

GIANT STRIDES

— Annual Report 2022 —







Giant Strides

As a bank, we have made significant advancements resulting from dedicated efforts, we are inspired to aim higher and strive for excellence. This serves as a reminder that success is achievable through consistent and deliberate action, and it encourages people to pursue their dreams and passions with determination and resilience.

Content Guide

06

CORPORATE INFORMATION

- 10 Performance Highlights
- 11 Retail & Digital Banking Evolution
- 12 Notice Of 35th Annual General Meeting
- 17 Chairman's Statement
- 23 CEO's Statement

30

BOARD OF DIRECTORS

- 32 Directors' Profile
- 40 Management Staff

42

DIRECTORS' REPORT

- 54 Report Of The Statutory Audit Committee
- 56 Corporate Governance Report
- 87 Sustainability Report 2022
- 100 Corporate Social Responsibility (CSR) and Fidelity Helping Hands Programme
- 112 Compliance Report
- 121 Internal Control Systems
- 126 Report Of The Independent Consultant On The Appraisal Of The Board Of Directors Of Fidelity Bank
- 127 Statement Of Corporate Responsibility For The Financial Statements
- 128 Statement Of Directors' Responsibilities In Relation To The Preparation Of The Financial Statements
- 130 Independent Auditor's Report To The Members Of Fidelity Bank Plc

137

FINANCIAL STATEMENTS

- 138 Statement Of Profit Or Loss & Other Comprehensive Income
- 139 Statement Of Financial Position
- 140 Statement Of Changes In Equity
- 141 Statement Of Cash flows
- 142 Notes To The Financial Statements
- 280 Value Added Statement

295

COMMUNICATIONS POLICY

- 299 Proxy Form
- 301 Admission Card
- 303 Shareholder's Data Update Form
- 305 Mandate For E-Dividend Payment
- 307 Unclaimed/Stale Dividend Warrant
- 309 Form for E-Bonus Shares









281

FIVE YEAR FINANCIAL SUMMARY

- 282 Statement Of Profit Or Loss And Other Comprehensive Income
- 286 Stakeholders Engagement
- 288 Share Capital History
- 289 Unclaimed Dividend Report
- 290 Recommendations And Explanatory Notes Relating To The Business To Be Conducted At The 35th Annual General Meeting On May 23, 2023

Corporate Information

Head Office

-  **Fidelity Place**, 2 Kofo Abayomi Street
Victoria Island, Lagos, Nigeria
-  Tel + 234-1-4485252, 2700530-3
-  E-mail: info@fidelitybank.ng
-  www.fidelitybank.ng
-  facebook.com/fidelitybankplc
-  twitter.com/fidelitybankplc
-  instagram.com/fidelitybankplc
-  [fidelity bank plc](https://www.linkedin.com/company/fidelity-bank-plc)

Auditors

Deloitte & Touche

Plot GA1, Ozumba Mbadiwe Road, Victoria Island, Lagos

Correspondent Banks Include:

ABSA Bank, Johannesburg, South Africa
Africa Export Import Bank Cairo, Egypt
Citibank N.A., London & New York
Deutsche Bank
FBN Bank UK
Standard Chartered Bank UK



Our Vision

To be number one in every market we serve and for every branded product we offer.



About Us

Fidelity Bank Plc is a full-fledged commercial bank with over 7.5 million customers who are serviced across its 250 business offices and various digital banking channels.

Focused on select niche Corporate Banking business segments as well as Micro, Small and Medium Enterprises (MSMEs), Fidelity Bank is rapidly implementing a digital based Retail Banking Strategy which has resulted in increased customer base and double-digit growth in Savings Deposits for 9 consecutive years.

The bank was recently recognized as the Best Private Bank in Nigeria and Best Private Bank Digital Solutions for Clients in Africa by the Global Finance World's Best Private Bank; Best SME Bank Nigeria 2022 by Global Banking & Finance Awards; and Best Private Bank in Nigeria by the Financial Times and The Bankers Magazine Award. The bank also received the Platinum and Service Ambassadors Awards by the Development Bank of Nigeria (DBN).

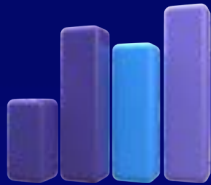




Our Mission

To make financial services
easy and accessible to
our customers.

+ Performance Highlights



Revenue and Efficiency Ratio

- Gross earnings up by 34.4% to N337.1 billion in 2022FY (2021FY: N250.8 billion)
- Cost to Income Ratio came down to 67.1% in 2022FY from 74.9% in 2021FY
- PBT up by 112.9% to N53.7 billion in 2022FY (PAT came in at N46.7 billion)



Asset Quality

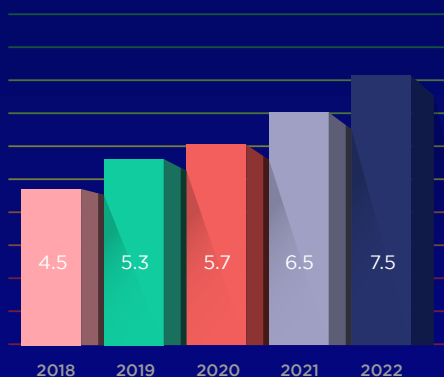
- Cost of Risk was down to 0.3% in 2022FY from 0.5% in 2021FY
- NPL Ratio remained unchanged at 2.9% in 2022FY compared to 2021FY
- Coverage Ratio was down to 124.6% in 2022FY from 147.7% in 2021FY



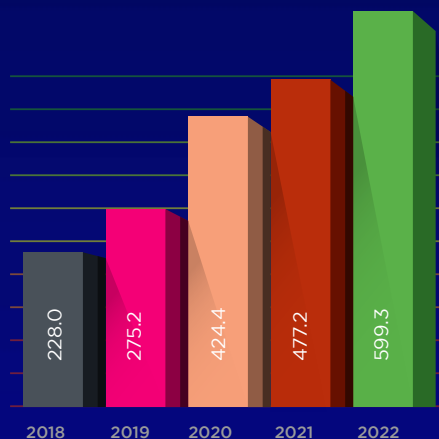
Capital Adequacy and Liquidity

- Capital Adequacy Ratio of 18.1%, based on Basel II computation
- Liquidity Ratio of 39.6% compared to regulatory minimum of 30.0%
- Total Equity at N314.4 billion compared to N285.3 billion in 2021FY

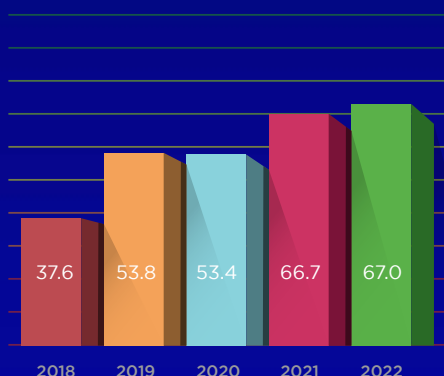
Retail & Digital Banking Evolution



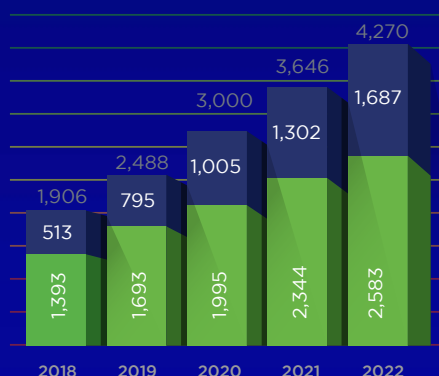
Number of Customer Accounts (#million)



Savings Deposit (N'billion)

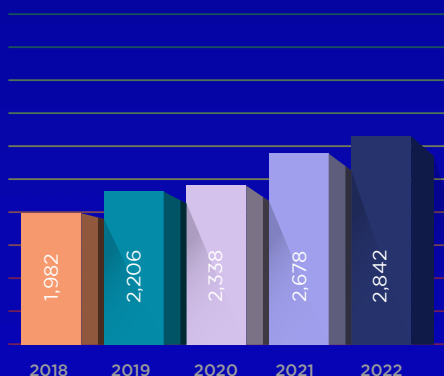


Retail Risk Assets (N'Billion)

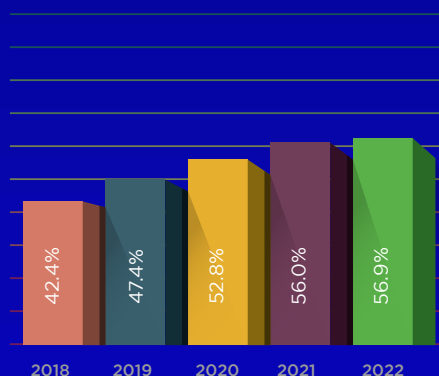


Mobile/Internet Banking Cust. (#'000)

Mobile Banking Internet Banking



Number of Debit Card Holders (#'000)



Electronic Banking Penetration (%)





Notice of 35th Annual General Meeting

Notice is Hereby Given that the 35th Annual General Meeting of members of Fidelity Bank Plc will hold virtually via <https://www.fidelitybank.ng/agm/> at **10.00a.m.** on **Tuesday, May 23, 2023** to transact the following business:

Ordinary Business

1. To lay before the members, the Audited Financial Statements for the year ended December 31, 2022 and the Reports of the Directors, External Auditors and Audit Committee thereon.
2. To declare a final Dividend.
3. To elect the following Director who was appointed since the last Annual General Meeting:
 - (i) Mrs. Pamela Shodipo, Executive Director.
4. To re-elect the following Directors retiring by rotation:
 - (i) Mrs. Amaka Onwughalu, Non-Executive Director.
 - (ii) Chief Nelson C. Nweke, Non-Executive Director.
5. To authorize the Directors to fix the remuneration of the External Auditors for 2023.
6. To disclose the remuneration of the managers of the Company.
7. To elect Members of the Statutory Audit Committee.

Dated the 28th day of April, 2023

By Order Of The Board

Ezinwa Unuigboje

Company Secretary
FRC/2014/NBA/00000008909
No. 2 Kofo Abayomi Street,
Victoria Island, Lagos State.



Notes

(A) Proxy

Any member entitled to attend and vote at the 35th Annual General Meeting (AGM) is also entitled to appoint a Proxy to attend and vote in his/her/its stead. A Proxy need not be a member of the Company. A blank proxy form is attached to the Annual Report and can be downloaded from the Bank's website at **www.fidelitybank.ng**

To be valid, completed proxy forms should be deposited at the office of the Registrar, First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos or emailed to **info@firstregistrarsnigeria.com** not later than 48 hours before the time fixed for the meeting. Payment of stamp duties on the proxy forms shall be at the Bank's expense.

(B) Virtual Meeting Link

Pursuant to the provisions of the Business Facilitation (Miscellaneous Provisions) Act, 2022, which allows public companies to hold general meetings electronically, the 35th Annual General Meeting will be held virtually.

The link for the meeting is **https://www.fidelitybank.ng/agm/** and can be accessed through the Bank's website www.fidelitybank.ng and social media platforms. The meeting will also be live-streamed online on the Bank's website.

(C) Dividend

The Directors declared and paid an interim dividend of 10 Kobo per Ordinary Share of 50Kobo each on 28,962,585,692 shares amounting to N2,896,258,569.2 for the half-year period ended June 30, 2022. Withholding Tax was deducted at the time of payment.

If the proposed final dividend of N0.40 only per Ordinary Share of 50 Kobo each (bringing the total dividend for the financial year ended December 31, 2022 to N15,696,258,569.20) is approved, the final dividend will be paid on **May 23, 2023** to Shareholders whose names appear in the Register of Members at the close of business on **May 12, 2023**. The proposed final dividend is subject to withholding tax at the applicable tax rate.

Shareholders who have completed the e-Dividend mandate will receive direct credit of the dividend to their bank accounts on May 23, 2023 net of withholding tax.

(D) Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed from **May 15, 2023** to **May 18, 2023** (both days inclusive) to enable the Registrars prepare for dividend payment.

✦ Notice Of Annual General Meeting

(E) Statutory Audit Committee

In accordance with Section 404(6) of the Companies and Allied Matters Act, 2020, a Shareholder may nominate another Shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting. Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. In addition, the Code of Corporate Governance issued by the Financial Reporting Council of Nigeria provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements. Consequently, a detailed curriculum vitae affirming the nominee's qualifications should be submitted with each nomination to the Statutory Audit Committee.

(F) Unclaimed Dividend Warrants and Share Certificates

Some share certificates were returned to the Registrars as unclaimed, while some dividend warrants are yet to be presented for payment or returned for revalidation. Affected Shareholders are advised to contact the Registrar, First Registrars & Investor Services Limited www.firstregistrarsnigeria.com

(G) E-Dividend

Notice is hereby given to all Shareholders who are yet to mandate their dividends to their bank accounts to kindly update their records by completing the e-dividend mandate form and submitting same to the Registrars, as dividends will be credited electronically to Shareholders' accounts as directed by the Securities and Exchange Commission.

Detachable application forms for e-dividend mandate, change of address and unclaimed certificates are attached to the Annual Report for the convenience of all shareholders. The forms can also be downloaded from the Company's website at www.fidelitybank.ng or from the Registrar's website at www.firstregistrarsnigeria.com

The completed forms should be returned to First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos, or to the nearest branch of Fidelity Bank Plc.

(H) Election and Re-Election of Directors:

(i). Election of Directors:

Mrs. Pamela Shodipo was appointed as an Executive Director on November 22, 2022, and her appointment was approved by the Central Bank of Nigeria with effect from February 3, 2023.

(ii). Re-election of Directors

In accordance with the provisions of Article 95(1)(a) of the Articles of Association of the Company, the Non-Executive Directors to retire by rotation at the 35th Annual General Meeting are **Mrs. Amaka Onwughalu** and **Chief Nelson C. Nweke**. The retiring Directors, being eligible, have offered themselves for re-election.

The profile of all the Directors including the Directors for election/re-election is in the Annual Report and on the Company's website www.fidelitybank.ng

(I) Right of Securities Holders to Ask Questions

Securities holders have the right to ask questions at the Annual General Meeting and may also submit written questions to the Company prior to the meeting. Such questions should be sent by electronic mail to **info.investor@fidelitybank.ng** or addressed to the Company Secretary and delivered to The Company Secretariat, Fidelity Bank Plc, Block B, No. 2, Kofo Abayomi Street, Victoria Island, Lagos on or before **May 12, 2023**.

(J) E-Annual Report

The electronic version of this notice as well as the annual report (e-annual report) for 2022 financial year can be downloaded from the Company's website **www.fidelitybank.ng**. The e-annual report will be emailed to all Shareholders who have provided their email addresses to the Registrars. Shareholders who wish to receive the e-annual report are kindly requested to send an email to **info.investor@fidelitybank.ng** or **info@firstregistrarsnigeria.com**.

(K) Website

A copy of this Notice and other information relating to the meeting can be found at **www.fidelitybank.ng**.





Chairman's Statement





Mustafa Chike-Obi

Chairman, *Fidelity Bank Plc.*



Chairman's Statement

A brief overview of the financial year

My fellow shareholders, I am delighted to welcome you to the 35th Annual General Meeting of our great institution. 2022 was a remarkable year for all of us at Fidelity Bank; we are beginning to see the result of countless hours of planning and uncompromising commitment to the disciplined execution of our strategy.

During the review period, we grew by double digits along all the major indicators.

- Customer deposits increased by 27.4% from N2.0 trillion in 2021FY to N2.6 trillion in the current period.
- Net Loans and Advances rose by 27.6% from N1.7 trillion in 2021FY to N2.1 trillion in 2022 FY.
- Total Assets grew by 21.6% from N3.3 trillion in 2021 FY to N4.0 trillion in the current period.

When we set the audacious target of attaining Tier 1 status a few years ago, we did not expect a smooth ride due to the endemic challenges in our operating environment. However, we were able to weather the storm because our business is built on a foundation of good corporate governance, effective risk management and shareholders' value enhancement.

Today, citing the works of several reputable financial analysts, I am proud to announce that we have achieved our objective. We gained significant market share in different performance matrices including Deposits, Loans, and Assets size. We also attained the highest credit rating in the Nigerian banking industry. The highlight of the financial year was the liquidation of our \$400million Eurobond when it fell due in October 2022, despite the FX scarcity in the Nigerian economy.

Domestic Economic Review

During the 2022 fiscal year, the monetary authorities prioritized inflation control over

economic growth by pursuing a restrictive economic policy.

The Monetary Policy Rate was increased by 500 basis points from 11.5% in January 2022 to 16.50% in November of the same year while the Cash Reserve Ratio was moved to 32.5% (from 27.5%). The CBN also raised the interest rate on savings deposits to 30% of the MPR (from 10%) and cancelled the forbearance on all Central Bank-funded intervention facilities.

This policy action mopped up liquidity in the system and impeded the ability of Deposit Money Banks (DMBs) to create new facilities. As a result, interest rates on both sides of the Balance Sheet increased, while the Nigeria Interbank Offered Rate (NIBOR) closed at 14.88% in December 2022, an increase of 362 basis points when compared to the closing figure in December 2021. However, despite the regulatory action, the domestic inflation rate increased from 15.63% in January 2022 to 21.34% in December of the same year. Inflation in Nigeria is cost-pushed. Increase in the price of goods and services was due to supply chain disruptions (including the Russia/Ukraine war), high foreign exchange rate and security related challenges. Cost-push inflation can only be subdued by a combination of favourable monetary, fiscal, and supply-side policies.

The demand for the US Dollar by foreign investors exiting the local market, low accretion to Reserves due to large scale crude oil theft and the import-dependent nature of the economy, forced the CBN to draw on the nation's external reserves in a bid to keep the exchange rate stable. This regulatory action led to the fall in Reserves from \$40.5billion in December 2021 to \$37.09billion in December 2022. According to data released by the National Bureau of Statistics, the nation's real GDP grew by 3.1% in 2022 compared to 3.4% in 2021, a decrease of 0.3%.

The sectors driving GDP growth are - Agriculture, Information & Communication, Trade and Education.

Outlook for the 2023 Fiscal year

Our prognosis for the Nigerian economy is positive. In the past few weeks, the Government has taken a few pragmatic steps. The decision to place Electricity and Railway on the Concurrent Legislative List will drive infrastructure development at the State and Local Government levels while full implementation of the Petroleum Industry Act will accelerate investments in the Oil and Gas sectors. Nevertheless, a lot will depend on how the incoming administration handles the following critical issues:

- Monetary/Fiscal policy direction and the choice of economic management teams.
- Fiscal discipline (Reducing the budget deficit and burden of debt repayment).
- Ending the problems of insecurity.
- Removal of fuel subsidy.
- Curtailing crude oil theft.
- Exchange rate harmonization strategy and consequently the ability of businesses to source FX.
- Interest rate management strategy.

If reforms are implemented in key sectors, we expect the economy to grow at a faster rate than the 3.2% forecasted by the International Monetary Fund.

Changes to the board

The following changes occurred on the Board after the last Annual General Meeting:

- (a) Pst. Kings Akuma, Non-Executive Director, completed his tenure in accordance with the Bank's policy and retired from the Board on November 24, 2022.

The Board uses this medium to express appreciation to Pst. Kings Akuma for his contributions to the growth and development of the Bank during his tenure on the Board.

- (b) Mrs. Pamela Shodipo joined the Board on February 3, 2023 as Executive Director with responsibility for our business in the South Directorate.

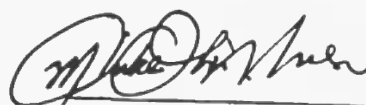
Pamela comes with over 25 years of multifunctional and cross-border banking experience at leading financial institutions covering general management and business origination in diverse segments including corporate, commercial, consumer, retail and public sector. Her appointment has been approved by the Central Bank of Nigeria.

Looking forward

Our growth aspirations are powered by Innovation and Digitisation so we will use technology to enrich the quality-of-service delivery and improve customer experience within our network. To capture the complete value chain of our customers, we will increase the scope and reach of our business by expanding locally and internationally. We will raise additional capital and pursue a more flexible company structure to allow us to maximise opportunities in the financial sector. Our employees are our greatest assets so we will pay close attention to employee welfare. Our HR policies will continue to focus on attracting and retaining the best talents in this industry.

Closing Remarks

On behalf of the Board, Management and Staff of Fidelity Bank, I thank all our esteemed shareholders and stakeholders for the loyalty and support we have enjoyed over the years. We are very pleased with our current performance trajectory. In the coming months, we will drive our growth strategy and optimize performance in all areas of our business.



Mustafa Chike-Obi

Chairman, Fidelity Bank Plc.

For Your Next Level, We're Here For You



Your best is yet to come, but for every big win your business will need along the way, we'd always be there for you.

Visit fidelitybank.ng to discover more

Call 0700 3433 5489
true.serve@fidelitybank.ng



Fidelity Bank Plc
RC 103022

FOLLOW US:     

www.fidelitybank.ng

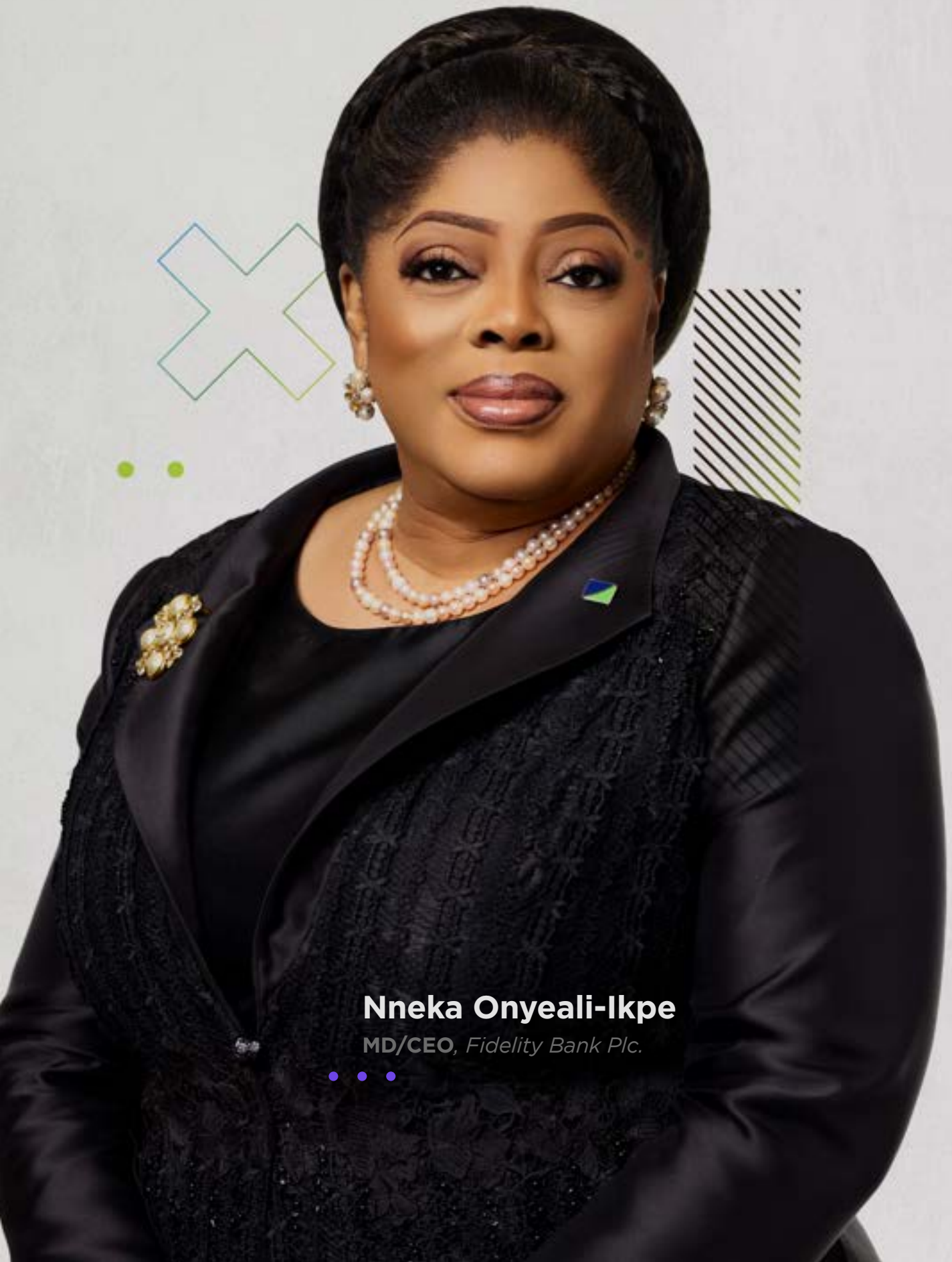
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CEO's Statement





Nneka Onyeali-Ikpe

MD/CEO, *Fidelity Bank Plc.*

CEO's Statement

Discussion on business operations and performance

Distinguished shareholders, members of the Board, ladies, and gentlemen.

