

41.1 The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions Act, 2020 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the period ended 31 December 2023

Schedule of Regulatory Contraventions As At 31 December 2023

Nature of Contravention	Amount (N'000)
Penalty - NEMSF Infraction - CBN	26,261
Penalty - late returns - CBN	4,000
Penalty - AML/CFT/CPT - CBN	10,000
Penalty - Report Filing - NGX	2,700
	42,961

Schedule of Regulatory Contraventions As At 31 December 2022

Nature of Contravention	Amount (N'000)
Penalty - Cryptocurrecy Infraction - CBN	85,714
Penalty - late returns - CBN	5,000
Penalty - Employment Infraction - CBN	10,000

41.2 In line with circular FDR/DIR/CIR/GEN/01/20, the returns on customers' complaints for the period ended 30 June 2023 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		31 'December 2023	1 'December 202	31 'December 2023	31 'December 2022	31 'December 202	31 'December 2022
				Million	Million	Million	Million
1	Pending complaints b/f	80,550	54,909	4,866	1,542	N/A	N/A
2	Received complaints	1,668,004	1,162,541	88,606	29,778	N/A	N/A
3	Resolved complaints	1,552,716	1,136,900	70,774	26,454	287	904
4	Unresolved complaints escalated to CBN for intervention	95	24	2,116	1,748	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	195,838	80,550	22,698	4,866	N/A	N/A

41.3 Whistle Blowing Policy

The Bank complied with the CBN circular of May 2014 - FPR/DIR/GEN/01/004 code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing Policy in Nigeria for the period ended 31 December 2023.

Notes To The Financial Statements:

42 Gender Diversity

31 December 2023

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	4	29%	10	71%	14
Management staff (AGM & Above)	16	28%	42	72%	58
Total	**20**		**52**		**72**

31 December 2022

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	3	23%	10	77%	13
Management staff (AGM & Above)	12	24%	37	76%	49
Total	**15**		**47**		**62**

43 Statement of Prudential Adjustments

a Provisions under prudential guidelines are determined using the time-based provisioning specified by the revised Prudential Guidelines issued by the Central Bank of Nigeria. This is at variance with the expected credit loss (ECL) model required under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments provisions required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS when IFRS is adopted. However, Banks would be required to comply with the following:

Transfer to Regulatory Risk Reserve

The regulatory body Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Commission (NDIC) stipulates that provisions recognized in the profit or loss account shall be determined based on the requirements of IFRS (International Financial Reporting Standards). The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the retained earnings to a non-distributable regulatory reserve.

(ii) Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the retained earnings to the extent of the non-distributable regulatory reserve previously recognized.

b The non-distributable reserve is classified under Tier 1 as part of the core capital for the purpose of determining capital adequacy.

In the guidelines to IFRS implementation, the Central Bank of Nigeria (CBN) directed banks to maintain a regulatory credit risk reserve in the event that the impairment on loans determined using the CBN prudential guideline is higher than the impairment determined using IFRS principles. As a result of this directive, the Bank holds credit risk reserves of N100.3 billion as at 31 December 2023 (31 December 2022 - N62.1billion) .

	31 December 2023 N'million	31 December 2022 N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	206,155	110,782
General provision	38,690	33,606
Provision for other assets	3,613	2,846
Provision for litigations and claims	1,199	-
Provision for investments	2,936	-
Provision for off-balance sheet exposure	1,460	-
Total prudential provision (A)	**254,053**	**147,233**
IFRS provision:		
Specific impairment (see note 22)	51,273	32,478
Collective impairment	92,654	48,070
Provision for other assets (see note 29)	3,359	1,351
Provision for litigations and claims (see note 32)	1,886	883
Provision for investments (see note 24)	3,055	1,294
Provision for off-balance sheet exposure	1,548	1,013
Total IFRS provision (B)	**153,775**	**85,089**
Difference between prudential and IFRS impairment (A-B)	**100,279**	**62,144**
Movement in Non-Distributable Regulatory Risk Reserve (RRR)		
Opening balance in RRR	62,144	27,440
	-	-
Net changes in the year	38,134	34,704
Balance in RRR at the end of the year	**100,279**	**62,144**

Notes To The Financial Statements:

44 Maturity Analysis Of Assets and Liabilities

Maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Group
As at 31 December 2023

	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	**N'million**	**N'million**	**N'million**
Cash and Cash equivalents	383,702	-	383,702
Restricted balances with central bank	1,174,398	-	1,174,398
Loans and advances to customers	1,619,127	3,015,118	4,634,245
Derivative financial assets	10,723	-	10,723
Investments:		-	
- Financial assets at fair value through profit or loss	7,325	5,215	12,540
- Debt instruments at fair value through other comprehensive income	206,151	75,368	281,519
- Equity instruments at fair value through other comprehensive income	-	41,550	41,550
- Debt instruments at amortised cost	462,624	1,356,794	1,819,418
Deferred tax Assets	22,554	-	22,554
Other assets	405,545	-	405,545
Property, plant and equipment	-	47,382	47,382
Right of Use Assets	-	3,270	3,270
Goodwill	14,650	-	14,650
Intangible assets	-	5,564	5,564
TOTAL ASSETS	**4,306,799**	**4,550,261**	**8,857,060**
LIABILITIES			
Deposits from customers	1,491,495	2,717,295	4,208,791
Derivative financial liability	-		-
Current income tax payable	4,208,791	(4,181,956)	26,835
Deferred tax liabilities	22,905	-	22,905
Other liabilities	544,153	642,456	1,186,609
Provision	1,548	1,886	3,434
Debts issued and other borrowed funds	357,237	569,540	926,777
TOTAL LIABILITIES	**6,626,129**	**(250,778)**	**6,375,351**

As at 31 December 2022

	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	**N'million**	**N'million**	**N'million**
Cash and Cash equivalents	300,661	-	300,661
Restricted balances with central bank	248,556	614,535	863,091
Loans and advances to customers	941,357	2,251,440	3,192,797
Derivative financial assets	4,778	-	4,778
Investments:			-
- Financial assets at fair value through profit or loss	1,684	1,109	2,793
- Debt instruments at fair value	19,348	25,119	44,467
- Equity instruments at fair value	-	27,560	27,560
- Debt instruments at amortised cost	289,103	486,888	775,991
Other assets	100,344	7,159	107,503
Property, plant and equipment	-	42,657	42,657
Right of Use Assets	-	1,799	1,799
Intangible assets	-	4,023	4,023
TOTAL ASSETS	**1,905,831**	**3,462,289**	**5,368,120**

Notes To The Financial Statements:

LIABILITIES	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Deposits from customers	1,125,801	1,812,454	2,938,255
Derivative financial liability	1,208		1,208
Current income tax liability	8,446	-	8,446
Other liabilities	254,550	606,240	860,790
Provision	1,013	883	1,896
Debts issued and other borrowed funds	55,427	293,814	349,241
TOTAL LIABILITIES	**1,446,445**	**2,713,391**	**4,159,836**

Bank
As at 31 December 2023

ASSETS	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Cash and Cash equivalents	376,920	-	376,920
Restricted balances with central bank	-	1,174,398	1,174,398
Loans and advances to customers	1,619,127	3,015,118	4,634,245
Derivative financial assets	10,723	-	10,723
Investments:		-	-
- Financial assets at fair value through profit or loss	7,325	5,215	12,540
- Debt instruments at fair value through other comprehensive income	166,152	75,368	241,520
- Equity instruments at fair value through other comprehensive income	-	41,550	41,550
- Debt instruments at amortised cost	462,624	1,356,794	1,819,418
Deferred tax Assets	22,554	-	22,554
Other assets	403,968	-	403,968
Property, plant and equipment	-	47,329	47,329
Right of Use Assets	-	1,677	1,677
Goodwill		-	
Intangible assets	-	5,123	5,123
TOTAL ASSETS	**3,069,392**	**5,722,572**	**8,791,964**
LIABILITIES			
Deposits from customers	1,368,474	2,717,295	4,085,770
Derivative financial liability	-	-	-
Current income tax payable	4,085,770	(4,058,935)	26,835
Deferred tax liabilities	-	-	
Other liabilities	26,835	1,157,052	1,183,887
Provision	1,548	1,886	3,434
Debts issued and other borrowed funds	115,462	569,540	685,002
TOTAL LIABILITIES	**5,598,089**	**386,838**	**5,984,927**

As at 31 December 2022

ASSETS	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Cash and Cash equivalents	300,661	-	300,661
Restricted balances with central bank	248,556	614,535	863,091
Loans and advances to customers	941,357	2,251,440	3,192,797
Derivative financial assets	4,778	-	4,778
Investments:			-
- Financial assets at fair value through profit or loss	1,684	1,109	2,793
- Debt instruments at fair value	19,348	25,119	44,467
- Equity instruments at fair value	-	27,560	27,560
- Debt instruments at amortised cost	289,103	486,888	775,991
Other assets	100,344	7,159	107,503
Property, plant and equipment	-	42,657	42,657
Right of Use Assets	-	1,799	1,799
Intangible assets	-	4,023	4,023
TOTAL ASSETS	**1,905,831**	**3,462,289**	**5,368,120**