The 2022 financial numbers represent a significant milestone in the history of our institution; for the first time in 35 years of operation, we crossed the N50 billion mark in Pre-Tax Profit. We are pleased by the market's reaction to our performance trajectory. In the period under review, our share price increased by 70.6%. We outperformed the Nigerian Exchange Group (NGX) Banking Index and the All-Share Index which appreciated by 2.8% and 20.0% respectively.

The market appreciation is reflected in the awards and recognitions we received during the year.

- Best SME Bank in Nigeria 2022 - Global Banking & Finance Awards.
- Best Private Bank in Nigeria - The Financial Times and The Bankers Magazine
- Platinum and Service Ambassadors Awards - The Development Bank of Nigeria (DBN).

Key Strategic Actions in 2022

i. Geographical Expansion Drive

The diversification of our earnings base beyond the shores of Nigeria and the need to build a more sustaining service ecosystem have been on the front burner of our strategic intent. We understand the risk could be daunting which is the reason we have remained cautious over the years while waiting for the right opportunity.

I am happy to say we have executed a binding agreement for the acquisition of 100.0% equity stake in Union Bank UK Plc in line with our strategic objectives and business expansion drive. Union Bank UK is a strong brand and has been in operations since 1983.

The target offers a compelling synergy we hope to build on, to create a scalable and more sustaining service franchise that will support the wider ecosystem of our trade business and diaspora banking services.

Our short to medium term strategy is to set up subsidiaries in five African countries.

ii. Building a robust Non-Oil Exports Franchise

We further deepened our non-oil exports and agribusiness financing with the creation of over N71 billion in new loans and ramped up export trade transaction volumes and foreign exchange receipts. A significant share of the new loans went into the financing of value-added processing facilities and working capital for raw material feedstock.

Our strong commitment to the development of the export market in Nigeria remains one of the differentiating value additions our customers enjoy, and competitors are yet to replicate. In November 2022, that value was further enhanced with the successful launch of the Fidelity International Trade & Creative Connect (FITCC) in London. The event had over 100 exhibitors from various sectors in Nigeria who were matched / connected to UK retailers and buyers. The platform also provided guidance on topical issues around product standards and quality, regulations, and ESG / Sustainability.

Fidelity International Trade & Creative Connect (FITCC) is a global platform that facilitates the connection of Nigerian exporters to buyers overseas. It ultimately seeks to drive the integration of Nigerian businesses to global supply-chain networks via partnerships and Foreign Direct Investments. It also facilitates the promotion of Nigeria's creative content and exchange.

Subsequent editions of FITCC will run annually in different countries that meet the commercial and strategic aspirations of our export business play and Nigeria's international trade footprints.

iii. Supporting Small and Medium Enterprises (SME)

In keeping with our commitment to support SMEs, we revamped our SME quick loan products. Specifically, we increased the accessible value of our Commercial Support Overdraft (CSO) and Commercial Support Short Term Loan (CSSTL).

We made low interest loans available to qualifying SMEs by participating in various on-lending schemes offered by developmental agencies in the country.

In addition, we established an SME advisory centre in Gbagada, Lagos. The hub has the capacity to accommodate 200 MSMEs daily and serves as a resource centre for business management and capacity building.

iv. Agency/Digital Banking Drive

In the last 12 months, we optimised our digital banking platforms to improve performance and enhance efficiency. The successful deployment of the bank's Area Konnect Agency Banking project that has seen us grow to over 21,000 banking agents in the year reaching a transaction count of about 2.8 million with a value of over N44 billion.

We extended our reach through strategic partnerships and expansion of our service channels. Currently, our Agency banking channels are also used to process revenue collections for Government at all levels.

Our 2022 Financial Performance

We closed the financial year with double-digit growth across key income and balance-sheet lines.

- Total earnings increased by 34.4% from N250.8 billion in the previous financial year to N337.1 billion in the period under review.
- Profit before tax increased by 112.9% from N25.2 billion in 2021 to N53.7 billion

in the period under review while Profit after tax grew by 102.2% to close at N46.7 billion.

- Net Interest Margin came in at 6.3% from 4.7% in 2021. The high interest environment impacted both the yield on earning assets and average funding cost. However, we were able to boost asset yields above funding costs by mobilizing low-cost deposits to 83.6% of total deposits in 2022 from 74.5% in previous year. In absolute terms, total interest income increased by N92.0 billion while total interest expense increased by N34.2 billion, leading to a N57.8 billion increase in net interest income.
- Total customer deposits increased by 27.4% from N2.0 trillion in 2021 to N2.6 trillion. The increase was driven by 43.1% growth in low-cost deposits (Demand | Savings | Domiciliary), which resulted in improved margins. With renewed focus on low-cost deposits, our retail banking business delivered impressive growth in savings deposits which grew by 25.6% from N477.2 billion to N599.3 billion. Savings deposits was responsible for 22.0% of the absolute growth in customer deposits and constitutes 23.2% of total deposits.
- Local currency deposits increased by 15.1% to N1.9 trillion while foreign currency deposits increased by 63.4% to \$1.5bn and now accounts for 27.5% of total deposits from 19.7% in 2021FY.
- Net loans and advances increased by 27.6% to N2.1 trillion from N1.7 trillion in 2021. Intervention fund facilities and the impact of the foreign exchange rate were responsible for 33.5% of the growth in our loan book. Cost of Risk came in at 0.3% and the Non-Performing Loans (NPL) ratio remained stable at 2.9%. Other regulatory ratios stood above the minimum requirement with Capital Adequacy Ratio (CAR) at 18.1% while Liquidity Ratio came in at 39.6% - above the regulatory threshold of 30.0%.

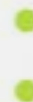
Appreciation

On behalf of the Board of Directors of Fidelity Bank Plc, I want to thank you, our valued shareholders for your trust and support.

My special gratitude goes to our customers for their patronage and loyalty, and to our staff, our greatest assets, for continuously helping us bring our vision to life.



Nneka Onyeali-Ikpe
Managing Director/CEO,
Fidelity Bank Plc.



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Directors' Profiles/ Reports





Standing (from left to right)

Kevin Ugwuoke, Henry Obih, Pamela Shodipo, Nelson Nweke, Nneka Onyeali-Ikpe, Mustafa Chike-Obi, Chinedu Okeke, Chidi Agbapu, Hassan Imam



Sitting (from left to right) _____

Stanley Amuchie, Amaka Onwughalu, Isa Mohammed Inuwa, Ronke Bammeke, Ken Opara, Ezinwa Unuigboje (*Company Secretary*)

✦ Directors' Profiles



Mustafa Chike-Obi
Chairman

Mustafa Chike-Obi is the Chairman of the Board of Directors of Fidelity Bank Plc. He is also President of the Bank Directors Association of Nigeria (BDAN). Until recently, he was Executive Vice Chairman at Alpha African Advisory, where he provided overall leadership and had direct oversight of the capital raising division. He has over 42 years experience in investment banking and the financial services sector, working with reputable global investment banking and asset management firms.

Prior to joining Alpha African Advisory, he was the inaugural Chief Executive Officer of Asset Management Corporation of Nigeria (AMCON), a Federal Government backed institution, established to resolve the problem of non-performing loan assets of Nigerian banks after the 2008 global financial crisis.

He started his Nigerian Banking career with Chase Merchant Bank from 1980 - 1982 as Head of Treasury Department and was Founding President at Madison Advisors, a financial services advisory and consulting firm at New Jersey, specializing in hedge funds and private equity investment advice.

He also served as Managing Director, Fixed Income at Shoreline Group and held senior positions at Goldman Sachs, Bear Stearns and Guggenheim Partners in the United States amongst others, where he acquired a broad knowledge base in capital market operations in mature and emerging markets, including development and marketing of fixed income securities products to institutional investors. His vast experience includes serving as Chairman of the Public Securities Association Trading Practice Committee of the National Association of Securities Dealers, overseeing mortgage-backed securities.

He is Chairman of Anambra State Investment Promotion and Protection Agency (ANSIPPA). He was educated at the University of Lagos and Stanford University School of Business where he obtained a Bachelor's degree in Mathematics (First Class Honours) and Master's in Business Administration (MBA) respectively. He joined the Board of Fidelity Bank Plc in August 2020.



Nneka Onyeali-Ikpe
Managing Director/CEO

Mrs. Nneka Onyeali-Ikpe assumed office as Managing Director/CEO of Fidelity Bank on January 1, 2021.

She was formerly Executive Director, Lagos and South-West, overseeing the Bank's business in the seven States that make up the South-West Directorate of the Bank. She led the transformation of the Directorate to profitability and sustained its impressive year-on-year growth, across key performance metrics, including contributing over 28% of the Bank's PBT, Deposits and Loans prior to her appointment as MD/CEO.

She has over 31 years of experience across various banks including Standard Chartered Bank Plc, Zenith Bank Plc and Citizens International Bank Limited, where she held management and leadership positions in Legal, Treasury, Investment Banking, Retail/Commercial Banking and Corporate Banking, in addition to serving as an Executive Director on the Board of Enterprise Bank Plc.

Nneka has been involved in the structuring of complex transactions in various sectors including Oil & Gas; Manufacturing, Aviation, Real Estate and Export. As an Executive Director at Enterprise Bank Plc, she received formal commendation from the Asset Management Corporation of Nigeria (AMCON) as a member of the management team that successfully turned around Enterprise Bank Plc.

Nneka holds Bachelor of Laws (LLB) and Master of Laws (LLM) degrees from the University of Nigeria, Nsukka and Kings College, London, respectively. She has attended executive training programs at Harvard Business School, The Wharton School University of Pennsylvania, INSEAD School of Business, Chicago Booth School of Business, London Business School and IMD amongst others.

She is currently undergoing a Diploma programme in Organizational Leadership at Said Business School, Oxford University, UK. She is an Honorary Senior Member (HCIB) of The Chartered Institute of Bankers of Nigeria



Hassan Imam
Executive Director

Hassan Imam was appointed Executive Director, North Directorate of Fidelity Bank in January 2020. He previously served as General Manager, Regional Bank Head - Abuja and he is currently responsible for the Commercial, SME, Consumer and Public Sector businesses of Fidelity Bank in the Northern Region of Nigeria comprising 19 States and Abuja.

He joined the former FSB International Bank Plc in April 1998 before its merger with Fidelity Bank in 2005 and served the Bank in various leadership capacities, before his appointment to the Board.

Hassan holds a Bachelor's Degree in Economics from Usman Dan Fodio University, Sokoto. He also holds two Master of Science degrees in Treasury Management and Banking and Finance, from Bayero University Kano, and a Masters in Business Administration from the Business School Netherland. He is an alumni of the Lagos Business School, Pan Atlantic University, Senior Management Program (SMP 31, 2007).

He has attended executive training and banking-specific programs in leading educational institutions including Wharton, I.E.S.E, SAID and Harvard Business Schools.

He has over 25 years of experience across various areas of banking including, Treasury, Consumer Banking, Credit, Risk Management and Corporate Banking. Hassan is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He is also an Associate Member, Chartered Public Accountants.



Kevin Ugwuoke
Executive Director

Kevin Ugwuoke joined Fidelity Bank in 2015 as General Manager, Chief Risk Officer.

He was appointed to the Board in July 2020 and is the Executive Director Risk Management/Chief Risk Officer of the Bank. He is currently responsible for Enterprise Risk Management including Credit Risk Management, Credit Strategy and Policy, Risk Measurement, IT Risk Management, Market Risk Management and Operational Risk Management.

He has over 31 years of banking experience across various banks namely Citi Bank, Access Bank Plc, United Bank for Africa Plc and Mainstreet Bank Limited, where he worked in various capacities in Banking Operations, Commercial Banking, Corporate Banking and Risk Management. Over the period, he was also Chief Risk Officer of United Bank for Africa Plc and Mainstreet Bank Limited.

Kevin holds a Bachelor's degree (First Class) in Civil Engineering from the University of Nigeria, Nsukka. He also holds a Post Graduate Diploma in Management and Master of Business Administration from Edinburgh Business School of Herriot-Watt University, Edinburgh, Scotland. He has attended several executive trainings at world-class institutions, including Wharton, Harvard Business School and Oxford Said Business School..

He is a Senior Honorary Member of the Chartered Institute of Bankers of Nigeria and the First Vice President of the Chartered Risk Management Institute of Nigeria.



✦ Directors' Profiles



Ken Opara
Executive Director

Dr. Ken Opara joined the Board on January 1, 2021 as Executive Director Lagos & South West Directorate. Prior to his appointment, Dr. Opara served as General Manager/Regional Bank Head, Ikeja Region. He has over 30 years' experience in banking and worked at various financial institutions including legacy Omega Bank Plc, Equatorial Trust Bank Plc and Manny Bank Plc, before joining Fidelity Bank Plc in 2006, following its merger with Manny Bank Plc.

He has core-banking experience in diverse areas of banking including Credit, Treasury, Retail, Consumer and Commercial Banking, International Operations and Corporate Banking and has held senior management positions in the industry including Divisional Head, Managed SMEs, Multilateral Agencies & Trade Missions; Division Head, SMEs, Electronic & Consumer Banking; Head, Private & Consumer Banking, Head, Affinity Banking & Corporate Consumer Banking; and Head Consumer & Commercial Banking.

Dr. Opara has attended executive management programs at Harvard Business School, Kellogg School of Management, Wharton, INSEAD and Lagos Business School amongst others. He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and an active member of the Institute's Governing Council, where he currently serves as the President having previously served as 1st Vice President, 2nd Vice President and National Treasurer.

He holds a Bachelor of Science (B.Sc.) degree in Finance and Master of Business Administration (MBA) from the University of Nigeria, Nsukka and a Ph.D. in Credit Management from International University of Panama.



Stanley Amuchie
Executive Director

Stanley Amuchie is the Executive Director/Chief Operations and Information Officer. He joined the Board of Fidelity Bank with impressive multi-functional work experience spanning banking, audit, risk management, corporate governance, quality control, operations and information technology, strategy, financial control, business and financial advisory, accounting, general management, business development and consulting, with over 23 years of experience in the banking and financial services industry.

Stanley commenced his professional career in September 1995 at Arthur Andersen (now KPMG Professional Services) where he served until February 2000, when he joined Zenith Bank Plc. He enjoyed a sterling career spanning over 18 years at Zenith Bank Plc which culminated in his appointment as Group Chief Financial Officer in July 2015 and Group Zonal Head in June 2018, a position he held until his exit in October 2018. While at Zenith Bank, Stanley also served as a Non-Executive Director on the Boards of Zenith Trustees Limited, Zenith Bureau De Change Limited and Zenith Nominees Limited and was Chairman of the Board of Directors of Zenith Securities Limited.

Between April 2019 and February 2021, Stanley was Chief Technical Consultant at Mint Financial Technologies Limited (now Mintyn Bank, a digital bank). He was appointed as a Technical Consultant to Fidelity Bank Plc in March 2021, a position he held until his appointment to the Board as an Executive Director.

Stanley holds a Bachelor of Science Degree (First Class Honours) in Industrial Chemistry from the University of Benin, where he graduated as the Best Student in Industrial Chemistry. He obtained a Master of Science Degree in Corporate Governance from Leeds Metropolitan University (now Leeds Beckett University) United Kingdom in 2014. He has attended several leadership and executive development programmes at world-class business schools including INSEAD France, Harvard Business School and Lagos Business School. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN). He joined the Board of Fidelity Bank in January 2022.



Pamela Shodipo
Executive Director

Pamela is the Executive Director, South Directorate. She joined the Board of Fidelity Bank Plc with over 25 years multifunctional and cross-border banking experience at leading financial institutions covering general management and business origination in diverse segments including corporate, commercial, consumer, retail and public sector. She commenced her professional career at International Standard Insurance Limited in January 1991, from where she joined United Commercial Bank Limited (UCBL) in 1992 as a Customer Service Officer. In April 1997, Pamela joined Zenith Bank Plc where she worked until September 2007, rising to the position of Assistant General Manager, before joining United Bank for Africa Plc (UBA) as Regional Director in October 2007.

Pamela enjoyed an illustrious career at UBA and headed various Regional Banks. She was elevated to the position of General Manager in 2017 and had direct supervisory responsibility for up to 28 Branch Managers from 2017 to 2020. Between October 2020 and November 2021, she was Directorate Head, Lagos 3/Public Sector, before her appointment as Managing Director/Chief Executive Officer of UBA Benin Republic, where she served from December 2021 to November 2022. Pamela was Head of Personal Banking for the UBA Group overseeing Nigeria and Africa until her appointment to the Board of Fidelity Bank Plc.

Pamela holds a Bachelor of Science degree in Psychology from the University of Lagos (1990) and Master's in Business Administration from University of Wales College of Cardiff, United Kingdom (1995).

She has attended business, leadership and executive development programmes at world-class institutions including Lagos Business School, Harvard Business School and University of Oxford, United Kingdom. She is an alumna of Lagos Business School Senior Management Programme (SMP22) and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN). She joined the Board of Fidelity Bank in February 2023.



Chidi Agbapu
Non-Executive Director

Mr. Chidi Agbapu holds a B.Sc. in Economics from the University of Nigeria, Nsukka and a Masters in Banking and Finance from the University of Lagos. He is an alumnus of the Lagos Business School (Advanced Management Program, AMP 14, 2000).

He is a fellow of the Chartered Institute of Stockbrokers and has extensive experience in capital market operations spanning over thirty years. He served as Chief Dealer/Analyst in various capital market firms including Equator Finance & Securities Limited and Prominent Securities Limited.

He is currently the Co-CEO/Managing Director of Planet Capital Limited, product of a merger between Strategy & Arbitrage Limited and Emerging Capital Limited, being members of Nigerian Exchange Group. Agbapu was a Founding Partner/Managing Director of Emerging Capital Limited from 2004 to 2010.

Mr. Agbapu currently serves on the Boards of various companies including NGX Group Plc (the holding company of the Nigerian Exchange Group), and MTI Limited, Accra, Ghana. He also served as a Non-Executive Director of Bendel Feeds and Flour Mills Plc and Central Securities Clearing System (CSCS) Limited for seven (7) years.

He has attended various courses on Governance, Leadership and Strategy at Wharton School of Pennsylvania and Stock Exchanges of Thailand, New York and Kuwait. Until his appointment as a Non-Executive Director of the Bank, Chidi Agbapu was Chairman of the Statutory Audit Committee of Fidelity Bank Plc. He joined the Board in September 2018.





Isa Mohammed Inuwa
Independent Non-Executive Director

Alhaji Isa Inuwa has multi-industry work experience spanning over 35 years in the banking and oil and gas industries, with a significant portion of time spent in executive and strategic roles covering management, finance, strategy, corporate services, compliance, audit and Information Technology.

He statutorily retired in June 2019 as Chief Operating Officer/Group Executive Director, Corporate Services at the Nigerian National Petroleum Corporation (NNPC) where he worked for over a decade. He was recruited under a Business Transformation Programme at NNPC in 2005 and served in various roles as General Manager, Budget and Projects, General Manager, Finance, NAPIMS and Group General Manager, Corporate Audit.

While at NNPC he was seconded to Nigeria Liquefied and Natural Gas Limited (NLNG) in 2016 as Deputy Managing Director. As the DMD of NLNG, he served on the board of NLNG and its subsidiaries including Bonny Gas Transport Limited (BGTL) and NLNG Ship Management Limited (NSML).

He was at various times a Member of the Governing Council of the Nigerian Content Development and Management Board (NCDMB), the Petroleum Training Institute, Chairman of Nigerian Pipelines and Products Storage Company Limited (NPSC) and Alternate Chairman of NNPC LNG Limited, amongst others.

In the financial services industry, his experience spans Commercial Banking, Merchant Banking and Development Finance, with requisite knowledge and experience in retail and commercial banking, operations, international trade finance, agricultural finance, treasury and corporate banking. He started out as a banker with Union Bank of Nigeria Plc where he did his mandatory youth service programme and

worked at the defunct Bank for Credit and Commerce International (BCCI) and International Merchant Bank (IMB). Inuwa rose to the pinnacle of the banking profession with his appointment as Managing Director, Intercity Bank Plc, in 1991.

Upon leaving Intercity Bank, he worked briefly as a self-employed financial consultant, providing research and advisory services in project finance, process re-engineering, strategy development and public policy impact analysis, before being appointed through a formal selection process, as Executive Director, Operations, Bank of Agriculture (BoA) in 2005.

Alhaji Isa Inuwa has an active community and public service life. He was a member of the Presidential Committee on the management of the Excess Crude Account and a Member of the Bureau of Public Enterprises Committee on Reconciliation of Public Sector Debt.