Notes To The Financial Statements:

LIABILITIES	Maturing within 12 months N'million	Maturing after 12 months N'million	Total N'million
Deposits from customers	1,125,801	1,812,454	2,938,255
Derivative financial liability	1,208		1,208
Current income tax liability	8,446	-	8,446
Other liabilities	254,550	606,240	860,790
Provision	1,013	883	1,896
Debts issued and other borrowed funds	55,427	293,814	349,241
TOTAL LIABILITIES	**1,446,445**	**2,713,391**	**4,159,836**

45 Reclassifications

During the year 2022, all electronic payment related receivables were seperated from Sundry receivables to Electronic payment receivables as a seperate line item on Note 29 - Other Assets as well as Provision for year-end bonus which was reclassified from Provision to Other Liabilities . These disaggregations were done to comply with the requirement of Financial Reporting Council of Nigeria (FRCN) and IAS 38 (Provisions, Contingent Liabilities and Contingent Assets) respectively which was adopted in the financial Statement of year ended 31 December 2023

46 Restatements

There were no significant events requiring restatements during the reporting period which could have had a material effect on the financial position of the Bank as at 31 December 2023 and on the profit or loss and other comprehensive income for the year then ended.

47 Events after reporting period

The Bank is on a strong growth trajectory and requires additional capital for increased profitability, expansion (domestic and international) and enhancement of its digital capabilities. Consequently, an Extra-Ordinary General Meeting was held on August 11, 2023 and Shareholders' approval was obtained for a capital raising exercise via a Public Offer and Rights Issue. The Bank has submitted an application to the Securities & Exchange Commission (SEC) for regulatory approval for the offer.

The Bank upon approval of Central Bank of Nigeria (CBN) announced the appointment of the Mr. Abolore Solebo as Executive Director on the 2nd of February 2024 . The appointment is in furtherance of the Bank's strategic objectives and that Mr. Abolore Solebo will make significant contributions to the growth and development of the Group.

The Board of Directors of Fidelity Bank pproved the extension of the tenure of the Managing Director / Chief Executive Office Dr. Nneka Onyeali-Ikpe to 2026

Value Added Statement
For the year ended 31 Deceber 2023

Group

	31 December 2023 N'million	%	31 December 2022 N'million	%
Interest and similar income	459,530	250	295,578	327
Interest and similar expense	(182,165)	(99)	(142,883)	(175)
`	277,366	151	152,695	153
-Brought in services	(93,280)	(51)	(50,095)	(53)
Value added	**184,086**	**100**	**102,599**	**100**
Distribution				
Employees:				
Salaries and benefits	52,619	29	29,731	29
Shareholders:				
Dividends paid during the year	20,800	11	13,033	13
Government:				
Income tax	-	-	4,679	5
Tertiary education tax	2,921	2	1,277	1
Police trust fund levy	6	0	3	-
IT levy	1,243	1	537	1
The future:				
-Asset replacement (depreciation and amortisation)	7,042	4	6,616	6
-Profit for the year (transfers to reserves)	99,454	54	46,724	46
	184,086	**100**	**102,599**	**100**

Value added represents the additional wealth the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among the employees, shareholders, government and the portion re-invested for creation of more

Value Added Statement
For the year ended 31 Deceber 2023

Bank

	31 December 2023 N'million	%	31 December 2022 N'million	%
Interest and similar income	456,919	226	295,578	327
Interest and similar expense	(182,063)	(90)	(142,883)	(175)
`	274,856	136	152,695	153
-Brought in services	(72,330)	(36)	(50,095)	(53)
Value added	**202,526**	**100**	**102,599**	**100**
Distribution				
Employees:				
Salaries and benefits	50,836	25	29,731	29
Shareholders:				
Dividends paid during the year	20,800	10	13,033	13
Government:				
Income tax	20,297	10	4,679	5
Tertiary education tax	2,921	1	1,277	1
Police trust fund levy	6	0	3	-
IT levy	1,243	1	537	1
The future:				
-Asset replacement (depreciation and amortisation)	6,890	3	6,616	6
-Profit for the year (transfers to reserves)	99,532	49	46,724	46
	202,526	**100**	**102,599**	**100**

Value added represents the additional wealth the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among the employees, shareholders, government and the portion re-invested for creation of more wealth.

Five - Year Financial Summary

Group

Statement of Financial Position as at	**31 December 2023 N'million**	**31 December 2022 N'million**	**31 December 2021 N'million**	**31 December 2020 N'million**	**31 December 2019 N'million**
Assets:					
Cash and Cash equivalents	364,177	300,345	219,253	328,493	259,915
Restricted balances with central bank	1,174,398	863,090	686,097	540,129	343,346
Loans and advances to custome`	3,092,419	2,116,212	1,658,412	1,326,106	1,126,974
Derivative assets	10,723	4,778	49,575	7,072	-
Investments:					
Financial assest at fair value through profit or loss	7,684	2,036	5,207	47,118	45,538
Debt instruments at fair value through other comprehensive income	227,750	28,696	100,009	265,980	134,846
Equity instruments at fair value through other comprehensive income	41,550	27,560	26,207	17,685	14,536
Debt instruments at amortised cost	818,803	479,592	441,452	137,804	118,569
Available for sale	-	-	-	-	-
Held to maturity	-	-	-	-	-
Deferred tax Assets	22,554	5,306	-	-	-
Other assets	403,763	112,915	49,357	44,380	28,756
Property, plant and equipment	47,382	42,657	39,440	38,446	38,392
Right of Use Assets	3,270	1,799	1,477	1,652	1,529
Goodwill	14,650				
Intangible assets	5,564	4,023	3,968	3,283	1,636
Total Assets	**6,234,688**	**3,989,009**	**3,280,454**	**2,758,148**	**2,114,037**
Financed by:					
Liabilities					
Deposits from customers	4,014,811	2,580,597	2,024,803	1,699,026	1,225,213
Derivative liabilities	-	1,208	425	1,143	-
Current income tax payable	26,835	8,445	3,523	2,307	2,339
Deferred income tax liabilities	22,905	5,629	-	-	-
Other liabilities	1,152,369	815,407	495,597	517,093	397,074
Provision	3,434	1,896	2,399	4,075	3,795
Debts issued and other borrowed funds	577,028	261,466	468,413	260,971	251,586
Retirement benefit obligations	-	-	-	-	-
Total Liabilities	**5,797,381**	**3,674,649**	**2,995,160**	**2,484,615**	**1,880,007**
Equity					
Share capital	16,000	14,481	14,481	14,481	14,481
Share premium	113,705	101,272	101,272	101,272	101,272
Retained earnings	65,508	44,883	55,241	66,700	43,642
Statutory reserve	66,270	51,352	44,343	39,006	35,008
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	100,279	62,144	27,440	6,365	13,897
Translation reserve	6,050				
Fair value reserve/ Remeasurement reserve	54,310	30,019	34,644	39,615	20,969
AGSMEIS reserve	14,422	9,445	7,109	5,330	3,997
Total Equity	**437,307**	**314,360**	**285,294**	**273,533**	**234,030**
Total Liabilities and Equity	**6,234,688**	**3,989,009**	**3,280,454**	**2,758,148**	**2,114,037**

Five - Year Financial Summary - Continued

Statement of Profit or loss and Other Comprehensive IncomeFor the period ended

	31 December 2023 N'million	31 December 2022 N'million	31 December 2021 N'million	31 December 2020 N'million	31 December 2019 N'million
Operating income					
Net interest income	277,366	152,695	94,877	104,123	83,055
Impairment charge for credit losses	(67,436)	(5,443)	(7,035)	(16,858)	5,292
Net interest income after impairment charge for credit losses	**209,929**	**147,252**	**87,842**	**87,265**	**88,347**
Commission and other operating income	109,271	27,209	33,681	30,566	33,971
Modification loss on financial asset	-	-	-	-	-
Other operating expenses	(194,939)	(120,784)	(96,308)	(89,777)	(91,965)
Profit before income tax	**124,260**	**53,677**	**25,215**	**28,054**	**30,353**
Income tax expense	(24,806)	(6,953)	(2,111)	(1,404)	(1,928)
Profit after tax	**99,454**	**46,724**	**23,104**	**26,650**	**28,425**
Other comprehensive income/Loss	30,341	(4,628)	(4,971)	18,646	14,375
Total comprehensive income for the period	**129,795**	**42,096**	**18,133**	**45,296**	**42,800**
Per share data in kobo:					
Earnings per share (basic & diluted)	**311k**	**161k**	**79k**	**92k**	**98k**
Net assets per share	**1,366k**	**1,086k**	**985k**	**944k**	**808k**