He is an active fund raiser for several orphanages and Trustee of two Non-Governmental Organisations (NGOs); 'Children with Special Needs', an NGO on Autism and 'Asma'u Usman Memorial Foundation', an NGO that is involved in economic empowerment, education and poverty alleviation. Born in Kano, Inuwa was educated at Ahmadu Bello University, Zaria and Stirling University, Scotland where he obtained BSc Accounting and MSc Accounting & Finance degrees respectively. Married with children and grandchildren, he has attended several courses and executive management programmes at Wharton, Oxford University, Euromoney, INSEAD, IMD and other high profile global institutions.

He joined the Board in January 2020



Henry Obih

Independent Non-Executive Director

Engr. Henry Obih was Group Executive Director/ Chief Operating Officer (GED/COO), Downstream, Nigerian National Petroleum Corporation (NNPC) until his retirement in 2019 and was subsequently appointed to the Board of Nigeria Liquefied Natural Gas Limited (NLNG) in July 2020. He was appointed to the Board of NNPC Limited in January 2022.

He joined the Board of Fidelity Bank with significant cross-functional work experience and exposure spanning over three (3) decades, across different climes including Africa, Europe, Asia and the Americas. He has extensive experience in project and performance management, manufacturing and operations management, sales and marketing, strategy and business planning/analysis, business development/re-engineering, general management, corporate governance and risk management.

Prior to joining NNPC as GED/COO in 2016, Engr. Obih had a stellar 22-year career at Mobil Oil Nigeria (ExxonMobil Nigeria Downstream) and held several high-profile positions in the company including Executive Director, Retail and Executive Director, Operations, Customer Service and Logistics.

His recent leadership roles include board positions at Nigeria Gas Marketing Company Limited, Pipelines and

Products Marketing Company Limited, NNPC Retail Limited, NIDAS Marine Limited (a subsidiary of NNPC in joint venture with Daewoo Industries South Korea), NIKORMA Limited (a subsidiary of NNPC in joint venture with Hyundai Heavy Industries South Korea) and Duke Oil Company Inc.

Engr. Obih holds a Bachelor's degree in Mechanical Engineering from University of Nigeria, Nsukka (UNN) and an MBA in Financial Management from the University of Bradford, Yorkshire, England.

His professional affiliations include membership of the Institute of Directors, Society for Corporate Governance and Council for the Regulation of Engineering in Nigeria (COREN); Nigerian Institute of Mechanical Engineers; Institute of Credit Administration and Fellowship of the Nigerian Society of Engineers.

He has attended executive programs in leadership, strategy, finance, corporate governance, and business management at some of the world's leading institutions including Columbia Business School, New York, Massachusetts Institute of Technology (MIT), IMD Lausanne, Switzerland, London Business School and Lagos Business School, Nigeria.

He joined the Board in September 2020.

✦ Directors' Profiles



Amaka Onwughalu
Non-Executive Director

Mrs. Amaka Onwughalu has over 30 years' banking experience including over 10 years in Executive Management positions at various financial institutions, with proven expertise across diverse segments including Commercial Banking, Retail Banking, Treasury Management, Banking Operations and Corporate Banking. She was the former Group Managing Director of legacy Mainstreet Bank Limited where she led the successful integration with Skye Bank Plc where she served as Deputy Managing Director until her retirement in July 2016.

She is currently the Chief Executive Officer of Blueshield Financial Services Limited and holds a BSc Degree in Economics from the University of Buckingham, an MSc Degree in Corporate Governance from Leeds Metropolitan University, United Kingdom and an MBA from the University of Port Harcourt, Nigeria. She gained further exposure and training at the Executive Business School, INSEAD, France; IMD Business School, Lausanne, Switzerland; Judge Business School, University of Cambridge; and Columbia Business School, USA.

Mrs. Onwughalu is a Senior Fellow of the Institute of Internal Auditors of Nigeria; a Fellow of the Institute of Credit Administration (ICA); a Member of the Nigeria Institute of Management (NIM); an Honorary Member of the Chartered Institute of Bankers of Nigeria (CIBN); and a Fellow of the Institute of Directors (IoD). She is passionate about mentoring the Girl Child and committed to supporting women entrepreneurs/professionals to contribute their quota to stimulating economic development in Nigeria. She is a Paul Harris Fellow and recipient of various prestigious awards including the National Merit Award for Accountability and Transparency (NMAT), the Award of Excellence and Distinction for Financial Management (AEDFM) and the Vocational Service Award (VSA) from the Rotary Club, Enugu. She joined the Board in December 2020.



Nelson Nweke
Non-Executive Director

Chief Nelson C. Nweke currently serves as the Managing Director of Neilville Nigeria Limited. He worked at Guinness Nigeria Plc before moving to First City Monument Bank Limited where he commenced his banking career.

Thereafter, he joined legacy Intercontinental Bank Plc where he rose to the position of Executive Director. His banking industry experience covers Corporate Services, Capital Markets (Stockbroking), Operations and Public Sector business.

He holds a B.Sc. in Political Science and a Masters in Industrial and Labour Relations, both from the University of Ibadan and has attended various executive development programmes at world class business schools including INSEAD, France, the University of Michigan School of Business Administration, IMD Lausanne, Switzerland and Harvard Business School amongst others.

Chief Nweke is an Associate of the Chartered Institute of Stockbrokers (CIS), Honorary Senior Member of the Chartered Institute of Bankers and member of the Chartered Institute of Personnel Management of Nigeria (CIPM).

Chief Nweke also served as a Non-Executive Director of Premium Pension Limited, member of the Governing Council of Anambra State Investment Promotion and Protection Agency and Independent Non-Executive Director of Berger Paints Plc. He joined the Board in December 2020.



Chinedu Okeke
Non-Executive Director

Mr. Chinedu Eric Okeke is the Managing Director of Azura Power West Africa Limited, an infrastructure development and operating company with special focus on emerging markets in Africa, including Nigeria. He is a member of the Board of Trustees of the Association of Power Generation Companies. Prior to joining Azura in 2014, Mr. Okeke had a stellar career spanning over nineteen years in a succession of blue-chip companies including Guinness Nigeria Plc, La Farge Plc, Schlumberger Oilfield Services, and General Electric (GE). His areas of interest and specialization across geographies (Nigeria, France, South Africa, Vietnam and Pakistan), includes Technology, Power, Corporate Strategy, Finance, Market Analysis and International Development.

Mr. Okeke has held executive and senior management positions in various climes, with direct responsibility for teams of diverse and multicultural professionals and demonstrated ability to develop and maintain strategic client relationships and deliver quality results under complex conditions. He holds a B.Eng. Degree in Electronic Engineering from the University of Nigeria, Nsukka (UNN) and an MBA from Imperial College, London.

He has attended executive training programmes at various premier institutions including Gordon Institute of Business Science, South Africa; INSEAD, France; Graduate School of Business, Stanford, USA; College of Management, Georgia Institute of Technology, USA and GE John F. Welch Leadership Development Centre, USA. He joined the Board in January 2021.



Ronke Bammeke
Independent Non-Executive Director

Mrs. Ronke Bammeke joined the Board of Fidelity Bank Plc as an Independent Non-Executive Director with effect from November 18, 2021. She is the Managing Director of Cedar Capital Consult Limited and an Independent Non-Executive Director of Saro Agrosociences Limited where she chairs the Audit, Risk and Finance Committee.

She has over thirty-two (32) years' experience in the financial services industry including cross-border exposure with proven expertise in diverse segments covering Information Technology, Banking Operations, Strategy, Business Origination, Corporate and Commercial Banking, Business and Financial Advisory, Internal Audit, Accounting, Pension Fund Administration and General Management. She has held key leadership and management positions at notable institutions including GTBank Plc, GTBank UK Limited and First Bank of Nigeria Plc and was previously the Managing Director of GTBank UK Limited and Pensions Alliance Limited. She also served as an Independent Non-Executive Director of Palton Morgan Holdings Limited.

Mrs. Bammeke holds a Bachelor of Science degree (First Class) in Computer Science with Economics from the University of Ife, Nigeria (now Obafemi Awolowo University, Ile-Ife). She obtained a Master of Science degree in Management from London Business School, UK as a Sloan Research Fellow and British FCO Chevening Scholar. She has attended leadership development programmes at world class institutions including INSEAD, France; IMD, Lausanne, Switzerland; IESE Business School, Spain and Harvard Business School, USA;.

She is a Chartered Information Systems Auditor (CISA), Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and holds a Prince2 Practitioner Certification in Project Management



Management Staff

As at 31 December, 2022

Executive Management

xx

Nneka Onyeali-Ikpe

Managing Director/Chief Executive Officer

Hassan Imam

Executive Director, North

Kenneth Opara

Executive Director, Lagos & South West

Kevin Ugwuoke

Executive Director, Risk Management

Stanley Amuchie

Executive Director, Chief Operations & Information Officer

Pamela Shodipo

Executive Director, South
(with effect from February 3, 2023)

General Managers

xx

Martins Izuogbe

Regional Bank Head

Victor Abejegah

Chief Financial Officer

Chinwe Iloghalu

Regional Bank Head

Adeboye Ogunmolade

Chief Compliance Officer

Jude Monye

Regional Bank Head

Abolore Solebo

Divisional Head, Energy & Power

Deputy General Managers

xx

Ezinwa Unuigboje

Company Secretary

Adeyinka Adebayo

Executive Technical Assistant
to the MD/CEO

Charles Nwachukwu

Chief Human Resources Officer

Ndidi Dimanochie

Divisional Head, Fast Moving Consumer Goods II

Adebayo Ogunbiyi

Divisional Head, Conglomerates

Mannir Ringim

Regional Bank Head

Musa Tarimbuka

Regional Bank Head

Evi Kanu

Regional Bank Head

Olabisi Morenike

Divisional Head, Corporate Banking

Eretoru Ibisiki

Regional Bank Head

Assistant General Managers

xx

Henry Asiegbu

Divisional Head, Operations

Ovie Mukoro

Regional Bank Head

Damian Orizu

Regional Bank Head

Chiwetalu Nwatu

Regional Bank Head

Bartholomew Okonkwo

Chief Information Officer

Osita Ede

Divisional Head, Product Development

Adewale Mesioye

Regional Bank Head

Chioma Nwankwo

Regional Bank Head

Babalola Akintoye

Chief Dealer, Treasury

Sadi Zawiya

Regional Bank Head

Chetachi Ezenagu

Regional Bank Head

Nnenna Ubbaonu

Divisional Head

Michael Nnaji

Regional Bank Head

Omobolaji Odubanjo

Branch Leader

Kingsley Ohiri

Divisional Head, Legal

Chukwudi Egbuna

Regional Bank Head

Ugochi Osinigwe

Chief Audit Executive

Vanessa Mordi

Regional Bank Head

Mohammed Ahijo

Regional Bank Head

Christopher Onyeneke

Divisional Head, Information Technology

Osaigbovo Omorogbe

Divisional Head, Partnership & Ecosystem

Emmanuel Adukwu

Regional Bank Head

Paschal Nzeribe

Divisional Head

Samuel Okeke

Divisional Head, Fast Moving
Consumer Goods 1

Obiajulu Okafor

Regional Bank Head

Osato Omogiafo

Chief Information System Officer

Cynthia Erigbuem

Regional Bank Head

Ezekwugo Afamefuna

Regional Bank Head

Nosa Orumwense

Head Public Sector, South

Nwabueze Mbanaso

Regional Bank Head

Nwanja Onyekwere

Divisional Head, Fintech and Telecoms

Ifeoma S. Onibuje

Divisional Head, Ebanking

Stephen Obasi

Division Head, Head Office Operations

Isaiah O. Ndukwe

Divisional Head, Export and
Agriculture

Augustina Akabogu

Division Head, Credit Admin &
Sustainable Banking

Adetunji Mustafa

Divisional Head, Strategy, Innovation
& Business Transformation

Charles C. Nwadike

Branch Leader, Ikeja - Allen Avenue

Joyce Omotosho

Division Head Loan Portfolio
Monitoring and Reporting

Report Of The Directors

For The Year Ended 31 December 2022

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and External Auditors report for the year ended 31 December 2022.

1. Results

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

	31 Dec 2022	31 Dec 2021
	N'million	*Restated N'million
Profit before income tax	53,677	25,215
Income tax expense	(6,953)	(2,111)
Profit after income tax	46,724	23,104
Earnings per share		
Basic and Diluted (in Kobo)	161	80

2. Dividend

The Board of Directors, pursuant to the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) 2020, propose a final dividend of N0.40 per share (31 December 2021: N0.35 per share) for the 2022 financial year. The proposed final dividend of N0.40 per share and interim dividend of N0.10 per share paid on September 22, 2022, brings the total dividend for 2022 to N0.50 per Ordinary Share to be paid from the retained earnings account as at 31 December 2022.

The proposed dividend will be presented for shareholders approval at the Bank's 35th Annual General Meeting. If approved, the proposed dividend will be paid net of withholding tax at the applicable tax rate.

3. 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.

4. 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.

5. Beneficial Ownership

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

6. Share Capital

The range of shareholding as at December 31, 2022 is as follows:

Range	No. of Share holders	% of Share holders	Units	Units %
1 - 1,000	95,735	24.17	79,948,613	0.28
1,001 - 5,000	170,196	42.97	467,868,524	1.62
5,001 - 10,000	51,390	12.98	421,701,407	1.46
10,001 - 50,000	56,802	14.34	1,349,218,621	4.66
50,001 - 100,000	10,290	2.60	800,373,462	2.76
100,001 - 500,000	8,945	2.26	1,937,116,027	6.69
500,001 - 1,000,000	1,317	0.33	974,565,268	3.36
100,00,01 - 5,000,000	960	0.24	1,979,819,555	6.84
5,000,001 - 10,000,000	148	0.04	1,113,034,270	3.84
10,000,001 - 50,000,000	170	0.04	3,331,368,684	11.50
50,000,001 - 100,000,000	26	0.01	1,866,668,496	6.45
100,000,001 - 28,962,585,692	57	0.01	14,640,902,765	50.55
	396,036	100.00	28,962,585,692	100.00

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 2022.

7. Changes on the Board and Directors' Interests

(a) Changes On The Board

The following changes occurred on the Board after the 34th Annual General Meeting, which held on May 5, 2022:

- (i) Pst. Kings Chukwu Akuma, Non-Executive Director retired from the Board on November 24, 2022 on completion of his tenure in accordance with the Bank's policy.

The Board uses this medium to express its sincere appreciation to Pst. Kings Chukwu Akuma for his meritorious service to the Bank during his tenure on the Board.

✦ Report Of The Directors

For The Year Ended 31 December 2022

In compliance with the Bank's Board Succession Policy and the provisions of the Companies and Allied Matters Act 2020, the following Director was appointed to the Board after the 34th Annual General Meeting:

- (i) Mrs. Pamela Shodipo was appointed as Executive Director, South Directorate with effect from February 3, 2023, and will be presented for election at the 35th Annual General Meeting. The appointment has been approved by the Central Bank of Nigeria.

The profile of the Director due for election at the 35th Annual General Meeting is contained in the Explanatory Notes to the 2022 financial year annual report and the Bank's website.

(b) Retirement By Rotation

In accordance with Article 95(1)(a) of the Articles of Association of the Bank which requires one-third (or the number closest to one-third) of the Non-Executive Directors to retire by rotation at each Annual General Meeting. The Directors due to retire by rotation at the 35th Annual General Meeting are Mrs. Amaka Onwughalu and Chief Nelson C. Nweke. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 35th Annual General Meeting.

The profile of the Directors due for re-election is contained in the Explanatory Notes to the 2022 financial year annual report and the Bank's website.

(c) Directors And Their Interests

The Directors who held office during the year ended 31 December 2022 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:

Name Of Director		As at December 31, 2022		As at December 31, 2021	
		Direct	Indirect	Direct	Indirect
Mr. Mustafa Chike-Obi	Chairman, Non-Executive Director	39,516,294	-	32,516,294	-
Alhaji Isa Inuwa	Independent Non-Executive Director	Nil	-	Nil	-
Engr. Henry Obih	Independent Non-Executive Director	Nil	-	Nil	-
Mr. Chidi Agbapu	Non-Executive Director	1,724,276	-	1,724,276	-
Chief Nelson C. Nweke	Non-Executive Director	71,847,773	-	44,974,358	-
Mr. Chinedu Okeke	Non-Executive Director	1,040,000	-	1,040,000	-
Mrs. Amaka Onwughalu	Non-Executive Director	4,404,700	-	4,404,700	-
Mrs. Ronke Bammeke	Independent Non-Executive Director	Nil	-	Nil	-
Pst. Kings C. Akuma*	Non-Executive Director	1,149,675	-	1,149,675	-

Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO	69,644,260	-	59,594,260	-
Mr. Hassan Imam	Executive Director	41,252,468	-	41,252,468	-
Mr. Kevin Ugwuoke	Executive Director	39,112,811	-	39,123,921	-
Dr. Ken Opara	Executive Director	39,123,921	-	32,192,832	-
Mr. Stanley Amuchie	Executive Director	3,000,000	-	NA	NA

* Pst. Kings C. Akuma retired on November 24, 2022.

(d) 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.

(e) Disclosure on Directors' Remuneration

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

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

- (a) Motivate the Directors to promote the right balance between short and long-term growth objectives of the Bank while maximizing Shareholders' returns.
- (b) Enable the Bank attract and retain Directors with integrity, competence, experience and skills to 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.

(f) 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.

✦ Report Of The Directors

For The Year Ended 31 December 2022

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

Remuneration Element	Objective	Payment Mode	Payment Details
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	<ul style="list-style-type: none"> - 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 Details
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		Executive Directors' annual performance incentives are evaluated against the performance metrics defined in their approved individual balanced scorecard/KPIs
Benefits and Perquisites: These are the non-monetary compensation provided to the Executive Director, such as official car, club and professional membership subscription.			
Benefits & Perquisites	Reflect market value of individuals and their role within the Bank	Actual items are provided or the cash equivalent for one year is given.	Review periodically in line with contract of employment

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

(g) 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 in the course of 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:

Remuneration Element	Objective	Payment Mode	Programme Detail
Annual Fees	To attract individuals with relevant skills, knowledge and experience	Quarterly	Reviewed every 2 years 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 and changes made on need basis.
	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 benefit.*

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 2022 is disclosed in **Note 40** of the Annual Report.

8. Events After Reporting Period

There were no significant events after the reporting period which could have had a material effect on the financial position of the Bank as at December 31, 2022 and on the profit and other comprehensive income for the year then ended, which have not been adequately provided for or disclosed of the financial year. **See note 47**

9. Property, Plant And Equipment

Information relating to property, plant and equipment is given 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.

✦ Report Of The Directors

For The Year Ended 31 December 2022

10. Donations And Charitable Contributions

Donations and gifts to charitable organizations during the year ended 31 December 2022 amounted to N107,834,208.16. (2021 Financial Year- N1,377,428,011.76). There were no donations to political organizations during the year.

The beneficiaries were:

S/N	Beneficiary	Donation	Amount
1	Foundation For Cancer Care	Cancer Screening and Treatment in Commemoration of Annual World Cancer Day, 2022	1,000,000.00
2	Connect Marketing	Connect Marketing - Golf Tournament, 2022	3,000,000.00
3	Rajasthani Samaj	Sponsorship for Rajasthan Premier League, 2022	500,000.00
4	Bertie-John Nigeria Ltd	Support for Book Publication	2,936,900.00
5	Cerebral Palsy Center	Installation of Solar Panels at the Cerebral Palsy Center's New site	3,778,196.40
6	Eve Afrique	Support for Redball event for charity by Eve Afrique	2,000,000.00
7	Dream Catchers Foundation	Donation of an ICT Centre for Dream Catchers Foundation	10,000,000.00
8	Holy Child College, Ikoyi	Donation of high standard, eco-friendly and re-usable sanitary pads to students	1,000,000.00
9	Specialist Hospital, Yola, Adamawa State	Donation of 2000 Fidelity Branded Bed Cover and 1000 Branded Pillowcase	15,100,000.00
10	Lagos Food Bank	Distribution of 60 Boxes containing food items to Lagos Food Bank	347,011.76
11	Al-Muhibba Foundation	Donation of food items to commemorate Ramadan	6,140,000.00
12	Government College (Senior), Surulere Lagos	Donation of school supplies to 180 students	1,086,000.00
13	Government Junior Model College	Distribution of 75 school bags to students	460,000.00
14	Heritage Orphanage Homes	Donation of Items to Heritage Orphanage Home	580,000.00
15	Madrasatul Anwarul Islam, Kwarbai Zaria	Renovation of 4 Blocks of 10 Classrooms, Staff Room and Toilets	17,100,000.00
16	Yobe State Government	Donation of Ramadan support to Persons Living With Disabilities (PLWDs) and Vulnerable Households (VHH)	13,000,000.00
17	Comprehensive Secondary School, Ogwashi-Uku, Delta	Donation of 20 School Bags and 9 whiteboards	432,000.00
18	Government Junior & Senior College, Ireti Junior and Secondary School, Falomo Junior and High School, Lagos	Donation of 6 giant waste recycle bins to 6 schools in Lagos with standby regular pickup arrangement from Wecyclers	680,000.00
19	Open Arms Orphanage Home, Lagos	Donation of food and provision items to the orphanage home	700,000.00
20	Lagos Food Bank, Lagos	Distribution of 50 Boxes containing food items.	360,000.00

S/N	Beneficiary	Donation	Amount
21	Sought After Orphanage Home, Lagos	Installation of Solar Panels	500,000.00
22	Correctional Center for Junior Boys ,Lagos	Donation of Machines, beddings and food items	1,000,000.00
23	JOFIN Empowerment Orphanage Home, Jos , Plateau	Donation of food Items to the orphanage	700,000.00
24	Government Secondary School, ATU, Cross River State	Donation of 55 3-in-1 Chair and Desks	954,100.00
25	Orisigun Nursery/Primary School, Lagos	Renovation of 6 toilet facilities for students and staff	2,300,000.00
26	Omolere Nursery & Primary School, Ondo	Renovation of select classrooms and setting up on an ICT centre	10,000,000.00
27	Bestline School , Ekiti	Renovation of School Hall	1,180,000.00
28	Immensum Stellar, Lagos	Support for Live Festival	10,000,000.00
29	Grace Family Church of the Pentecost, Anambra	Support for Flood Victims	1,000,000.00
Total			107,834,208.16



✦ Report Of The Directors

For The Year Ended 31 December 2022

11. Gender Analysis as at December 31, 2022

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the workplace. The Bank recognizes that women have different skills, viewpoints, ideas and insights which will enable it serve a diverse customer base more effectively. The report on gender analysis as at 31 December 2022 is shown below:

Gender Analysis Of Total Staff As At December 31, 2022				
Gender	31 December 2022		31 December 2021	
	Number Of Staff	Percentage Of Total Staff	Number	Percentage Of Total Staff
Female	1448	48%	1366	46%
Male	1590	52%	1608	54%
Total	3038	100%	2974	100%

Gender Analysis Of Executive Management As At December 31, 2022				
Gender	31 December 2022		31 December 2021	
	Number	Percentage Of Total Staff	Number	Percentage Of Total Staff
Female	1	20%	1	25%
Male	4	80%	3	75%
Total	5	100%	4	100%

Gender Analysis Of Top Management (AGM-GM) As At 31 December 2022						
Grade	31 December 2022			31 December 2021		
	Male	Female	Total	Male	Female	Total
General Manager	5	1	6	7	1	8
Deputy General Manager	7	4	11	6	3	9
Assistant General Manager	25	7	32	24	7	31
Total	37	12	49	37	11	48
Percentage (%)	76	24	100%	77%	23%	100%

Gender Analysis Of The Board Of Directors As At 31 December 2022						
Grade	31 December 2022			31 December 2021		
	Male	Female	Total	Male	Female	Total
Executive Director	4	-	4	3	-	3
Managing Director	-	1	1	-	1	1
Non Executive Director	6	2	8	7	2	9
Total	10	3	13	10	3	13
Percentage (%)	76.92	23.08	100%	77%	23%	100%

12. 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.