Bank

Financial Position as at	**31 December 2023 N'million**	**31 December 2022 N'million**	**31 December 2021 N'million**	**31 December 2020 N'million**	**31 December 2019 N'million**
Assets:					
Cash and Cash equivalents	376,595	300,345	219,253	328,493	259,915
Restricted balances with central bank	1,174,398	863,090	686,097	540,129	343,346
Loans and advances to custome `	2,962,397	2,116,212	1,658,412	1,326,106	1,126,974
Derivative assets	10,723	4,778	49,575	7,072	-
Investments:					
Financial assest at fair value through profit or loss	7,684	2,036	5,207	47,118	45,538
Debt instruments at fair value through other comprehensive income	187,751	28,696	100,009	265,980	134,846
Equity instruments at fair value through other comprehensive income	41,550	27,560	26,207	17,685	14,536
Investment in Subsidiary:	63,403				
Debt instruments at amortised cost	818,803	479,592	441,452	137,804	118,569
Available for sale	-	-	-	-	-
Held to maturity	-	-	-	-	-
Deferred tax Assets	22,554	5,306	-	-	-
Other assets	402,186	112,915	49,357	44,380	28,756
Property, plant and equipment	47,329	42,657	39,440	38,446	38,392
Right of Use Assets	1,677	1,799	1,477	1,652	1,529
Intangible assets	5,123	4,023	3,968	3,283	1,636
Total Assets	**6,122,174**	**3,989,009**	**3,280,453**	**2,758,148**	**2,114,037**
Financed by:					
Liabilities					
Deposits from customers	3,926,842	2,580,597	2,024,803	1,699,026	1,225,213
Derivative liabilities	-	1,208	425	1,143	-
Current income tax payable	26,835	8,445	3,523	2,307	2,339
Deferred income tax liabilities	22,905	5,629	-	-	-
Other liabilities	1,133,795	815,407	495,597	517,093	397,074
Provision	3,434	1,896	2,399	4,075	3,795
Debts issued and other borrowed funds	577,028	261,466	468,413	260,971	251,586
Retirement benefit obligations	-	-	-	-	-
Total Liabilities	**5,690,839**	**3,674,649**	**2,995,160**	**2,484,615**	**1,880,007**
Equity					
Share capital	16,000	14,481	14,481	14,481	14,481
Share premium	113,705	101,272	101,272	101,272	101,272
Retained earnings	65,573	44,883	55,241	66,700	43,642
Statutory reserve	66,282	51,352	44,343	39,006	35,008
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	100,279	62,144	27,440	6,365	13,897
Fair value reserve/ Remeasurement reserve	54,310	30,019	34,644	39,615	20,969
AGSMEIS reserve	14,422	9,445	7,109	5,330	3,997
Total Equity	**431,335**	**314,360**	**285,294**	**273,533**	**234,030**
Total Liabilities and Equity	**6,122,174**	**3,989,009**	**3,280,454**	**2,758,148**	**2,114,037**

Five - Year Financial Summary - Continued

Statement of Profit or loss and Other Comprehensive IncomeFor the period ended

	31 December 2023 N'million	31 December 2022 N'million	31 December 2021 N'million	31 December 2020 N'million	31 December 2019 N'million
Operating income					
Net interest income	274,856	152,695	94,877	104,123	83,055
Impairment charge for credit losses	(67,686)	(5,443)	(7,035)	(16,858)	5,292
Net interest income after impairment charge for credit losses	**207,170**	**147,252**	**87,842**	**87,265**	**88,347**
Commission and other operating income	108,720	27,209	33,681	30,566	33,971
Modification loss on financial asset	-	-	-	-	-
Other operating expenses	(191,551)	(120,784)	(96,308)	(89,777)	(91,965)
Profit before income tax	**124,338**	**53,677**	**25,215**	**28,054**	**30,353**
Income tax expense	(24,806)	(6,953)	(2,111)	(1,404)	(1,928)
Profit after tax	**99,532**	**46,724**	**23,104**	**26,650**	**28,425**
Other comprehensive income/Loss	24,291	(4,628)	(4,971)	18,646	14,375
Total comprehensive income for the period	**123,823**	**42,096**	**18,133**	**45,296**	**42,800**
Per share data in kobo:					
Earnings per share (basic & diluted)	**311k**	**161k**	**79k**	**92k**	**98k**
Net assets per share	**1,347k**	**1,086k**	**985k**	**944k**	**808k**

Note:

The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at the end of

Net assets per share have been computed based on the net assets and the number of issued shares at the end of the reporting year .