13. Employment Of Persons With Special Needs

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

14. Health, Safety And Welfare Of Employees

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

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

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

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

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

15. Staff health and the COVID-19 Pandemic

More recently, health awareness programmes have focused on preventing the spread of the Corona Virus. The Bank adopted several measures to ensure that staff and other stakeholders 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.

✦ Report Of The Directors

For The Year Ended 31 December 2022

16. 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.

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

The Bank currently has nine modern Learning Centers at Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano. A total of 5632 officers (2874 core staff and 2758 non-core), participated in various training programs in 2022.

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

18. Credit Ratings

The Central Bank of Nigeria's Revised Prudential Guidelines requires all banks to be credit rated. The ratings are updated every year and published in the Annual Report. In 2022, Fidelity Bank was assigned the credit ratings below by the following rating agencies:

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

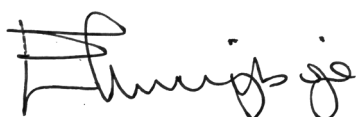
Additional information on the ratings can be obtained from the Bank's website at <https://www.fidelitybank.ng/investor-relations/credit-ratings/>

19. External Auditors

The External Auditors, Deloitte & Touché, have indicated their willingness to continue in office as the Bank's auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020.

A resolution will be proposed at the 35th Annual General Meeting to authorize the Directors to determine their remuneration.

By order of the Board



Ezinwa Unuigboje

Company Secretary
 FRC/2014/NBA/00000006957
 Fidelity Bank Plc
 No. 2 Kofo Abayomi Street
 Victoria Island, Lagos.

April 28, 2022



Report Of Statutory Audit Committee

For The Year Ended 31 December 2022

To The Members Of Fidelity Bank Plc

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

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2022 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2022 and are satisfied that Management is taking appropriate steps to address the issues raised.
- Ascertained that the Bank has complied with the provisions of Central Bank of Nigeria (CBN) Circular BSD/1/2004 dated February 18, 2004 on “Disclosure of insider credits in the financial statements of banks”. In addition, related party transactions and balances have been disclosed in the Notes to the Financial Statements for the year ended 31 December 2022 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2022 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

April 27, 2023

Members of the Statutory Audit Committee are:

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

In attendance:

- | | |
|-----------------------|---------------------|
| Mrs. Ezinwa Unuigboje | - Company Secretary |
|-----------------------|---------------------|

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Corporate Governance Report



For The Year Ended 31 December 2022

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 the 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 other Stakeholders, Disclosure Requirements, Risk

Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Ethics and Professionalism, Conflict of Interest, Sustainability, Whistle-blowing, 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

1. Key Governance Developments

(a) Board Changes

The following changes occurred on the Board after the 34th Annual General Meeting on May 5, 2022:

(i) Retirement from the Board:

The following Director retired from the Board as indicated below:

- (a) Pst. Kings C. Akuma, Non-Executive Director, retired from the Board on November 24, 2022.

(ii) Board Appointments:

- (a) Mrs. Pamela Shodipo was appointed as Executive Director, South Directorate with effect from February 3, 2023. The appointment has been approved by the Central Bank of Nigeria. She will be presented for election at the 35th Annual General Meeting of the Company.

2. The Nigerian Code of Corporate Governance, 2018 (NCCG 2018)

The Nigerian Code of Corporate Governance (NCCG) was formally issued on 15 January 2019 by the Financial Reporting Council of Nigeria (FRCN) and is applicable to all listed entities including Fidelity Bank. Being a regulated entity, the Bank is required to comply with the provisions of the Code and submit an annual return on its status of compliance.

The Bank has submitted the returns for 2022 financial year through the Nigerian Exchange Group in the template prescribed by the FRCN for regulatory reporting on the Code.

A. The Board Of Directors

Board Size

The Board currently comprises of fourteen (14) Directors, six (6) 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, corporate finance, accounting, management, banking operations, oil & gas, information technology, risk management, engineering, project finance, leasing, law, 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 necessary information on the Bank's operations and activities on a regular and timely basis to aid the decision-making process. Executive Management and other principal officers attend Board and Board Committee meetings to make presentations and clarify any issues as appropriate.

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

Matters reserved exclusively for the Board include but are not limited to: approval of credit requests in excess of the approval limit of the Board Credit Committee, approval of the Bank's quarterly, half yearly and full year financial statements, disposal of assets other than in the normal course of the Bank's business, mortgaging or otherwise creating security 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 ten (10) times during the year ended 31 December 2022.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

Details of the Directors who served on the Board during the year ended 31 December 2022 are indicated below:

No	Name of Director	Designation	Date of Appointment/Retirement	Cumulative Period Served as at 31 December 2022
1.	Mr. Mustafa Chike-Obi	Chairman/Non-Executive Director	Aug 15, 2020	2 years/4 months
2.	Pst. Kings Akuma*	Non-Executive Director	Nov 24, 2022	6 years
3.	Mr. Chidi Agbapu	Non-Executive Director	Sept 3, 2018	4 years/3 months
4.	Alhaji Isa Inuwa	Independent Non-Executive Director	Jan 22, 2020	2 years/11 months
5.	Engr. Henry Obih	Independent Non-Executive Director	Sept 21, 2020	2 years/3 months
6.	Mrs. Amaka Onwughalu	Non-Executive Director	Dec 15, 2020	2 years
7.	Chief Nelson C. Nweke	Non-Executive Director	Dec 15, 2020	2 years
8.	Mr. Chinedu Okeke	Non-Executive Director	Jan 4, 2021	1 year/11 months
9.	Mrs. Ronke Bammeke	Independent Non-Executive Director	Nov 18, 2021	1 year/11 months
10.	Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO	Appointed to the Board as Executive Director on Sept. 3, 2015; Assumed office as MD/CEO on January 1, 2021.	2 years as MD/CEO; 5 years/3 months as Executive Director
11.	Mr. Hassan Imam	Executive Director	January 1, 2020	3 years
12.	Mr. Kevin Ugwuoke	Executive Director	July 28, 2020	2 years/5 months
13.	Dr. Ken Opara	Executive Director	January 1, 2021	2 years
14.	Mr. Stanley Amuchie	Executive Director	January 27, 2022	11 months

* Pst. Kings C. Akuma retired on November 24, 2022.

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.

In keeping with the Board Succession Planning Policy, Mrs. Pamela Shodipo was appointed to the Board on February 3, 2023, as Executive Director, South Directorate. The appointment has been approved by the Central Bank. She will be presented to the Shareholders for election at the 35th Annual General Meeting.

In accordance with the provisions of Article 95(1) (a) of the Bank's Articles of Association, the Directors to retire by rotation are Mrs. Amaka Onwughalu and Chief Nelson C. Nweke. The retiring Directors, being eligible, have offered themselves for re-election at the 35th Annual General Meeting. The Board is of the firm conviction that both Directors will continue to add value to the Board and the Bank and recommends their re-election.

Directors' Term of Office

To ensure that the Board is continually renewed and refreshed, Non-Executive Directors' tenure is limited to maximum of two (2) terms of three (3) years while Independent Non-Executive Directors serve for a maximum of two (2) terms of four (4) years. The tenure of Executive Directors is coterminous with their respective contracts of employment. All Board appointments are also 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 as a whole are important investments for every organization, given the strong correlation between qualitative Board training programmes and sound corporate governance practices, growth, and profitability. The Bank has a Directors Induction and Continuous Development Policy, which provides for formal induction programmes for newly appointed Directors and bespoke training programmes for serving Directors. The Directors also participate in Regulator-initiated training 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

✦ Corporate Governance Report

For The Year Ended 31 December 2022

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.

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	Date	Name of Director(s)
1.	Leading Digital Business Transformation	IMD, Lausanne, Switzerland	January 31 - Feb 4, 2022	Alhaji Isa Inuwa
2.	Leading Change and Organisational Renewal	Harvard Business School	March 20 - 25, 2022	Dr. Ken Opara
3.	Delivering Business Growth	Kellogg School of Management	May 22 - 25, 2022	Mr. Chidi Agbapu
4.	Bank Negotiation Program	Oxford Business School	June 19 - 23, 2022	Mr. Mustafa Chike-Obi Pst. Kings Akuma
5.	Bank Governance Program	Oxford Business School	July 11 - 15, 2022	Mr. Chinedu Okeke Chief Nelson Nweke
6.	Dubai Master of Compliance (MoC) Program	Grand Excelsior Hotel	September 11 - 15, 2022	Mr. Hassan Imam
7.	Bank Negotiation Program	Oxford Business School	October 16 - 21, 2022	Mr. Kevin Ugwuoke
8.	Strategic Leadership Program	Oxford Business School	November 13 - 18, 2022	Mr. Hassan Imam
9.	Digital Transformation	IMD, Lausanne, Switzerland	November 28 - Dec 2, 2022	Mrs. Ronke Bammeke
10.	Board Induction Program	In-house (Fidelity Bank Plc)	June 16 - 17, 2022	Mrs. Ronke Bammeke Mr. Stanley Amuchie

S/N	Course	Vendor	Date	Name of Director(s)
11.	Board Credit Workshop Training	H. Pierson Associates	August 10 -11, 2022	Pst. Kings Akuma Alhaji Isa Inuwa Engr. Henry Obih Mrs. Amaka Onwughalu Chief Nelson Nweke Mr. Chinedu Okeke Mr. Chidi Agbapu Mrs. Ronke Bammeke Mr. Hassan Imam Dr. Ken Opara Mr. Kevin Ugwuoke
12.	Control objectives for Information and Related Technologies (COBIT) - The Board's Oversight responsibilities in relation to Information Technology Governance	KPMG Advisory Services; Digital Jewels Limited Sept 7 - 8, 2022	September 7 - 8, 2022	Pst. Kings C. Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mrs. Amaka Onwughalu Chief Nelson Nweke Mr. Chinedu Okeke Mrs. Ronke Bammeke Mrs. Nneka Onyeali-Ikpe Mr. Kevin Ugwuoke Mr. Stanley Amuchie Dr. Ken Opara
13.	The Board's oversight responsibilities in relation to Governance, Risk and Compliance (GRC)	Conquer Risk Limited	October 24 -25, 2022	Mr. Mustafa Chike-Obi Pst. Kings C. Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mrs. Amaka Onwughalu Chief Nelson Nweke Mr. Chinedu Okeke Mrs. Ronke Bammeke Mrs. Nneka Onyeali-Ikpe Mr. Kevin Ugwuoke Mr. Stanley Amuchie Dr. Ken Opara Mr. Hassan Imam

✦ Corporate Governance Report

For The Year Ended 31 December 2022

S/N	Course	Vendor	Date	Name of Director(s)
14.	Annual Board Training on Anti-Money Laundering; Countering the Financing of Terrorism and Sustainability	H. Pierson Associates	November 1, 2022	Mr. Mustafa Chike-Obi Pst. Kings C. Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mrs. Amaka Onwughalu Chief Nelson Nweke Mr. Chinedu Okeke Mrs. Ronke Bammeke Mrs. Nneka Onyeali-Ikpe Mr. Kevin Ugwuoke Mr. Stanley Amuchie Dr. Ken Opara Mr. Hassan Imam

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 them execute their oversight responsibilities.

Independent consultants engaged during the review period include:

S/N	Consultant	Brief
1	KPMG Professional Services	Board Appraisal; Corporate Strategy; Board Consultancy Services
2	PricewaterhouseCoopers	Human Resource 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 will be presented at the 35th Annual General Meeting.

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.

B. 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:

- (i) Board Credit Committee.**
- (ii) Board Risk Committee.**
- (iii) Board Audit Committee.**
- (iv) Board Corporate Governance Committee.**
- (v) Board Finance and General Purpose Committee.**
- (vi) Board Information Technology Committee.**

✦ Corporate Governance Report

For The Year Ended 31 December 2022

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 at November 25, 2022, was as follows:

S/N	Committee	Membership	Designation
1	Board Finance & General Purpose Committee (FGPC)	Chief Nelson Nweke	Chairman, Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
2	Board Corporate Governance Committee (BCGC)	Engr. Henry Obih	Chairman, Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
3	Board Risk Committee (BRC)	Chief Nelson Nweke	Non-Executive Director
		Mrs. Amaka Onwughalu	Chairman, Non-Executive Director
		Alhaji 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		
4	Board Audit Committee (BAC)	Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director
		Chief Nelson Nweke	Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director

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

The composition of Board Committees with effect from January 30, 2023 is as follows:

S/N	Committee	Membership	Designation
1	Board Finance & General Purpose Committee (FGPC)	Chief Nelson Nweke	Chairman, Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
2	Board Corporate Governance Committee (BCGC)	Engr. Henry Obih	Chairman, Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
3	Board Risk Committee (BRC)	Chief Nelson Nweke	Non-Executive Director
		Mrs. Amaka Onwughalu	Chairman, Non-Executive Director
		Alhaji 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
		Mr. Chidi Agbapu	Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
Mr. Kevin Ugwuoke	Executive Director, Chief Risk Officer		

✦ Corporate Governance Report

For The Year Ended 31 December 2022

S/N	Committee	Membership	Designation
4	Board Audit Committee (BAC)	Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director
		Chief Nelson Nweke	Non-Executive Director
		Mrs. Ronke Bammeke	Independent Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
5	Board Credit Committee (BCC)	Mr. Chidi Agbapu	Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
6.	Board Information Technology Committee (BITC)	Mrs. Ronke 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

i. Board Credit Committee:

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

- (a) Exercising all Board assigned responsibilities on credit related issues.
- (b) Review and recommend credit policy changes to the 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 Board approval, any Director, Shareholder and Insider-Related credits.
- (h) Consider exceptions to rules or policies and counsel on unusual credit transactions.

ii. 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 one of whom is an Independent Director, 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 the 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.

iii. Board Audit Committee:

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

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.

iv. 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.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

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.

v. 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 meets quarterly or as the need arises.

Its terms of reference include:

- (a) Review major expense lines periodically and approve expenditure within the approval limit of the Committee as documented in the financial manual of authorities;
- (b) Participate in and lead 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, the 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 with 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 other corporate actions.
- (i) Recommend a comprehensive framework for delegation of authority on financial matters and ensure compliance with same.

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

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

Attendance at Board and Board Committee Meetings

Records of the Directors' attendance at meetings during Year ended 31 December 2022 are provided below:

S/N	Name	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 (BF&GPC)	Board Information Technology Committee (BITC)
	Total Number Of Meetings	10	16	9	7	5	8	5
1	Mr. Mustafa Chike-Obi	10	N/A	N/A	N/A	N/A	N/A	N/A
2	Alhaji Isa Inuwa (a)	10	16	9	7	5	N/A	4
3	Pst. Kings Akuma (b)	10	15	N/A	7	5	1	N/A
4	Mrs. Amaka Onwughalu (c)	10	16	9	N/A	5	8	4
5	Chief Nelson Nweke	9	N/A	9	7	N/A	8	N/A
6	Mr. Chinedu Okeke (d)	10	16	N/A	7	5	6	1
7	Engr. Henry Obih (e)	10	16	9	N/A	5	6	5

✦ Corporate Governance Report

For The Year Ended 31 December 2022

S/N	Name	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 (BF&GPC)	Board Information Technology Committee (BITC)
8	Mr. Chidi Agbapu (f)	10	16	9	5	N/A	8	5
9	Mrs. Ronke Bammeke	10	N/A	N/A	7	5	8	5
10	Mrs. Nneka Onyeali-Ikpe	10	12	N/A	N/A	4	N/A	N/A
11	Mr. Hassan Imam	10	N/A	N/A	N/A	N/A	N/A	N/A
12	Mr. Kevin Ugwuoke (g)	10	N/A	N/A	N/A	2	N/A	N/A
13	Dr. Ken Opara	10	NIL	N/A	N/A	N/A	N/A	N/A
14	Mr. Stanley Amuchie (h)	9	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (a) Alhaji Isa Inuwa ceased to be a member of the BITC from 1 October 2022.
- (b) Pst. Kings Akuma was appointed to the F&GPC on October 1, 2022 and attended one (1) FGPC meeting on October 14, 2022 before his retirement from the Board.
- (c) Mrs. Amaka Onwughalu ceased to be a member of the BITC from October 1, 2022.
- (d) Mr. Chinedu Okeke ceased to be a member of the F&GPC from 1 October, 2022.
Mr. Chinedu Okeke joined the BITC from October 1, 2022.
- (e) Engr Henry Obih ceased to be a member of the F&GPC from 1 October, 2022.
- (f) Mr. Chidi Agbapu ceased to be a member of the BAC from 1 October, 2022.
- (g) Mr. Kevin Ugwuoke became a member of the BRC with effect from October 1, 2022.
- (h) Mr. Stanley Amuchie was appointed to the Board with effect from January 27, 2022. The first Board meeting after his appointment held on March 17, 2022.

The dates of Board and Board Committee meetings in the Year ended 31 December 2022 are shown below:

S/N	Full Board (10)	Board Credit Committee (BCC) (16)	Board Corporate Governance Committee (BCGC) (9)	Board Audit Committee (BAC) (7)	Board Risk Committee (BRC) (5)	Board Finance And General Purpose Committee (BF&GPC) (8)	Board Information Technology Committee (BITC) (5)
1	Jan 27, 2022	Jan 19, 2022	Jan 18, 2022	Jan 24, 2022	Jan 20, 2022	Jan 14, 2022	Jan 13, 2022
2	Mar 17, 2022	Feb 14, 2022	Mar 14, 2022	Mar 17, 2022	April 13, 2022	Mar 17, 2022	Mar 16, 2022
3	Apr 29, 2022	Feb 17, 2022	Apr 14, 2022	April 19, 2022	JULY 18, 202	Mar 22, 2022	April 12, 2022
4	May 6, 2022	Mar 28, 2022	Jun 14, 2022	Jul 21, 2022	Oct 20, 2022	April 14, 2022	July 14, 2022
5	July 8, 2022	Mar 29, 2022	Aug 15, 2022	Aug 17, 2022	Oct 26, 2022	Jul 15, 2022	Oct 12, 2022
6	Aug 17, 2022	Apr 20, 2022	Aug 29, 2022	Oct 17, 2022		Aug 17, 2022	
7	Aug 31, 2022	May 26, 2022	Oct 10, 2022	Oct 26, 2022		Oct 14, 2022	
8	Oct 27, 2022	May 30, 2022	Nov 4, 2022			Dec 28, 2022	
9	Nov 17, 2022	June 22, 2022	Nov 11, 2022				
10	Nov 22, 2022	Jun 27, 2022					
11		Jul 20, 2022					
12		Aug 22, 2022					
13		Aug 25, 2022					
14		Sept 26, 2022					
15		Sept 27, 2022					
16		Dec14, 2022					

Notes:

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 2022 Financial Year.

The Committee's primary responsibilities include:

- (i) Review the External Auditor's proposed audit scope and approach.
- (ii) Monitor the activities and performance of External Auditors.
- (iii) Review with the External Auditors any difficulties encountered in the course of the audit.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

- (iv) Review results of the half year and annual audits and discuss same with Management and the External Auditors.
- (v) 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 31 December 2022 is indicated below:

S/N	Name	Designation	JAN 25	MAR 16	APR 21	Aug 17	Aug 24	Oct 24	Number Of Meetings	Number Meetings Attended
1	Chief Frank Onwu	Chairman/ Shareholder Representative	√	√	√	√	√	√	6	6
2	Mr. Innocent Mmuoh	Shareholder Representative	√	√	√	√	√	√	6	6
3	Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√	√	6	6
4	Pst. Kings C. Akuma	Non-Executive Director	√	√	√	√	√	√	6	6
5	Chief Nelson Nweke	Non-Executive Director	√	√	√	√	√	√	6	6

Members of the Statutory Audit Committee participated in the following training programme in 2022 financial year:

Statutory Audit Committee					
S/N	Course	Vendor	Start date	End date	Name
1	Improving the Performance of the Audit Committee	DCLSL Corporate Services Limited	July 6, 2022	July 7, 2022	1. Chief Frank Onwu 2. Dr. Christian Nwinia 3. Mr. Innocent Mmuoh

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:

i. 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 required and has the following key objectives:

- (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.

ii. 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 capital position of the Bank.
- (e) Maximize risk adjusted returns to stakeholders over the long term.

iii. 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:

✦ Corporate Governance Report

For The Year Ended 31 December 2022

- (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.

iv. 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 non-performing 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.

v. 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.

vi. Quarterly Business Review Committee:

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

- (a) Review the Bank's quarterly performance.
- (b) Monitor budget achievement.
- (c) Assess efficiency of resource deployment in the Bank.
- (d) Review product 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 in the Bank.
- (h) Determine the basis for rewards and consequence management.

vii. 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, activities, 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.

viii. 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 the Environmental and Social Management Systems.
- (b) Oversee the implementation and management of the Bank's environmental and social footprint as it concerns:
 - (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 equal opportunity and diversity.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

- (iii) Occupational health and safety.
 - (iii) Grievance mechanism and related issues.
 - (iv) Financial inclusion and literacy.
 - (v) Corporate Social Responsibility.
 - (vi) Collaborative partnership.
 - (vii) Capacity building.
- (d) Review the Bank's environmental and social performance and progress.
- (e) To review and advise the Board on sustainability issues affecting the Bank.

ix. 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.

x. 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, 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.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

(F) Governance And Management

Fidelity has adopted various policies which define acceptable standards of behavior in the organization.

These include the following:

- (a) Code of Business Conduct and Ethics Policy
- (b) Directors Code of Conduct Policy
- (c) Insider Trading Policy
- (d) Whistle-blowing Policy
- (e) Remuneration Policy
- (f) Shareholders Complaints Management Policy

(a) 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 which 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.

(b) 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 act honestly, in good faith and in the best interest of the Bank at all times. All Directors are expected to execute an annual attestation to adhere strictly to the Code and formally declare their interest, if any, in any contract or transaction to which the Bank is a party.

(c) 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 of 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 result 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 affected persons on a regular basis.

(d) Whistle-blowing Policy

Fidelity Bank Plc requires all Employees, Directors, Vendors and other Stakeholders to conduct themselves with utmost fidelity and good faith in their dealings with the Bank and its stakeholders at all times. The Bank's Whistle-Blowing Policy and Procedures 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.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

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:

- i. Email to **ethicscommittee@fidelitybank.ng**
- ii. Visit **www.fidelitybank.ng/whistle-blowing**
- iii. Call **0813-984-3525** (Fidelity True Serve)

A policy statement on whistle-blowing is available on the Bank's website along with a whistle-blowing form, to ease the reporting process. These 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.

(e) 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.

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 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 to generate sustainable growth;

- (iii) The Bank's performance-based incentive programs are aligned to individual performance and the overall performance of the Bank. This approach drives a high performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value.

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

(f) 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 Shareholder 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 an electronic complaints register and provide information on a quarterly basis to the NSE in line with regulations.
- (ix) Protect the Bank from sanctions from regulatory bodies and ensure strict compliance by the responsible parties.

(g) Gender Diversity

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the work place. 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.

✦ Corporate Governance Report

For The Year Ended 31 December 2022

(h) Fraud & Forgeries

In accordance with the CBN Code of Corporate Governance, frauds and forgeries recorded in 2022 were as follows:

Fraud and Forgeries Summary		
Fraud and Forgeries	Dec 31, 2022	Dec 31, 2021
Number of Fraud Incidents	2518	1,503
Amount Involved (Naira)	1,008,107,121.83	650,877,925
Amount Involved (US Dollars)	8,553.68	30,000
Amount Involved (Euros)	100	-
Actual/Expected Loss (Naira)	237,180,343.71	40,508,962
Actual/Expected Loss (US Dollars)	2,450	30,000
Actual/Expected Loss (Euros)	100	-

(i) 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.

(j) 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, while avoiding any excessive or erroneous pay out.

There was no incident of clawback during the reporting period.

(k) 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 disengagement of the Company Secretary.

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Sustainability Report

+ Sustainability Report 2022

2022 marks the return to complete normalcy following the pandemic. The bank continues to forge ahead in its Sustainability initiatives both in our business activities and our business operations. We are continuously driven by the desire to ensure that our banking business is conducted in a manner that continually leaves positive impact on the environment and among the members of the society in which we operate. We remain committed to our vision of being the number one Sustainable Bank in every market we serve and for every branded product we offer. We continually embrace the concept of sustainable development and seek to promote “best in class” sustainability practices in the Financial Industry.

Commitment to Environmental Social Governance

We recognize that our business operations and activities can be carried out with less adverse environmental and social effects while enhancing benefits to our shareholders, clients, business partners and the public. We understand the need to ensure our lending decisions meet the tripod objectives of economic viability, environmental responsibility, and social relevance. This way, we continue to ensure that the costs of economic development do not fall disproportionately on those who are poor or vulnerable, that the environment is not degraded in the process, and that renewable natural resources are managed sustainably.

With this understanding, Fidelity Bank will continue to observe relevant local and international standards such as the Nigerian Sustainable Banking Principles (NSBP), Equator Principles, the International Finance Corporations (IFC) Performance Standards and other best practice standards in managing environmental and social risks in our operations as well as that of the clients we finance.



Managing Environmental and Social (E&S) Risks in Clients' Businesses

At Fidelity Bank, we understand that our clients' projects/operations are exposed to environmental, social and governance issues hence our lending decisions could, in uncontrolled circumstances, produce negative environmental and social impacts. Consequently, we have developed systems and processes to identify, assess, mitigate, monitor and report such impacts. Our comprehensive E&S Risk Management System, which is well entrenched in the Bank's Credit processes, affords the Bank the opportunity to help clients secure long-term sustenance of their businesses. By so doing, we meet our own objective of engaging in responsible banking. The Bank aspires to be a leader in the provision of sustainable financing products while ensuring Environmental Social and Governance criteria remains a major consideration in product development and all client engagements.

Compliance with Equator Principles

Equator Principles (EP) is a global risk management framework for identifying, assessing, and managing environmental and social risks in project finance. The EP framework is the financial sector's leading voluntary standards, which also builds on the International Finance Corporation's (IFC) Performance Standards (PS) and the World Bank Group's Environmental, Health & Safety (EHS) Guidelines.

Fidelity Bank joined the Equator Principles community in November 2012 and is committed to implementing the Equator Principles through internal environmental and social risk management policies. The EP has been updated over the years with its requirements enhanced to ensure it is fit for purpose, with increased focus on Sustainable Finance. The latest version, the EP 4, which came into effect on October 1, 2020, has been adopted by the Bank. As part of the structure to mainstream E&S issues in our lending processes, our Sustainable Banking Department, which operates out of the Risk Management Directorate reviews project related applications above the threshold of US\$10m as stipulated by the EPs while also reviewing other applications below this threshold in line with other national and international requirements.

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business-related credit is screened against a set of Environmental and Social Risk criteria and then classified based on category definitions. Measures to mitigate identified risks are presented as part of loan preconditions and covenants. Fidelity Bank has also instituted measures including maintaining a robust database that supports effective monitoring and reporting on credits assessed on E&S requirements. Both physical monitoring visits to project sites and regular reports from customers are employed. When engaging with our customers, we endeavor to provide education on approaches to achieving long-term sustainability through identification and management of Environmental, Social and Governance risks and opportunities.

As part of its routine roles, the Sustainable Banking Department organizes capacity building programs across the Bank covering the Board, Management and Employees. The Department circulates quarterly bank-wide internal communication to promote sound environmental and social risk management culture and awareness among staff. The Department also delivers Environmental and Social Risk Management training modules at all staff induction programs, the Bank's Thursday lecture series and E-Learning portal assignments and quizzes for all staff. As a financial institution adopting the EPs, Fidelity Bank undertakes not to support projects where the borrower will not, or is unable to, comply with the environmental and social requirements arising from the application of the EPs. As part of our E&S assessment

✦ Sustainability Report

procedures, we classify projects in line with the International Finance Corporation's Performance Standards for project categorization as follows:

- Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.
- Category B: Projects with potential limited adverse social or environmental impacts that are few, generally site-specific, largely reversible and readily addressed through mitigation measures; and
- Category C: Projects with minimal or no social or environmental impacts.

Below, is our project finance activity report, in line with Equator Principles IV requirements for the period, January 1 to December 31, 2022. During the review period, Fidelity Bank did not participate in any project-related refinance and project-related acquisition finance, project finance related advisory services, project-related corporate loans and bridge financing, as

Project Finance - Sector Reporting

Sector	E&S Risk Categories		
	A	B	C
Mining	0	0	0
Infrastructure	1	0	0
Oil and Gas	2	0	0
Power	0	0	0
Others	0	0	0
Total	3	0	0

Project Finance - Regional Reporting

Region	E&S Risk Categories		
	A	B	C
Americas	0	0	0
Europe, Middle East and Africa	3	0	0
Asia and Oceania	0	0	0
Total	3	0	0

Project Finance - Country Designation

Designation	E&S Risk Categories		
	A	B	C
Designated Countries	0	0	0
Non-Designated Countries	3	0	0
Total	3	0	0

Project Finance - Independent Review

	E&S Risk Categories		
	A	B	C
Yes	3	0	0
No	0	0	0
Total	3	0	0

defined in the Equator Principles:

Regulated by Nigerian Sustainable Banking Principles

The Nigerian Sustainable Banking Principles are a set of nine principles that regulates and guides Sustainability /ESG in Nigeria Banks. They came into effect in September 2012. The aim is to deliver positive development and impact to the society while protecting the communities and environment in which financial institutions and their clients operate. The principles regulate activities both in the Bank's business operations and business activities. Fidelity Bank abides by the principles and reports to the Central Bank of Nigeria on a Biannual basis.

Managed SME Scheme As A Vehicle For Poverty Reduction

Small businesses form the backbone of the Nigerian economy. The United Nations Industrial Development Organisation (UNIDO) stated in July 2022 that small businesses represent 96% of all business activities, contribute about 50% of our national GDP and account for 48% of all employment in Nigeria. It is in recognition of the pivotal role this sector of the economy plays in our collective fortunes that Fidelity Bank has continually provided bespoke solutions to help SMEs run profitably for over two decades by:

- Building a new crop of entrepreneurs who will birth and power the next generation of conglomerates in Nigeria.
- Designing a workable framework and institutionalizing support pillars for entrepreneurs such as Capacity Building, Access to Finance, Access to Market and Rendition of Financial Advisory Services to ensure not only the survival and growth but also the scaling of their businesses.
- Providing access to outsourcing and shared service platforms to enable small businesses leverage tried and tested support functions at very minimal cost; and
- Building long term partnerships with growing businesses and major stakeholders in the SME development space to create value for all parties involved.

To support Nigerian MSMEs' significant contribution to job creation, poverty eradication and overall economic development we have continued to engage in continuous improvement and modification of our products and non-financial service offerings in line with the changing macroeconomic and business environment. Early in 2022, we did a complete revamp of our SME quick loans product which increased loan tenor and obligor limits. This improvement saw many MSMEs being able to take loans from Fidelity Bank to fund their businesses.

Fidelity Bank in its quest to provide access to market held the maiden edition of Fidelity International Trade & Creative Connect (FITCC) in November 2022 in London, United Kingdom. The event was organized in collaboration with the Nigerian Export Promotion Council. FITCC is a product/service and ideas marketplace that brought together Nigerian Exporters/Businesses and the International Business Community to promote and showcase Nigerian goods/services and to explore product off-take and investment opportunities for Nigerian Businesses. About 100 Nigerian small businesses exhibited at the FITCC and were able to sell their businesses to the outside world. Exhibitors came from different industries like Agro Commodities, Processed Foods, Arts & Crafts, Beauty & Cosmetics, Fashion & Clothing, Leather Goods & Accessories, Manufacturing, Mining & Solid Minerals and ICT/Digital. The FITCC promotes the Sustainable Development Goal 1 (No Poverty): as businesses expand and employ more workers, there is reduction of poverty in the society.

On access to finance, the Bank has partnered with various DFI's to provide low-cost funds to MSME. Concerning our partnership with Development Bank of Nigeria (DBN), Fidelity Bank won the Platinum Award as the best Partner Financial Institution and three staff of the Bank also won Service Ambassador Awards. The award was given in recognition of Fidelity Bank disbursing N52Billion DBN On-lending fund to MSMEs (i.e., 10% of DBN Loan Portfolio to all Partner PFIs numbering over 100). The Nigerian Association of Small and Medium Enterprises (NASME) also awarded Fidelity Bank the Outstanding Service Delivery to MSMEs award.

Our Fidelity SME Forum on Inspiration FM 92.3 Radio Station has continued to air since inception in 2013. The Fidelity SME Forum, one of our capacity building initiatives, is a weekly radio programme to educate, inform, advise, and inspire budding entrepreneurs in Nigeria,

✦ Sustainability Report

through the provision of skills and expertise needed to build sustainable and successful businesses. Over three million MSMEs have been impacted by the Fidelity SME Forum through the weekly featuring of successful entrepreneurs as guest speakers. Similarly, the Bank organized several business management trainings for MSMEs across Nigeria to build their ability to successfully run and manage their businesses. A minimum of 8 trainings were organized in 2022 for MSMEs in key commercial hubs across Nigeria:

- Digital Skills Training for Women – 6000 participants
- Financial Management training for select women trading clusters across Nigeria – Over 4000 women across the country
- Business and Financial Management Training – 1000 participants

To further strengthen and deepen our role in supporting Nigerian MSMEs, the Bank entered a strategic partnership with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to jointly collaborate to implement initiatives that will support the growth of the MSME segment in Nigeria.

Contributing to Greenhouse Gas Emissions Reduction

Fidelity Bank continues to pursue greenhouse gas emission reduction. Newly constructed branches are designed to ensure they are environmentally friendly with adequate surface space for solar panels. The Bank also continues the adoption of Sustainable Power Solution with the installation of solar hybrid power in some parts of the Head Office and some Lagos Branches. To fulfil the requirements of our environmental strategy, which is geared towards the adoption of cleaner energy and efficient resource use, electronic equipment such as air conditioners are being replaced with low energy consuming variants while we continue the use of LED lighting across the Bank. The Bank also employs the use of biodegradable cash bags for dispensing cash to customers.

The Bank has continued to maintain its fleet of staff buses which offers well over 600 members of staff free home-to-work commuting services every workday minimizing the number of vehicles driven by staff and the associated GHG emissions. While this gesture serves to promote employee welfare, it also contributes to the Bank's overall greenhouse gas emission reduction. Staff members using individual vehicles are also encouraged to carpool to work.

Guided by the International Bill on Human Rights

Fidelity Bank is committed to upholding Human Rights and has continued to identify with the International Bill on Human Rights in line with the conventions of the International Labour Organization.

The Bank's Human Rights Policy defines the Bank's commitment to upholding human rights standards and encapsulates a non-discrimination policy which prohibits the use of child labour, forced labour and discrimination on grounds of religion, gender, race, tribe, age, physical challenge, or economic background. To demonstrate this resolve, the Bank in dealing with employees, suppliers and third-party contractors, ensures fair treatment without any form of discrimination or disregard of human rights.

Our Diversity Policy articulates a corporate culture which not only supports workplace diversity and inclusiveness but also recognizes that employees at all levels in the Bank have a role and responsibility for fulfilling this objective.

The representation of employees per employee category in each of the following diversity groups as of December 31st, 2022, are as summarized below:

Gender Distribution of Employees		Age Group Distribution	
Gender	Percentage Representation (%)	Age	(%) Representation
Female	48%	21 - 25	6.75%
Male	52%	26 - 30	25.58%
Total	100%	31 - 35	10.57%
Board Seat - Gender Composition		36 - 40	20.71%
		41 - 45	23.31%
Female	21.4%	46 - 50	10.12%
Male	78.6%	51 - Above	2.96%
Total	100%	Total	100%

Fidelity Bank is committed to the development of an engaging and inclusive work environment with the objective of ensuring employability, skill development and fair remuneration. Our training institute, Fidelity Crest Academy, organizes different capacity training programs for employees. Also available for the career development of staff is Microsoft’s learning platform called Microsoft Enterprise Skills Initiative (ESI) which provides hands-on training for learning, enhancing technical skills and knowledge of Microsoft and Azure technologies. It offers interactive courses, role-based training curriculums, and Microsoft Certifications in a platform that is accessible to Fidelity Bank employees.

Sustainability related trainings participation in 2022 are detailed below:

Participation	Participation	Facilitation
Directors	14	External
Senior Management	95	External
Experienced and New Hires	773	Internal
All Staff	7391	Internal

To further support employee welfare, Fidelity Bank has a number of compensation benefits accessible to both male and female employees which includes Share of Profit and/or Dividend, provision of Essential Commodities (Essenco), Status Car, Professional & Club Membership, Offshore Trainings, Study Leave, HMO, Reimbursement of Certification Courses Exam Fees, Burial Support, Wedding Grant, Personal Loans, Maternity Leave, Annual Medical Check-up etc. Fidelity Bank maintains effective Whistle Blowing policies, and Grievance Mechanism policies for prompt identification and remediation of grievances. Our HR Clinic initiative is designed to provide an interactive one-on-one meeting between the HR team and employees bank wide.

The HR Clinic Initiative creates opportunity for feedback on HR processes, counselling to staff (including stress management) and promotes freedom of expression. The Bank also ensures that human rights considerations are given due attention during lending decisions and same standards are embedded in contract agreements including the service level agreements of vendors.

Health, Safety and HIV/AIDS Policies

The Bank in its commitment to support good health and wellbeing recognizes her workforce as one of her strategic assets with a competitive advantage for sustainable business success. This commitment to drive high standards in health and safety management led to the Bank's certification by the British Standard OHSAS 18001 on Occupational Health and Safety Management Systems in 2018, and in 2020 was upgraded to ISO45001. The Bank was recertified as compliant with the Standards in 2022.

Fidelity Bank's Corporate Membership of the British Safety Council, a UK Occupational Health and Safety Standards awarding body has always placed the Bank on an advantage. The Bank has in place, a robust Occupational Health and Safety Management Systems as well as appointed safety champions and fire wardens with day-to-day responsibility for the management of Health and Safety in the institution. Fire Drills are conducted quarterly for all staff of the Bank.

Awareness is cardinal to sustainable Health and Safety practices in the Bank. In alignment with best practices, awareness materials on Health and Safety issues are communicated to all employees regularly, while formal trainings are conducted during the Bank's Thursday Lecture series. Further training is also conducted through E-learning platforms, and this offers participation to all employees, with immense benefit to the Bank.

Additionally, the Bank in supporting the good health and wellbeing of every employee adopts best practices that cater for their healthcare using appropriate medical intervention through HMO services, guidance and counseling, cancer care treatment, annual medical check-up, equal opportunity policy structures and workplace inclusiveness.

The Bank has continued to enforce its policy of non-discrimination against any employee or customer based on their HIV/AIDS status. Employees living with HIV/AIDS have the right to confidentiality and privacy concerning their HIV status. Except where required by law to disclose to specific people or with the express consent of the employee, all medical information regarding employees with HIV/AIDS are kept strictly confidential. However, the Bank's standard incapacity procedures are usually applied in the event of a noticeable deterioration in the health of an employee living with HIV/AIDS matched by a decisive impact on the employee's work ability.

Empowering And Creating Opportunities For Women

Fidelity Bank has historically committed itself to supporting women as the Bank recognizes that women are often prevented from realizing their economic potentials because of gender inequity. Many initiatives have been developed to uniquely cater to the needs of women aimed at creating opportunities for women in its employment as well as through lending and advisory activities. The Bank's gender diversity policy framework provides the structural entrenchment of gender diversity within the Bank to actively facilitate a more diverse and representative workforce.

In fulfilment of the requirement of Fidelity Bank's Women Economic Empowerment Policy and the Central Bank of Nigeria's requirements, the Bank ensures adequate female representation in its workforce. As at December 31st, 2022, the Bank had 48% female representation in its total workforce. The Bank at the end of 2022 also had 21.4% women representation on the full Board and 24% of all senior management being women. In addition, female employees are given adequate access to the staff health care program as well as financing schemes available in the Bank. 10 female staff members were also inducted as Women in Management, Business and Public Service (WIMBIZ) Corporate Associates in the course of the year.

On the 8th of March 2022 during the International Women's Day (IWD) celebrations, the Bank formally launched its proposition for Nigerian Women - "HerFidelity". Although it has a special focus on aspiring and existing women entrepreneurs, the proposition is an offer for all classes of women in general irrespective of their economic status, class, profession, social status, religion, or tribe. "HerFidelity" revolves around four pillars: Financial Support, Business Management and Capacity Building, Entrepreneurship Encouragement & Health and Wellness

During the occasion of the launch of "HerFidelity", the Bank unveiled the female entrepreneurship support scheme designed to support young ladies/females acquire vocational skills that will not only empower them but create opportunities for self-employment for them. The maiden edition of the scheme happened in 2022 and saw the Bank selecting five (5) different vocational centers across four states including Lagos, Imo, Adamawa, and Kano. Working with the owners of these vocational centers (which are all women) the Bank selected and sponsored young ladies and deployed them to these centers for vocational skills training. This maiden edition of the apprenticeship support scheme saw about 30 young ladies trained in fashion design, tailoring and auto mobile mechanics. The scheme is planned to continue on an annual basis with the objective of significantly increasing the number of target participants.

In the area of women's health and wellness, the Bank has a strategic partnership with Curves, a leading global fitness franchise. The partnership provides women access to all Curves outlets at discounted rates if they are members of "HerFidelity" Community. On business management and capacity building, the Bank in 2022 trained over 10,000 women in digital marketing. The training was in partnership with ImpactHer and Google Nigeria and came free of charge to participants with all cost borne by the Bank. A post event survey undertaken to assess training impact revealed that most of the women trained during the period had moved their businesses forward on account of the lessons learned. The Bank also bore 50% of the training cost for all the women who participated in the two streams of the Export Management Programme that held in 2022. The Export Management Programme is the Bank's training programme designed to build the technical know-how of Nigerian intending and existing exporters. It is done in collaboration with the Lagos Business School and Nigerian Export Promotion Council.

To support women entrepreneurs, the Bank under the auspices of "Her Fidelity" approved a 1% discount on interest for all SME and Consumer Loans. This is aimed at empowering and encouraging women-led SMEs. Similarly, female agents under the Bank's Agency Banking offering (Area Connect) enjoy discounts which allows them to remit a flat transaction charge of N20 regardless of volume of the POS transaction.

Timely Reporting and Transparent Disclosures

Fidelity Bank is guided by relevant statutes and codes on Corporate Governance as well as the Company and Allied Matters Act (2020). The Bank seeks to provide accurate and timely information regarding its lending and advisory activities as well as general information in accordance with its corporate governance stance.

The Bank recognizes the importance of disclosure of information, both for itself and its clients, as a means of managing environmental, social and governance risks. Our disclosures also help to communicate our sustainability strategy and goals. To guard against the risk of financial crime within our business, we focus on training our employees, strengthening our screening systems and ensuring that our policies and procedures are effective and up to date.

Code Of Ethics And Insider Dealing

Fidelity Bank continues to pride itself in its long-standing good professional and ethical reputation sustained through a combination of policies, systems, and cultural practices. The Bank has a Code of Business Conduct and Ethics Policy, which clearly communicates the Bank's zero tolerance to corruption, money laundering, bribery, abuse of office and similar transgressions.

The Bank's Ethics Committee, ensures that the provisions of this Policy are communicated to all staff at the start of each year and periodically during the year, followed by individual staff attestation to comply with the provisions. Trainings on ethics and bribery/anti-corruption are a part of the Bank's induction programme for new staff and periodic lectures on ethics are held to ensure ethical standards are enshrined in staff. Staff members have become increasingly aware of the need to maintain high ethical standards in pursuit of their daily activities and engagement with colleagues, customers, and stakeholders.

The Bank has also adopted integrity test techniques to test how staff will behave in certain circumstances and this is used to appraise the staff compliance to ethical standards. During the year, Fidelity Bank joined the world in celebrating the Ethics and Compliance Week by marking it with different activities that spoke to its core values and ethical standards.

Fidelity Bank has in place a Whistle Blowing Policy, which encourages internal and external stakeholders to report their concerns about any unethical behavior to enable the Bank to investigate and address such promptly. We host our Whistle Blowing Application on our internet webpage and dedicated telephone line and email address are available for anonymous reporting to the Bank.

The Bank has zero tolerance for employees trading its securities on the stock exchange to their advantage after having access to confidential information. To guard against the illegal practice, 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 Policy is communicated to all persons to whom it is applicable and the Company Secretary periodically notifies affected persons of when trading in the Bank's securities is either permitted (Open Periods) or prohibited (Closed 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.

Fidelity Bank's Anti-Bribery and Corruption Policies and Procedures are communicated regularly to employees and management of the Bank. At the beginning of each year, all staff mandatorily sign an attestation to have read and understood the provisions of the policy. There were no fines paid by the Bank on account of any of its staff being found wanting on cases of Bribery and Corruption in 2022. The Bank also did not contravene any environmental law or regulation in the year hence no monetary fine was paid. As a responsible Financial Institution, we will continue to embrace adaptation measures that promote sustainable investment.

Fidelity Bank is committed to being responsive to the needs and concerns of customers and ensures that their rights are protected at all times in accordance with consumer protection legislation and contractual requirements. In support of this commitment, the Bank has a Consumer Protection Policy as well as a Complaints Handling Policy. Training and awareness campaigns for all staff on the provisions of the policies are held on a continuous basis. The bank's Customer Contact Centre and Customer Complaints touchpoints are committed to always upholding these standards.

Collaborating With Partners

Fidelity Bank recognizes that it can achieve greater results with combined efforts rather than acting alone. The Bank therefore endeavors to collaborate with clients who identify and manage environmental and social risks and who pursue environmental and social opportunities and outcomes in their business activities with a view to continually improving sustainability performance. The Bank participates actively in sector-wide efforts and in international initiatives to promote sustainable development. The Bank is a signatory to the United Nations Environmental Program-Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), and Equator Principles (EP). The Bank actively participates at the Sustainable Banking Champions Industry meetings and is a member of the National Financial Inclusion Technical Committee representing the Bankers' Committee. The Bank also collaborates with the Nigerian Conservation Foundation (NCF) on environmental advocacy initiatives.

Leading By Example In E&S Footprints Management

Fidelity Bank continuously strives to lead by example in the management of environmental and social management practices. We manage the E&S concerns associated with our internal operations and undertakings by making sustainability considerations a fundamental part of everyday decision making in our offices wherever located. The Bank continues to maintain its hybrid sustainable power solution in some locations in the Bank including parts of the Head Office in furtherance of its commitment and drive towards clean and environmentally friendly energy. The Bank has about 50 ATMs solely powered by Solar Energy.

Fidelity Bank through its Sustainable Procurement Policy commits to lower environmental and social impact in its procurement and vendor onboarding and management processes. The Policy provides in clear terms specifications of green equipment/electronics acceptable to the Bank and adopted across the Bank. The Bank has continued to replace existing office equipment with the greener and more sustainable options.

Fidelity Bank understands that water scarcity remains a serious global social challenge and with this realization is committed to ensuring that it manages the use of water resource efficiently. To this end, the Bank continuously sensitizes staff members on water usage.

To drive the efficient use of paper across the bank, the Bank is developing a Document Management System (DMS). This will provide e-storage for documents with ease of access whenever required. The solution will also aid automation of paper dependent processes.

Through the Bank's Waste and Pollution Management Policy, the Bank commits to promote good waste management practices in line with local regulation and best practice. A bank wide E-Waste decluttering exercise was carried out in October 2022 to mark world recognized E Waste Day. About 9,200 kg of E Waste was successfully evacuated by Government registered E -Waste collectors.

The Sustainable Banking Management Systems portal remains a key system used in gathering Sustainability data across the branches and facilities for effective monitoring as well as support for internal and regulatory reporting.

Fidelity Bank has continued through its Corporate Social Responsibility (CSR) activities to strive for positive social contributions in communities to reduce poverty, support education, improve health, sponsorships provide basic needs and increase long-term employment through the Bank's central CSR platform, also known as the Fidelity Helping Hands Program (FHHP). The FHHP is an employee volunteer program, which encourages

employees to contribute towards community projects, total contribution by employees is equally matched by the Bank for the execution of identified projects. Regions, Branches, Divisions or Departments are involved in identifying the pressing needs of their immediate communities, ascertain the cost and make personal voluntary financial contributions towards execution. They work in collaboration with the Corporate Social Responsibility (CSR) team for the matching fund, execution, and commissioning of each project. The Bank ensures that the desired outcomes from the investments align with the objectives of the Sustainable Development Goals (SDGs). In 2022, the Bank focused its overall CSR activities on Health & Social Welfare (53.6%) and Education (46.4%) representing the total investment by the Bank.

In the course of the year, the Bank sustained its drive to achieve its environmental sustainability objective by collaborating with some States and Local Governments to create and maintain green parks in key locations across Nigeria. The Bank actively participates in advocacy programs in partnership with the Nigerian Conservation Foundation (NCF) of which the Bank is a Gold Member. The Bank participated in the Annual Walk for Nature organized by the NCF and Lagos State Government in October 2022. The theme for the walk was “**Only One Earth**”.

Deepening Economic Development Through Financial Inclusion

Fidelity Bank’s mission is to make financial services easy and accessible to customers. The Bank understands that by creating convenient and affordable products and services to all its customers, it stimulates an all-inclusive growth of the economy ensuring the poor, marginalized people and those vulnerable to low economic power, engage in formal economic process through ownership and regular usage of formal financial products and services. The Bank is deliberately addressing financial inclusion challenges by focusing on the five demographics emphasized by CBN in the revised National Financial Inclusion Strategy documents. These include Youths, Women, North, MSMEs, and financially excluded/underserved locations across the country.

Women & Northern Region:

- Fidelity Bank recognizes the role of women in society and the significant contributions they can make to the economic development of any society. In this regard and in compliance with the Central Bank of Nigeria requirement, the Bank developed a Women’s Economic Empowerment Policy, and a special committee was constituted for its implementation. The Bank also launched “HER FIDELITY”, a Proposition for Women.
- **World Bank Women Empowerment Project Kebbi State** - Fidelity Bank partnered with the Project offices at National and State levels to open accounts at three (3) selected local governments (Ngaski, Argungu, Maiyama) to effect payments to beneficiaries in Kebbi State. This initiative is a collaboration between the World Bank, and the Federal and State Governments to support women’s access to social and financial capital to alleviate poverty in the society. A total of 5,521 accounts were opened for the Beneficiaries.
- The Bank conducted Financial Inclusion Program for Market Women in 9 LGAs of Kogi State where the Local government representatives were made Super Agents and accounts were opened for the market women.
- The Bank participated in the **CBN Digital Financial Inclusion** drive for Women and Youth in six (6) States (Gombe, Jigawa, Bayelsa, Ebonyi, Niger, and Oyo States). A total of 10,573 Accounts were opened.

- The Bank is currently partnering with the Federal Government on the World Bank-sponsored project with AGILE (**Adolescent Girls Initiative for Learning and Empowerment**). A total of 1,503 Accounts have been opened for beneficiaries under this programme.
- The Bank also recently partnered with Women's World Banking (WWB) to empower women by encouraging savings through our Agent's outlets. These women have access to enjoy low-interest loans to grow their businesses, business education, capacity building, and discounted premium healthcare. They also have the opportunity to participate in the Bank's cluster savings quarterly reward. The Product and Partnership were launched with the Good Women Association, Tejuosho, Lagos and Association of Women Entrepreneurs, Enugu in the month of November 2022 with over 250 women accounts opened.

Youth: Tertiary Campus Activation

- The Bank has two (2) products for the Youths (Fidelity Flex and Flex Plus). Flex Product is for undergraduates while Flex Plus is for Youth Corp Members (NYSC). The Bank has been conducting campus activations at different tertiary institutions.
- The Bank has included more youths (aged 18-35) in the financial sector by adopting the Fidelity Bank campus activation train. The program which takes place at different tertiary institutions is a platform used to provide financial education, financial literacy program, and first-timer account opening.
- The Bank also embarked on a financial literacy program at Auchi Polytechnic, Edo State tagged "**Something Hooge**". The program supported opening of flex accounts. The event held in February 2022.

Micro, Small and Medium Enterprises (MSMEs):

The Bank conducted financial literacy, education programs, and built the financial capability of the low-income population, especially women through the "HER Fidelity" Proposition at Alade Market, Lagos, Kogi Markets and Igbata Market, Kwara State.

The Bank is currently growing the number of Agents on our Agency Platform (CEVA) and is in partnership with super-agents, agent aggregators, and FinTech's to further grow this number, drive financial inclusion and expand the Bank's reach.

Corporate Social Responsibility

As a socially responsible organization, we remain committed to creating sustainable impact in our communities. Our unbridled passion for Corporate Social Responsibility (CSR) is exemplified by the commitment of all stakeholders and the unwavering desire to make positive social footprints in the society whilst creating enduring partnerships for sustainable national development.

Our CSR Pillars as outlined in our CSR Policy center around viable CSR initiatives that speak to **Environmental beautification, conservation and sustainability; Quality Education; Health and Social Welfare**; as well as **Youth Empowerment**. These four pillars are essential for the development of clean, stable and prosperous communities.

Focusing on these pillars, the Bank allocates a significant part of its annual earnings towards supporting initiatives and transformational projects that cut across all ages, cultures and genders. Specifically, the choice of our CSR initiatives is driven by:

- Reinforcing strong and healthy community relations by identifying and executing strategic projects in host communities.
- Maintaining high standards of integrity in our engagements with the Government and Community.
- Playing the lead role by ascertaining and seeking solutions to societal challenges, especially in our operating environment.

Our CSR initiatives are implemented through the following platforms:

1. **The Fidelity Helping Hands Programme (FHHP)** – The staff volunteer programme supports communities where we live and do business.
2. **Sponsorships** of other impactful CSR projects that is funded centrally.
3. **Collaboration with partners** (both local and international) to drive CSR initiatives geared towards achieving the Sustainable Development Goals (SDGs).

Below is a summary of CSR projects facilitated by the bank across all our platforms in 2022:

Area of focus	Project Description	Beneficiaries
Education	Financial Literacy Advocacy	
	At Government College (Senior), Surulere Lagos, we sensitized over 300 secondary school students on the importance of financial literacy and supported the students with back-to-school items	300+ students
	At Bestline School, Ado-Ekiti, we sensitized over 480 students on the importance of financial literacy on Financial Literacy Day and World Savings Day	480+ students

Area of focus	Project Description	Beneficiaries
	Renovations/Structural Donations:	
	At Madrasatul Anwarul Islam, Kwarbai Zaria, we renovated 4 blocks of 10 Classrooms, Staff rooms and Toilets and constructed an ATM Gallery in the locality.	2,000+ students
	At Omolere Nursery & Primary School, Akure we renovated and set up an ICT center.	400+ students
	To commemorate 2022 World Savings Day, we renovated the School hall of Bestline Schools, Ado-Ekiti.	500+ students
	At The Child Special School, Port Harcourt, we constructed a borehole and donated essential items to students with special needs.	66+ students
	At Orisigun Nursery/Primary School, Ketu Lagos, we renovated 6 toilet facilities for students and staff.	115+ students and staff
	Education Support and Donations:	
	At Government Junior Model College, we donated 75 school bags.	75 students
	At Comprehensive Secondary School, Ogwashi-Uku, Delta State, we donated 20 school bags and 9 whiteboards.	450+ students
	At Government Secondary Sch, ATU, Calabar, we donated 55 3-in-1 Chairs and Desks for students.	165 students
Environment	Beautification:	
	We maintained and beautified our adopted gardens and parks across the country in the course of the year.	General Public
	Conservation:	
	We renewed our support for the Nigerian Conservation Foundation and participated in the 2022 Walk for Nature.	150+ staff participated in the walk.
	Recycling & Sustainability:	
	The bank donated 6 giant waste recycle bins, and provided standby regular pickup arrangement to 6 schools in Lagos. We also introduced re-usable paper bags for dispensing money to customers.	Over 3,000 students

✦ Corporate Social Responsibility

Area of focus	Project Description	Beneficiaries
	At Lufasi Park, Lagos, we planted over 100 trees	General Public
	At Sought After Orphanage Home, Ajah Lagos, we installed solar to ensure clean and fossil-free energy for the home	Residents of the home
	At the Cerebral Palsy Center, Lagos, we installed solar panels, inverters and batteries, ensuring sustainable cities and communities	50+ children
Health & Social Welfare	Medical Interventions and Outreaches:	
	At Specialist Hospital, Yola, Adamawa State, we donated 2,000 Fidelity branded bed cover and 1000 branded pillowcases	2,000+ patients
	At Holy Child College, Ikoyi, Lagos, we donated high standard, eco-friendly and re-usable sanitary pads to students	60+ students
	At Tejuosho UltraModern Market, Yaba Lagos, we provided Free Medical check-up and glasses	100+ traders
	At Lagos Island East Community, Sura, Lagos, we provided Free Medical Outreach to residents of the community	400+ residents
	Social Interventions/Donations:	
	At Damaturu, Yobe State, we donated food items to Persons Living With Disabilities (PLWDs) and Vulnerable Households (VHH)	200+ PLWDs and VHHs
	At Mangoro, Lagos State, we donated 110 boxes of Hope packages containing food items	110+ residents
	The Bank in partnership with Al-Muhibba Foundation, Bauchi State, donated food items to indigent residents in Bauchi	150+ beneficiaries
	At Correctional Center for Junior Boys, Sabo, Lagos, we donated machines, beddings and food items	200+ beneficiaries

Area of focus	Project Description	Beneficiaries
	Food & Provision Donations to the following Orphanage Homes:	
	Heritage Orphanage Homes, Anthony Lagos,	30+ children
	Open Arms Orphanage Home, Lagos	60+ children
	JOFIN Empowerment Orphanage Home, Jos	60+ children
Youth Empowerment	Skill Acquisition Program:	
	We trained and empowered young women in catering and pastries production at Okinni Community in Osun State	30+ women

Education



Dignitaries at the commissioning ceremony of the renovated Madrasatul Anwarul Islam, Kwarbai Zaria



Beneficiaries of the donated school bags and Fidelity Bank staff at Government Junior Model College, Lagos State.

✦ Corporate Social Responsibility

Education continued



Head, Commercial Credit Appraisal, Nnenna Ubbaonu, officially commissions the freshly renovated restroom facility. CSR Team Member, Augustine Nwosu, watches the students use the newly installed washbasin at Orisigun Primary School.



Fidelity Bank staff handing over the newly renovated school hall to the School Principal, Bestline School, Ado.

The Environment



Garden Beautification at Falomo and Akin Adesola Roundabouts



Beautification of Akin Adesola Roundabout, Lagos

Environment continued



Fidelity Bank staff at the 2022 NCF Walk for Nature event

Environment continued



Team Fidelity takes the recycling drive to schools



All hands on deck for the Tree Planting project at Lufasi Park

Health/Social Welfare



Cross section of Fidelity staff presenting eco-friendly reusable sanitary pads to the students of Holy Child College



Cross section of students of Holy Child College, Ikoyi.



Residents of Idi Mangoro, Lagos with of their Boxes of Hope packages containing food items.

Health/Social Welfare continued



Executive Chairman, Lagos Island East, LGA, Hon. Dr. Muibi Alade Folawiyo receiving attention during the Fidelity Bank End of the Year Medical Outreach.



Women of Okinni Community in Osun state learning catering and pastries production



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Compliance Management Philosophy and Culture

Fidelity Bank Plc strives to formulate, design, build and sustain a philosophy and culture of compliance in the bank based on best practices. The following philosophy governs the compliance management function in Fidelity Bank Plc:

- The Board, supported by the Management, sets the right 'tone-at-the-top' by creating an enabling environment where regulatory compliance thrives and is embedded into the overall corporate and strategic imperatives as well as operations.
- Adopting a risk-based approach when considering the Banks' exposure to various levels of risk;
- Compliance is a collective responsibility in the Bank therefore, every staff member has a role to play.

Regulatory Pressure

With the CBN Anti-Money Laundering (AML/CFT) Sanctions regime, regulators across jurisdictions are sending a clear message of zero tolerance for Money Laundering, Terrorist Financing & Proliferation infractions, thereby demanding proactive management of compliance risks.

This has continued to place more pressure on financial institutions, not only to put in place structures to identify, assess and understand the Money Laundering, Terrorist Financing & Proliferation risks they face and adopt measures that are commensurate with the identified risks but also to ensure that the compliance programs are adequate and robust enough to ensure compliance with all applicable laws and regulations, so as to mitigate all forms of compliance risks.

In response to these increasing and tightening regulatory obligations, the Bank regularly looks inward with a view to revalidating the compliance risk management processes and procedures to withstand the emerging pressures and is committed to continuously educating its employees, including the Board, on regulatory changes and their attendant implications on the business and our customers.

The Compliance Framework

The bank has a Compliance Division that is bestowed with the responsibility of management of compliance and related regulatory risks. The Division is responsible for promoting compliance with statutory and regulatory requirements and the Anti-Money Laundering (AML), Combating Financing of Terrorism & Proliferation (CFT&P), Know Your Customer (KYC) and other related programmes of the Bank. The Bank leverages relevant technologies to enable it cope with the ever evolving regulatory compliance environment and requirements that ensures that we deliver excellent services to our customers.

In order to strengthen Corporate Governance and achieve associated compliance management expectations, the Bank has a Compliance Risk Management Framework, an integral part of its Enterprise Risk Management Framework, which assists the Bank in the management of regulatory compliance risks.

Within this framework, the Board of Directors of the Bank has put the following in place:

- An independent Compliance Division with a Chief Compliance Officer (CCO) at senior management level and an Executive Compliance Officer (ECO) at Board level to oversee the compliance function, and report to the Board. The Bank provides sufficient human and material resources to the Compliance Division to ensure its effective management.

- An Enterprise Risk Management framework, which provides a larger frame for Compliance Risk Management incorporating AML/CFT & P risk management.
- Adequate allocation of Compliance Officers in Head Office, Regional Offices and Branches of the Bank through a cluster arrangement to effectively cover all identified risks.
- Profiling of customers, geographies, delivery channels and products & services for exposure to financial crime risks and controls. Based on the outcome of the profiling the Board approves the Bank's financial crime risk appetite.
- Well-defined compliance communication channels and feedback mechanisms for identified compliance risks to ensure corrective actions are promptly, effectively and efficiently taken.
- An effective and robust whistle-blowing framework, which encourages concerned persons to report genuine matters confidentially through active and dedicated media.
- Annual attestation by all staff to have read and understood the Bank's Code of Business Conduct and Ethics Policy, Anti Bribery and Corruption Policy, AML/CFT&P Policy and Claw Back Policy with commitment to comply.

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT/CPF) and proliferation of weapons of mass destruction Framework

Money Laundering (Prevention and Prohibition) Act 2022; the Terrorism (Prevention and Prohibition) Act 2022; the Central Bank of Nigeria (Anti Money Laundering, Combating The Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction in Institutions) Regulations 2022, Central Bank of Nigeria (Anti Money Laundering, Combating The Financing of Terrorism) Administrative Sanctions Regulation 2018, the Financial Action Task Force (FATF) recommendations and other relevant local and international principles and regulations guiding AML/CFT & P. Our AML/CFT & P framework is designed such that we have adequate systems and processes in place and our people are adequately trained to prevent, promptly detect and report suspicious money laundering and terrorism financing and proliferation activities.

We have implemented an AML solution that enables us conduct risk rating of our customers both at the point of on-boarding and continuously during the lifetime of the relationship, carry out continuous monitoring of transactions and render all the relevant regulatory and supervisory reports. We also have an automated sanction screening process that screens customers at on-boarding and on an ongoing basis as well as all transactions (local and wire transfers) against all the major sanctions lists.

We have a properly documented Operations Policy and Procedural Manual (OPPM), Regulatory and Financial Crimes Framework, Compliance Operations Manual, Internal Control Process Manual, Code of Business Conduct and Ethics Policy and Know Your Customer (KYC) Policy Manual among other documents that guide our AML/CFT & P activities. These documents cover the following:

- Scope of the AML/CFT&P framework.
- Board and Management roles and responsibilities.
- Reports to Board and Senior Management.
- Customer Due Diligence (CDD)/Know Your Customer (KYC) and Risk Categorization.
- Institutional Risk Assessment
- Transaction Monitoring.
- Statutory and Regulatory Reports.
- Politically Exposed Persons (PEPs).

*** Compliance Report**

- Sanctions Compliance Management (Sanctions screening and filtering of sanction list/watch list).
- Employee training.
- Correspondent Banks.
- Agency Banking
- Customer records.
- Testing adequacy of the framework through independent review by Internal and External Auditors.
- Cooperation with Regulators and Law Enforcement Agencies.

Board and Management Responsibilities

The Board of Directors has oversight and overall responsibility for managing compliance in the Bank. Through the Board Audit Committee (BAC), which is a standing committee of the Board. The BAC provides supporting oversight on the management of compliance within the Bank. The Committee also has the responsibility of ensuring the implementation of the approved compliance risk policies, procedures, processes and tool-sets including annual compliance plan. The Committee receives quarterly AML/CFT&P reports and reviews same to ensure compliance with all statutory, regulatory and internal procedures of the Bank. The Committee in turn, submits a quarterly report to the full Board on the foregoing to give assurance.

The management of the Bank is committed to the AML/CFT&P framework, by ensuring that the AML/CFT&P framework is properly documented and approved. It also ensures constant review of the framework to incorporate new laws and guidelines. Management ensures the provision of all resources needed for implementation of the AML/CFT&P framework, which clearly states the roles of all employees in Customer Due Diligence, Know Your Customer, and suspicious transactions monitoring. Reporting mechanisms are also outlined with appropriate sanctions for violation.

Reports to Board and Senior Management

The following AML/CFT&P reports are submitted to the Board and Management:

- Monthly report on AML/CFT&P and other compliance related issues are presented at the Executive Committee.
- Quarterly AML/CFT&P reports are submitted to the Board through the Board Audit Committee.
- Routine reports to the Managing Director/Chief Executive and other Executive Committee members on contemporary AML/CFT&P issues or regulations, Guidelines and Circulars as may be released from time to time.

Customer Due Diligence (CDD)/Know Your Customer (KYC)

Fidelity Bank continually conducts appropriate and detailed due diligence on new and existing relationships by monitoring the operation of all accounts to ensure that their activities comply with the laws and regulations which govern their operation and that no account is being used as a conduit for illicit funds. Our AML/CFT&P/KYC policy stipulates that an effective procedure is put in place to identify customers, screen customers against sanction lists, decline and promptly report suspicious activities or transactions to Financial Intelligence agencies and cooperate with law enforcement agencies.

In addition, the policy ensures that:

- Due diligence and KYC requirements are carried out on all new relationships (natural and legal persons) before on-boarding them. These include obtaining proof of identity,

verification of the identity using reliable independent sources and address visitation using independent accredited third party vendors.

- The Bank does not keep anonymous accounts or banking relationships in obviously fictitious names. Relationships are not maintained with “Shell Banks” or with correspondent foreign financial institutions that permit their accounts to be used by Shell Banks.
- The Bank takes requisite measures as required by law during on-boarding of Designated Non-Financial Businesses and Professionals (DNBP). Beneficial-owners of pooled-accounts held by Designated Non-Financial Businesses and Professionals (DNFBPs) are scrutinized to ensure they are consistent with the provisions of the Money Laundering (Prevention and Prohibition) Act, 2022.

Transaction Monitoring

The Bank does not only establish the identity of its customers, but also monitors account activity to determine the transactions that do not conform with the normal or expected transactions for the customer or the type of account.

The Wolfsberg Group of financial institutions (the “Wolfsberg Group”) emphasized the need for appropriate and continuous monitoring of transactions and customers to identify potentially unusual or suspicious activities and transactions, and for reporting such to relevant regulatory authorities. Fidelity Bank Plc continues to carry out online real-time screening or filtering of account opening, transactions processing, and payment instructions, inclusive of wire or funds transfers, prior to their execution in order to ensure funds are not made available in breach of sanctions, embargoes and other prohibitive measures.

Apart from proactive screening, the Bank also carries out retroactive searches through the system to identify specific past transactions as well as existing and closed accounts in order to take timely decisions on further investigation and reporting where necessary.

Basic Statutory Reports

The Nigerian Financial Intelligence Unit (NFIU), the regulatory body in charge of collating financial intelligence requires that all financial institutions render routine reports in a specified format to it. In compliance with this requirement and in accordance with the relevant provisions of Sections 3, 7 and 11 of the Money Laundering Act 2022, the Bank renders the following reports respectively to the NFIU.

- Reports of all international transfer of funds and securities exceeding ten thousand dollars (\$10,000) or its equivalent in other foreign currencies.
- Reports on all unusual or suspicious transactions within 24hours of the transactions.
- Section 11 of the Act requires all financial institutions to submit a report of all lodgments or transfer of funds in excess of N5 million for individual customers and N10 million and above for corporate customers.

Politically Exposed Persons (PEPs)

Before the bank enters into or where the Bank is in a business relationship with a PEP, it is required to conduct enhanced due diligence to ascertain the source of wealth, source of fund and the Ultimate Beneficial Owner (UBO) and continuously monitor the relationship to avoid being used for fraudulent activities, money laundering and financing of terrorism and proliferation.

Before the account of a Politically Exposed Person (PEP) is opened, senior management approval is obtained in line with the regulatory requirement. The Bank also maintains a comprehensive list of all PEPs and continuously updates the list. We adopt an appropriate

risk-based identification of PEPs based on the FATF recommendation that defines a PEP to include current and past political office holders and all those in some form of relationship with them either by virtue of being family members or associates.

Fidelity Bank renders monthly returns on the transactions of PEPs to both the Central Bank of Nigeria and the Nigerian Financial Intelligence Unit (NFIU).

Sanctions Compliance Management (Sanctions Screening and Assets Freeze)

Fidelity Bank Plc complies with domestic (Nigerian Sanctions Committee) and international laws, regulations and regulatory directives, and actively prevents any transaction that otherwise facilitates criminal activities, money laundering or terrorism and proliferation financing. As such, Fidelity Bank Plc does not engage in any business relationship with any sanctioned individual or entity. Pursuant to this, Fidelity Bank:

1. Formulate and implement internal controls and other procedures on sanctioned individuals and entities.
2. Ensure efficient implementation of the Bank's Sanction Framework.
3. Not in any way inhibit the implementation of the provisions of all regulations on sanctioned individuals and entities and shall cooperate with regulators and other relevant agencies within and outside Nigeria.
4. Comply promptly with regulatory requests, and requests by other competent authorities on sanctioned individuals and entities.
5. Comply with the directive of the Nigeria Sanctions Committee (NSC) on the Obligations on Nigerians Persons and Entities to implement TFS regimes for all FI's
 - a. Register with the NSC to receive automated email notifications;
 - b. Screen - undertake ongoing and daily checks to the UN and NSC databases to identify possible matches;
 - c. Apply TFS (Freezing measures & Prohibition of making funds available); and
 - d. Notify by immediately reporting any freezing measure taken and/or attempted transactions to the Nigeria Sanctions Committee, The Nigeria Financial Intelligence Unit, and the relevant sector regulator.
6. Render statutory reports to appropriate authorities required by law on sanctioned individuals and entities.
7. Promptly discontinue business relationship with an existing customer upon identification of the customer as a sanctioned individual and entity.
8. Not enter a business relationship with any prospective customer, or partner, who is a sanctioned individual or entity.
9. Immediately identify and freeze accounts/assets belonging to designated persons.
10. Report to the Sanctions Committee any assets frozen or actions taken.
11. Include in its STRs, all transactions involving attempted and concluded transactions in the frozen account/asset.

Apart from keeping and regularly updating the list of watchlisted persons and entities, the Bank subscribed to the use of international screening systems like The SWIFT Sanctions Screening for screening of inbound and outbound wire transfers and Acuity (by World Compliance a LexisNexis company) for screening of customers against all lists including private and public lists from recognized third party list providers and PEPs list.

Sanction Lists

Fidelity Bank's screens against the following watchlist:

- US Treasury Office of Foreign Assets - OFAC-SDN (Specially Designated Nationals) and FSE (Foreign Asset Evaders) - The main sanction list for the U.S. Government.
- International United Nations Consolidated List - The main sanction list issued by the United Nations.
- FATF Black-List/NCCT List - The FATF (Financial Action Task Force) blacklist is also referred to as the list of "Non-Cooperative Countries or Territories" (NCCTs). This is a list of countries, which are perceived to be non-cooperative in the global fight against Money Laundering (ML) and Terrorist Financing (TF). The list is modified from time to time by either adding or deleting, based on current status of the countries.
- Her Majesty's Treasury (United Kingdom).
- European Union (EU).
- Canada - Office of Superintendent of Financial Institutions - OSFI-UN.
- Australia Department of Foreign Affairs and Trade DFTA.
- The Ministry of Economy, Finance and Industry (France).
- The Nigerian List.

AML/CFT&P Training

Fidelity Bank conducts regular and continuous AML/CFT&P training for staff, management and the Board. Apart from being a regulatory requirement, the Bank also does this to ensure that every member of staff has a good understanding of the AML/CFT&P and KYC requirements and also understand their roles and responsibilities as well as sanctions/penalties attached to violations and failure to comply.

Sequel to the COVID -19 pandemic, our training programs are now conducted virtually via our online learning platform. We also ensure that new intakes and experienced staff are trained on AML/CFT during their induction.

The basic elements of the employee training program are expected to include:

- AML/CFT&P regulations and offences.
- The nature of money laundering.
- Terrorism Financing and Proliferation red flags
- Money laundering 'red flags' and suspicious transactions, including trade-based money laundering typologies.
- Reporting requirements.
- Customer due diligence and Know Your Customer (KYC) principles
- Risk-based approach to AML/CFT&P.
- Record keeping and retention policy

Correspondent Banks - AML/CFT&P Due Diligence

Fidelity Bank ensures that it enters into and maintains correspondent banking relationships with institutions that show evidence of robust AML/CFT&P programs and have implemented policies and procedures that ensures that they have adequately mitigated all their AML/CFT&P risks.

✦ Compliance Report

We regularly administer questionnaires on these institutions to assess the adequacy of their AML/CFT&P program.

The Bank does not deal with shell companies and also obtains information on the beneficial owner(s) of all transactions.

Customer records

In accordance with the Statutes of Limitation and Money Laundering Act 2022 which stipulate 6 and 5 years respectively for retention of records, Fidelity Bank keeps and retains customer identification documents, account opening records and business correspondence of all customers and related documents for at least a period of five (5) years after closure of the account or severance of the relationship with the customer.

Individual financial transaction records are kept for at least five (5) years after the transaction has taken place.

Testing adequacy of the AML/CFT&P framework through independent review by Internal and External Auditors

In accordance with the Money Laundering Act 2022 and in line with best practice, the AML/CFT&P process and function is subjected to a semi-annual review by the Internal Audit Department of the Bank. The report of their findings is sent to the Board Audit Committee to ensure action on the report. The objective of the audit is to independently review the adequacy of the framework to mitigate the AML/CFT&P risks the bank is exposed to.

The AML/CFT&P framework is also reviewed by the external auditors of the bank as well as regulators during their routine examination of the bank. The Bank also at least once every three years engages an external consultant to review and test the maturity level of its compliance function and AML/CFT & P programs. The outcome of the review helps to strengthen our processes.

Cooperation with Regulators and Law Enforcement Agencies.

The Bank continues to cooperate with law enforcement agencies and regulators by making records and documents available to aid their investigation at all times. All employees of the Bank are required to cooperate fully with regulators and law enforcement agencies and make available required records or documents based on the powers conferred on the agencies by their respective Acts as well as the Money Laundering Act 2022.

Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act provisions (generally referred to as "FATCA") were included in the Hiring Incentives to Restore Employment ("HIRE") Act, which was passed in March 2010. The objective of FATCA is to facilitate disclosure of assets and income of U.S. taxpayers held with foreign financial institutions.

The Act requires a Foreign Financial Institution (FFI) to enter into an agreement with the Inland Revenue Services (IRS) or face a 30% withholding tax on 'withholdable payments'.

Under the agreement, the FFI is required to:

- Obtain information on account holders that is necessary to determine if their accounts are U.S. Accounts.
- Comply with any required due diligence/verification procedures and certify completion of such procedures.
- Report information on U.S. Accounts.
- Deduct and withhold 30% tax on any qualifying U.S. source income to any account holders who do not supply the required information.
- Comply with IRS information requests.

The effective date for FATCA was 1st, July 2014.

Before the effective date, Fidelity Bank registered and entered into an agreement with the IRS as a Participating Foreign Financial Institution in compliance with the requirements of FATCA and was issued a Global Intermediary Identification Number (GIIN). The Bank immediately put in place mechanisms for collection of requisite information from all new and existing customers in accordance with the requirements of the Act and commenced rendering reports of U.S. Accounts from 2015 as required.

Covid-19 ML/TF Risks

Covid-19 presented new ML/TF risks, such as increasing Business Email Compromise (BEC) and ransomware attacks; increasing misuse of online financial services to move and conceal illicit funds; Diversion or misuse of payment of FGN relief package and State COVID-19 relief packages; and increase in phishing attacks. The bank's response was to further strengthen its defense mechanism by introducing specific controls that include:

1. Sending notifications to customers on potential fraud via the electronic channels. These were targeted at customers that newly enrolled on the on-line channel as a result of COVID-19 pandemic.
2. Transactions alerts focused on transactions in government accounts to enable our monitoring team carry out further due diligence on suspicious transactions.
3. Strengthening the transaction monitoring desk by deploying additional personnel to the Foreign Trade Desk.
4. Continuous sensitization of staff on Business Email Compromise and other cyber-threats.
5. Monthly phishing simulation test on staff as it relates to teleworking and COVID-19 phishing techniques of cybercriminals. Staff who failed the continuous phishing test were profiled for further engagement and remedial actions where necessary.
6. Periodic modification of alert rules to monitor and flag phishing attempts.
7. Implementation of cyber threat intelligence solution that provide intelligence on phishing attacks and business email compromise
8. Implementation of Microsoft Windows Defender Advance Threat Protection that provides protection against malware and ransomware on the mobile devices of staff and other endpoints
9. Monthly cyber security tips to staff on common phishing and general cyber-attack techniques
10. Measures to ensure full compliance with all relevant protocols advised by the Federal Government, Nigerian Center for Disease Control (NCDC), the World Health Organization (WHO) and other statutory agencies
11. Suspicious Transaction Reports were submitted to the Nigeria Financial Intelligence Unit (NFIU) on suspicious transactions pertaining to the COVID-19 pandemic.

Risks Associated with Emerging Technologies.

Fidelity Bank adopts new technologies with clear vision and supported by its robust IT governance process. Accordingly, these new technologies come with associated risks including risk of missed objectives, non-compliance with changing and new regulations, compromised data quality and security and more importantly, the risk of potential abuse for money laundering, terrorism and proliferation financing.

✦ Compliance Report

To contain these risks, the Bank adopts a robust Financial Crime Risk management framework within its broad enterprise risk management framework, powered by cutting edge technologies. There is a strong change management process, which ensures that every new technology or change in existing technology is subjected to rigorous scrutiny to among other things, identify the inherent risks and implement mitigation controls to address them.

The Bank also performs enhanced on-boarding and on-going due diligence on its FINTECH partners to ascertain their regulatory status, AML/CFT framework, and the sanction status of their beneficial owners and controllers. The FINTECHs also provide an attestation to Fidelity Bank to confirm that they will abide with all AML/CFT regulations and laws.

CBN Cryptocurrency Directive.

The Bank, in compliance with CBN directive has closed all accounts of cryptocurrency traders. The Bank continues to sensitize all customers and staff of this directive and the need to comply with same while continuously monitoring transactions for signs of cryptocurrency trading.



Internal Control System

Fidelity Bank's internal control system encompasses the operating framework, practices, processes, philosophy and culture, code of conduct, disciplinary processes and actions that ensure:

- Business objectives are met.
- Effectiveness and efficiency of operations.
- Safeguard of assets.
- Reliability of financial reporting and compliance with general accounting principles.
- Compliance with applicable laws and regulations.

Our internal control framework is patterned after the Committee of Sponsoring Organization's (COSO) standards. The standard defines internal control as a 'process effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives. The Framework provides for three categories of objectives:

1. Operations Objectives which pertain to effectiveness and efficiency of operations, including operational and financial performance goals, and safeguarding assets against loss.
2. Reporting Objectives which pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or the entity's policies.
3. Compliance Objectives which pertain to adherence to laws and regulations to which the entity is subject.

We have adopted the COSO framework for our control practices and also apply the five integrated components identified by the framework as our guide. The components include:

Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. Management reinforces expectations at various levels in the organization.

The control environment comprises the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.

Our Board and Executive Management sets the right tone from the top and ensures the right messages are passed across. The Board, through the Board Audit Committee oversees the activities of the control function. During its quarterly meetings, it obtains reports that enable it review and assess the adequacy of the Bank's internal controls. In addition, the management Operational Risk and Service Measurement Committee meets monthly to review the adequacy of internal control processes and make recommendations for improvements. They also receive and review reports of the external auditors and regulators on the adequacy of the internal control system.

✦ Internal Control

Risk Assessment

Risk assessment involves a dynamic and interactive process for identifying and assessing risks for the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed.

The Board and Senior Management regularly assess the risks the Bank is exposed to including credit, legal, compliance, liquidity and reputational risks and consider if the existing controls are sufficient to mitigate or reduce identified risks.

Control Activities

Control activities are performed at all levels of the Bank, at various stages within its business processes, and over the technology environment. These are preventive or detective in nature and encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of these control activities. Where segregation of duties is not practical, Management selects and develops alternative control activities.

In Fidelity Bank, staff members in business units and support functions are the first line of defense for the Bank because they assume primary responsibility for ensuring that the controls around their process/products are adequate and consistently applied.

Information and Communication

Information is necessary for the Bank to carry out internal control responsibilities to support the achievement of its objectives.

The Operational Risk and Service Measurement Committee meets monthly to review reports of activities from various control areas, based on which decisions are taken and communicated to all relevant stakeholders. This is a feedback session that ensures information is properly communicated for effectiveness of the internal control processes.

Monitoring Activities

The Bank uses a combination of ongoing evaluation and separate/independent evaluations to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, are present and functioning.

The Bank deploys Control Officers to conduct on-going and continuous monitoring of processes and products including our information technology infrastructure to ensure that controls are not only adequate but effective and efficient.

Our internal and external auditors also conduct routine reviews of our internal control process for adequacy and submit their report of findings to the Board and management, which helps to improve our processes.

Fraud and Forgeries

The Bank implemented different mitigating measures to reduce/eliminate fraud and forgeries in 2022. These include:

1. Effective Fraud Risk Assessment programme that ensures fraud risks are adequately managed and mitigated including bankwide anti-fraud training and awareness sessions.
2. Hedging against internal/external fraud with adequate insurance cover for cash in premises/transit and the Fidelity Guarantee insurance that covers staff related fraud.

3. A robust disciplinary process that ensures that employees' disciplinary issues are promptly dealt with.
4. Implementation of an effective and efficient internal control that ensures minimal losses from fraud and armed robbery.
5. Zero tolerance on fraudsters by ensuring proper follow up with Law Enforcement Agencies for recovery and prosecution to serve as deterrent.
6. Robust and active whistle blowing process that empowers staff to anonymously report suspicious activities and transactions.
7. Annual attestation by all staff members on the Code of Business Conduct and Ethics Policy to ensure adequate understanding and compliance.

Other measures implemented to mitigate the upsurge in electronic fraud are:

- (i) Implementation of mandatory Personal Identification Number requirements for all POS transactions for debit cards except for hotels and web.
- (ii) Implementation of One Time Password (OTP)/second factor authentication for web and Online Banking transactions.
- (iii) Availability of Enterprise Fraud Risk Management solution that when implemented has capacity to build behaviour-based rules as well as monitor and block suspicious electronic transactions.
- (iv) Establishment of 24/7 Electronic Anti-Fraud Unit that monitor, and take immediate action on suspicious transaction patterns and also resolve customer complaints.
- (v) Relocation of the Electronic Anti-Fraud Unit to the Security Operation Centre to increase synergy among the Cybersecurity Group.

Cybersecurity

As the bank's business process continues to depend on technology, the associated cyber threat continues to increase in volume, frequency and sophistication. As a result, risks through exposure from inaction, employee activated cyberattacks, maintaining a static cybersecurity defense, failing to map data vulnerability, inability to respond to security incidents etc. are also increasing.

Cybersecurity therefore becomes a business critical concern with an offshoot of CBN mandatory directives. As a result, the bank embarked on a massive investment in future-proof cybersecurity framework that is comprehensive, proactive, resilient, ingrained and evolving. This is targeted at driving an assurance of confidentiality, integrity and availability of the bank's digital space. In recognizing the need for cyber intelligence and in compliance with CBN Risk-Based Cyber Security Framework, the Bank has established a functional Security Operations Centre (SOC). The cyber operations have commenced and are growing to the target maturity level. The implementation is placing the Bank to effectively counter the emerging cyber threats.

The bank has also put adequate structures and systems in place that enables it manage, detect, analyze and respond to cyber incidences. Appropriate lessons and reports are also the outcomes of each situation. We have continued to build capacity among our team and also invested in relevant technologies and specialized security training that will enable us achieve safety.

In all, the bank has continued to maintain the digital speed and pace while balancing security and providing assurance to stakeholders.

✦ Internal Control

Customer complaints and feedback

At Fidelity Bank, all relationships are invaluable and the Bank considers customers' complaints a gift. This is because customer complaints are seen as an opportunity for improved services to a dissatisfied customer who could have walked away to competition. Customer complaints can arise from people issues, system/process failures, product complexity and other factors. Fidelity Bank therefore appreciates such feedback or complaints from customers and ensures timely resolution and process/product improvement.

Complaints Channels

To ensure a seamless complaint and feedback process, the Bank has provided various communication channels for customers. These include:

- Contact through the Bank's website.
- Customer service desks in all the branches nationwide.
- 24-hour Contact Centre (Trueserve) with feedback through emails, telephone, online chat or SMS.
- Correspondence from customers.

Complaints Handling

We handle all complaints professionally taking due cognizance of the rights of our customers. The overriding target is to ensure that each complaint is resolved to the satisfaction of the customer without infringing the policies of the Bank or any regulation. Effort is made to resolve complaints at first level before escalation. All complaints are logged with tracking numbers and monitored for prompt resolution.

Customer Complaints and Protection Department

The Bank has a full-fledged department whose core mandate is to promptly resolve all customer complaints. The department is headed by a senior management staff and interfaces with the CBN and other regulators on all issues related to customer complaints and consumer protection. The department also renders support services to other departments of the Bank and branches, to ensure speedy resolution of customer complaints.

Complaints tracking and reporting

Customer complaints are carefully tracked, monitored and resolved and also used as a tool for improvement of our processes, products and services.

Independent reviews are conducted to identify the underlying causes of all customers' complaints and the learning points extracted to guard against reoccurrence in future. Updates and customer complaints reports are presented to Executive Management through the Operational Risk and Service Measurement Committee.

Reports on customer complaints are also sent to the Central Bank of Nigeria as required. A break-down of complaints received and resolved by the bank from January 1 to December 31, 2022 are provided in the schedule below:

S/N	Description	Number of Complaints		Amount Claimed		Amount Refunded	
		2022	2021	2022	2021	2022	2021
				Million	Million	Million	Million
1	Pending complaints b/f	54,909	60	1,542	2,002	N/A	N/A
2	Received complaints	1,162,541	907,715	29,778	40,812	N/A	N/A
3	Resolved complaints	1,136,900	852,866	26,454	41,272	904	1,718
4	Unresolved complaints escalated to CBN	24	2	1,748	91	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	80,550	54,909	4,866	1,542	N/A	N/A





Report Of The Independent Consultant On The Appraisal Of The Board Of Directors Of Fidelity Bank Plc

For the year ended 31 December 2022

In compliance with the guidelines of Sections 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance for Banks in Nigeria Post Consolidation (“the CBN Code”) and Section 14.1 of the Nigerian Code of Corporate Governance 2018 (“the NCCG Code”), (“the Codes”), Fidelity Bank Plc. (“Fidelity Bank” or “the Bank”) engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors (“the Board”) for the year ended 31 December 2022. The CBN Code mandates an annual appraisal of the Board with specific focus on the Board’s structure and composition, responsibilities, processes and relationships, individual Director competencies and respective roles in the performance of the Board.

We have performed the procedures agreed with Fidelity Bank in respect of the appraisal of the Board in accordance with the provisions of the Codes. These procedures, which are limited in scope but sufficient for the Board’s objectives in line with the Codes, are different in scope from an external audit. Consequently, no opinion is expressed by us on the activities reported upon.

Our approach to the appraisal of the Board involved a review of the Bank’s board papers and minutes, key corporate governance structures, policies, and practices as well as compliance with applicable codes of corporate governance. This included the review of the corporate governance framework and representations obtained from questionnaires, one-on-one interviews with the members of the Board and senior management.

Based on our review, except as noted below, the Bank’s corporate governance practices are largely in compliance with the key provisions of the Codes. Specific recommendations for further improving the Bank’s governance practices are included in our detailed report to the Board. These include recommendations in the following key areas: succession planning and Directors’ training.

Olumide Olayinka

Partner, KPMG Advisory Services

FRC/2013/ICAN/00000000427

28 April, 2023

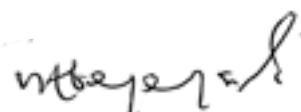
Statement Of Corporate Responsibility For The Financial Statements

For the year ended 31 December 2022

In line with the provision of S. 405 of CAMA 2020, the Chief Executive Officer and Chief Financial officer of Fidelity Bank Plc have reviewed the Financial Statement of the bank for the financial year ended December 31, 2022 and accept responsibility for the financial and other information within the annual report based on the following:

- i. The audited financial statement do not contain any untrue statement of material fact or omit to state a material fact, which would make the statement misleading.
- ii. The audited financial statement 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 period ended December 31, 2022.
- iii. The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 Dec, 2022.
- 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 Auditors 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, summaries and report financial data, and have discussed with the auditor's any weaknesses in internal controls observed in the cause of the Audit; And that there is no fraud involving management or other employees which could have any significant impact in the bank's internal control.
- vi. There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

April 4, 2023



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



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



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

For the year ended 31 December 2022

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act (CAMA), 2020, Sections 24 and 28 of the 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 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 as issued by the International Accounting Standards Board (IASB) 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 Bank 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 as issued by the International Accounting Standards Board (IASB), the requirements of 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.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and its financial performance for the 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 will not remain a going concern for at least six months from the date of this statement.

Signed on behalf of the Directors by:
April 4 2023



Kevin Ugwuoke
Executive Director
FRC/2020/003/00000022290



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





Independent Auditor's Report To The Members Of Fidelity Bank Plc

Deloitte.

Opinion

We have audited the financial statements of Fidelity Bank Plc ("the Bank") set out on the pages 140 to 285, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Fidelity Bank Plc as at 31 December 2022, and its financial performance and cashflows for the year ended in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria guidelines and circulars.

Basis for Opinion

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

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	
Impairment of Loans and advances	How the matter was addressed in the audit
<p>Loans and advances make up a significant portion of the total assets of the bank. As at 31 December, 2022 gross loans and advances were N2.196 trillion (2021: N1.73 trillion) comprising local and foreign denominated loans against which total loan impairment of N80.58 billion (2021: N74.1 billion) was recorded, resulting in a net loan balance of N2.116 trillion (2021: N1.66 trillion). This value represents 55% (2021: 52%) of the total assets as at the reporting date.</p> <p>The basis of the impairment on loans and advances is summarized in the accounting policies (2.4) to the audited financial statements. The Directors have assessed the bank’s loan loss impairment using the expected credit loss (ECL) model, in accordance with the provisions of IFRS 9 - Financial Instruments, disclosed in notes 3.2, 8 and 22.</p> <p>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:</p> <ul style="list-style-type: none"> (i). Segmentation of loans and advances into portfolios with similar characteristics (ii). Using a combination of payment history, credit ratings and prudential classification used to determine whether a significant increase in credit risk (SICR) occurred since origination that requires migration from stage 1 to stages 2 and default that require movement to stage 3. (iii). Estimation of probability of default (PD), loss given default (LGD) (including realization of the collateral) exposure at default (EAD), 	<p>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:</p> <ul style="list-style-type: none"> (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. (c). We tested a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and had been identified in a timely manner. We challenged management’s judgements on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions, such as the oil and gas and power sectors. (d). We, we tested whether the loans and advances, undrawn facilities and historical payment data used in the models were accurate and assessed and challenged whether the modelling assumptions applied by management in their models (such as portfolio segmentation, PD, LGD, EAD, SICR, CCR, default, write off, recovery,

Key Audit Matter	
Impairment of Loans and advances	How the matter was addressed in the audit
<p>(iv). Assumptions and weightings applied to the macro-economic variables used as part of the forward-looking information.</p> <p>(v). The credit conversion factor (CCF) used when determining the required impairment on off-balance sheet exposures such as undrawn facilities and guarantees.</p> <p>(vi). The accounting treatment applied when loan terms are modified.</p> <p>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.</p>	<p>cure, ratings, collateral value and timing, the effective interest rate, treatment of foreign denominated loans, modifications, and the multiple economic scenarios and probability weights used for the forward-looking assumptions) were reasonable in light of the requirements of the applicable financial reporting standards, the bank's own historical experience, the economic climate, the current operational processes as well as our own knowledge of practices used by other similar banks.</p> <p>(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.</p> <p>(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.</p> <p>(g). We reviewed the disclosures in the financial statements for reasonableness and compliance with the requirements of IFRS 7.</p> <p>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.</p>

Other Information

The Directors are responsible for the other information. The other information comprises the Director' Report, Statement of Corporate Responsibility for the Financial Statements, Corporate governance report, Value added statement and Five-year financial summary and the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report. The other information does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe the matter in our auditors' 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 requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;
- iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

The bank contravened certain section of the Banks and Other Financial Institutions Act (BOFIA), 2020 and the Central Bank of Nigeria Circulars and guidelines. The related penalties are disclosed in note 41.1 to the annual financial statements in accordance with the Central Bank of Nigeria circular and guidelines.



Signed:

Yetunde Odetayo

FRC/2013/ICAN/00000000823

For: Deloitte & Touche (Chartered Accountants)
Lagos, Nigeria.

25 April 2023





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Financial Statement



✦ Financial Statement

For The Year Ended 31 December 2022
Attributable to equity holders

Statement Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2022

	Notes	2022	2021
		N'million	*Restated N'million
Gross Earnings		337,050	250,776
Interest revenue calculated using the effective interest rate method	6	278,406	186,784
Other interest and similar income	12.1	17,172	16,782
Interest expense calculated using the effective interest rate method	7	(142,883)	(108,687)
Net interest income		152,695	94,879
Credit loss expense	8	(5,443)	(7,034)
Net interest income after credit loss expense		147,252	87,845
Fee and commission income	9	34,418	29,407
Fee and commission expense	9	(12,695)	(8,624)
Net losses on derecognition of financial assets measured at amortised cost	10	-	-
Other operating income	11	7,054	17,803
Net losses from financial assets at fair value through profit or loss	12	(1,568)	(4,904)
Personnel expenses	13	(29,731)	(23,470)
Depreciation and amortisation	14	(6,616)	(7,174)
Other operating expenses	15	(84,437)	(65,668)
Profit before income tax		53,677	25,215
Income tax expense	16	(6,953)	(2,111)
Profit For The Year		46,724	23,104
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Fair value gains on equity instruments at fair value through other comprehensive income**	24.3.1	444	7,917
Total items that will not be reclassified to profit or loss in subsequent period		444	7,917
Items that will be reclassified subsequently to profit or loss			
Debt instruments at fair value through other comprehensive income**			
- Net change in fair value during the year		(4,403)	(6,777)
- Changes in allowance for expected credit losses		24	(617)
- Reclassification adjustments to profit or loss	17	(693)	(5,494)
Net losses on debt instruments at fair value through other comprehensive income		(5,072)	(12,888)
Total items that will be reclassified to profit or loss		(5,072)	(12,888)
Other comprehensive income for the year, net of tax		(4,628)	(4,971)
Total comprehensive income for the year, net of tax		42,096	18,133
Earnings per share:			
Basic and diluted (in kobo)	18	161.32	79.77

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made, refer to Note 46.

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

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

Statement Of Financial Position

as at 31 December 2022

	Notes	2022	2021
		N'million	*Restated N'million
ASSETS			
Cash and Cash equivalents	19	300,345	219,253
Restricted balances with central bank	20	863,090	686,097
Loans and advances to customers	22	2,116,212	1,658,412
Derivative financial assets	23	4,778	49,574
Investment securities:			
Financial assets at fair value through profit or loss (FVTPL)	24.1	2,036	5,207
Debt instruments at fair value through other comprehensive income (FVOCI)	24.2	28,696	100,008
Equity instruments at fair value through other comprehensive income (FVOCI)	24.3	27,560	26,207
Debt instrument at amortised cost	24.4	479,592	441,452
Deferred tax Assets	28.1	5,306	-
Other assets	29	112,915	49,357
Right-of-use assets	26	1,799	1,477
Property, plant and equipment	25	42,657	39,442
Intangible assets	27	4,023	3,968
Total Assets		3,989,009	3,280,454
Liabilities			
Deposits from customers	30	2,580,597	2,024,803
Derivative financial liabilities	23	1,208	425
Current income tax payable	16	8,446	3,523
Deferred tax liabilities	28.2	5,629	-
Other liabilities	31	815,407	495,597
Provisions	32	1,896	2,399
Debts issued and other borrowed funds	33	261,466	468,413
TOTAL LIABILITIES		3,674,649	2,995,160
EQUITY			
Share capital	34	14,481	14,481
Share premium	35	101,272	101,272
Retained earnings	35	44,883	55,241
Other equity reserves:			
• Statutory reserve	35	51,352	44,343
• Small scale investment reserve (SSI)	35	764	764
• Non-distributable regulatory risk reserve	35	62,144	27,440
• Fair value reserve	35	30,019	34,644
• AGSMEIS reserve	35	9,445	7,109
Total equity		314,360	285,294
TOTAL LIABILITIES AND EQUITY		3,989,009	3,280,454

*Certain amounts shown here do not correspond to the 2021 financial statements and reflect adjustments made, refer to Note 46. Opening of the comparative period was not presented because it was not affected by the restated figures.

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 4 April 2023 and signed on its behalf by:



Mustafa Chike-Obi
Chairman
FRC/2013/IODN/0000004048



Victor Abejegah
Chief Financial Officer
FRC/2013/ICAN/0000001733



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

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 risk 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
As 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 during the year	-	-	-	-	-	-	-	-	-
Fair value gains on equity instruments at fair value through other comprehensive income**	-	-	-	-	-	-	(4,403)	-	(4,403)
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	-	-	(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
Statement of changes in equity for the year ended 31 December 2021 - Restated									
As at 1 January 2021	14,481	101,272	66,700	39,006	764	6,365	39,612	5,330	273,530
Profit for the year	-	-	23,104	-	-	-	-	-	23,104
Other comprehensive income									
Net change in fair value of debt instrument at FVOCI	-	-	-	-	-	-	(6,777)	-	(6,777)
Net change in fair value of equity instrument at FVOCI	-	-	-	-	-	-	7,917	-	7,917
Changes in allowance for expected credit losses	-	-	-	-	-	-	(617)	-	(617)
Reclassification adjustment for realised net gains	-	-	-	-	-	-	(5,494)	-	(5,494)
Total comprehensive income for the year	-	-	23,104	-	-	-	(4,968)	-	18,133
Dividends	-	-	(6,372)	-	-	-	-	-	(6,372)
Transfers between reserves (Note 35) & (Note 43)	-	-	(28,191)	5,337	-	21,075	-	1,779	-
At 31 December 2021	14,481	101,272	55,241	44,343	764	27,440	34,644	7,109	285,294

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

Statement Of Cash Flows

for the year ended 31 December 2022

	Notes	2022	2021
		N'million	*Restated N'million
Operating Activities			
Cash flows from/(used in) operations	36	178,614	(201,894)
Interest received		250,701	179,317
Interest paid		(130,016)	(84,032)
Income tax paid	16c	(1,707)	(581)
Net cash flows from/(used in) operating activities		297,592	(107,190)
Investing activities			
Purchase of property, plant and equipment	25	(7,124)	(4,352)
Proceeds from sale of property, plant and equipment		118	145
Purchase of intangible assets	27	(2,246)	(3,901)
Purchase of debt instruments at FVOCI	24.6.1	(27,028)	(89,436)
Purchase of debt instruments at amortised cost		(245,918)	(357,286)
Redemption of financial assets at amortised cost	24.6.2	241,715	65,812
Redemption of debt financial assets at FVOCI	24.6.1	77,817	214,502
Purchase of equity instruments at FVOCI		(909)	(622)
Dividend received	11	397	817
Net cash flows from/(used in) investing activities		36,822	(174,321)
Financing activities			
Dividends paid		(13,033)	(6,372)
Unclaimed dividend payment		(429)	-
Acquisition Right of Use (ROU) Assets	26	(535)	(676)
Proceeds of debts issued and other borrowed funds	33	-	226,657
Payment of interest portion of debts issued and other borrowed funds	33	(28,625)	(29,299)
Repayment of principal portion of debts issued and other borrowed funds	33	(213,379)	(29,601)
Net cash flows (used in)/from financing activities		(256,001)	160,709
Net increase/decrease in cash and cash equivalents		78,413	(120,802)
Net foreign exchange difference on cash and cash equivalents	11	2,680	11,562
Cash and cash equivalents at 1 January	19	219,252	328,493
Cash and cash equivalents at 31 December	19	300,345	219,253

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

Notes To The Financial Statement

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, 2, Kofo Abayomi Street, Victoria Island, Lagos, Nigeria.

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

2. Summary of Accounting Policies

2.1 Introduction to Summary of Significant Accounting Policies

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

2.1.1 Basis of Preparation

The Bank’s financial statements for the year ended **31 December 2022** have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria Circulars, and should be read in conjunction with the Bank’s annual financial statements as at 31 December 2021.

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 Bank’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 and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

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

a. IFRS 16 - Leases

The amendment removes the illustration of the reimbursement of leasehold improvements

b. 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.

c. IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

d. 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).

2.2. Income Taxation

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

i. Current Income Tax

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

ii. Deferred Income Tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the difference will not reverse in the foreseeable future.

✦ Notes to the Financial Statement

Accounting Policies

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 Bank 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

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The effective date is 1 January 2023. These amendments did not have any impact on the financial statements of the Bank in the period.

2.3 Accounting judgements, estimates and assumptions

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

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

Estimates And Assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about

future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Going Concern

The huge amount of stimulus deployed by various countries to ease the downsides of the COVID-19 pandemic, particularly in 2021, predisposed the global economy to huge debt levels, considering the rapid growth and increase in global private and public debt portfolios.

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

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

Allowances for credit losses

Measurement of the expected credit loss allowance

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

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

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

The uncertainties caused by Covid-19, and the volatility in macro economic variables required the Bank to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2021. No further update was done in the current period.

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 current economic volatility as a result of Covid-19 variations and the impact of Russian/Ukraine war.

✦ Notes to the Financial Statement

Accounting Policies

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 of 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 consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 3.5 for further disclosures.

The Bank has considered potential impact 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.

2.3.1 Standards Issued But Not Yet Effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

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

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.

- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

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

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

2.3.2 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), 1 week, 1 month, 2 months, 3 months, 6 months, and 12 months tenors. Globally, Transactions referencing IBOR are now being transitioned to alternative reference rates (ARR), likewise, new contracts and the alternative reference rates per currency are as follows:

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

Key Timelines

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

- All tenors across CHF, and EUR LIBOR, as well as 1 week and 2 months USD LIBOR ceased from December 31, 2021.

✦ Financial Statement

Accounting Policies

- 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 will cease June 30, 2023.
(The Intercontinental Exchange, 2021)

The Effect

All new contracts entered will 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 by June 2023 (for USD LIBOR Tenors other than 1 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 to transition the affected contracts.

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 gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss.

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

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

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

Separately identifiable risk components

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

Additional Disclosures - Fidelity Bank 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.

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 Bank 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 Bank.

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

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

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

Right to defer settlement

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

Existence at the end of the reporting period

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

Management expectations

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

Meaning of the term 'settlement'

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

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

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

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

The Bank will assess and apply this amendment (where applicable) when it becomes effective on 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended;

IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Bank will apply this amendment (where applicable) when it becomes effective on 1 January 2023.

Amendments to IFRS 3 - Reference to the Conceptual Framework

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

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be 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 Bank in the period.

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 proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

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

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

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

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

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

- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments have no impact on the financial statements of the Bank, 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 applied the amendment.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022.

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

IFRS 16 Leases Illustrative Example accompanying - Lease incentives

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

IAS 41 Agriculture - Taxation in fair value measurements

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

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

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

IAS 23 Borrowing Costs

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

2.3.3 Foreign Currency Translation and Transaction

(a) Functional and Presentation Currency

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

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

(b) Transactions and Balances

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

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

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

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

✦ Financial Statement

Accounting Policies

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

2.4.1 Initial Recognition

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

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

Day 1 Profit or Loss

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

Amortised Cost and Gross Carrying Amount

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

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

Effective Interest Method

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

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

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

Interest Income

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

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

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

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

2.4.2 Financial Assets - Subsequent Measurement

(a) Debt Instruments

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

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

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

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

Fair Value Through Profit or Loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement within "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".

Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realized.

Solely Payments of Principal and interest (SPPI) Assessment

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

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

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

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

Reclassifications

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

Modifications

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

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

(b) Equity instruments

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

(c) Derivative financial instruments

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

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

(d) Non-derivative financial assets

The Bank has revised its internal treasury and risk management systems to support the transition to SOFR. During the course of this transition, the Bank'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.

✦ Financial Statement

Accounting Policies

The IBOR transition working group is monitoring the progress of transition from IBORs to SOFR by reviewing the total amounts of impacted contracts. The Bank 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').

(d) Non-derivative financial Liabilities

The Bank has floating-rate liabilities indexed to USD LIBOR. The IBOR Transition team and the Bank's 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 Bank assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

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

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

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

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

- **Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12 months expected credit losses (12mECLs). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses (LTECLs). Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** These are loans considered as credit-impaired. The Bank records an allowance for the LTECLs.

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

The Calculation of ECLs

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

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

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

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

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the 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).

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

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

The mechanics of the ECL method are summarised below:

Stage 1

- The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
- These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

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

✦ Financial Statement

Accounting Policies

Stage 3

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

POCI

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

Loan Commitments and Letters of Credit

- When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
- For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

Financial Guarantee Contracts

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

Bank Overdraft and Other Revolving Facilities

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

Restructured Financial Assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-Impaired Financial Assets

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

Evidence that a financial asset is credit-impaired includes the following:

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

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

Collateral Valuation

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

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

Collateral Repossessed

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

✦ Financial Statement

Accounting Policies

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

2.4.4 Presentation of Allowance for ECL

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

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

Write-Off

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

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

2.4.5 Financial liabilities

Initial and Subsequent Measurement

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

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

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

Derecognition

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

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

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

Financial Guarantee Contracts and Loan Commitments

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

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

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

2.5 Revenue Recognition

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest income' and 'Interest expense' in the Statement of profit or loss and other 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

✦ Financial Statement

Accounting Policies

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

Income From Bonds or Guarantees and Letters of Credit

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

Dividend Income

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

2.6 Impairment of Non-Financial Assets

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

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

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

2.7 Statement of Cash Flows

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

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

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

2.8 Cash and Cash Equivalents

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

2.9 Leases

(a) The Bank is the lessee

(i) Right-of-use assets

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

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

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

(b) The Bank is the lessor

(i) Operating Lease

When assets are subject to an operating lease, the assets continue to be recognised as property, plant 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 treated 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.

✦ Financial Statement

Accounting Policies

2.10 Property, Plant and Equipment

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

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

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

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

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

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

Derecognition

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

2.11 Intangible Assets

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

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;

- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and use or sell the software products are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

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

Direct computer software costs recognised as intangible assets are amortised on the straight-line basis over 3 years 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 Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Bank recognises no provisions for future operating losses.

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

2.13 Retirement Obligations and Employee Benefits

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

2.13.1 Defined Contribution Pension Scheme

The Bank operates a defined contributory pension scheme for eligible employees.

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

✦ Financial Statement

Accounting Policies

2.14 Termination Benefits

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

2.15 Share Capital

(a) Share Issue Costs

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

(b) Dividends on Ordinary Shares

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

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

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

2.16 Fair Value Measurement

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Level 3 — “Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable “

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

2.17 Comparatives

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

2.18 Segment Reporting

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

IFRS 8.20 states that an entity shall 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 to IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank’s Managing Director (the chief operating decision maker). The following summary describes each of the bank’s reportable segments.

Retail Banking

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

Corporate Banking

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

Investment Banking

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

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 bank is exposed at the end of the reporting period.

Enterprise Risk Management

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

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

Risk Management Governance Structure

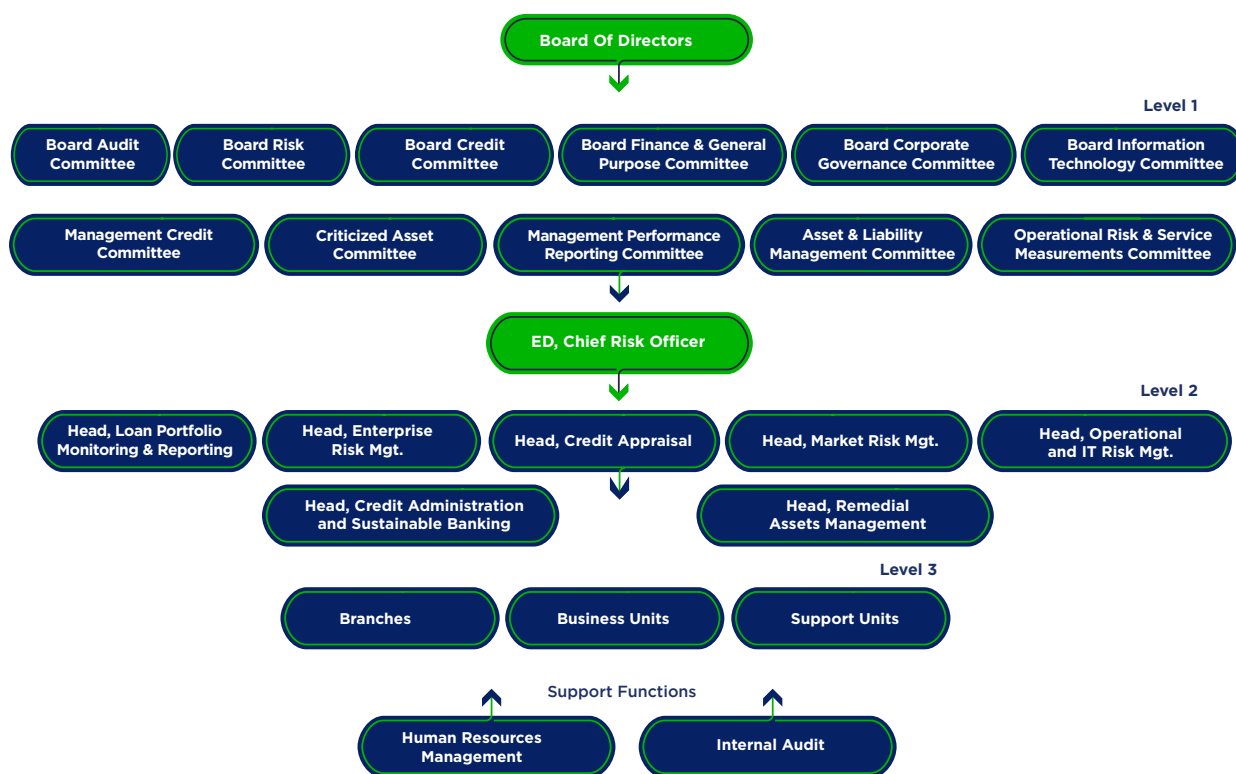
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit Committee, Board Risk Committee (BRC), Board Credit Committee (BCC), Board Finance & General-Purpose Committee, Board Corporate Governance Committee and Executive Management Committee (EXCO). Senior Management function is performed by the Management Credit Committee (MCC), Criticized Assets Committee (CAC), Asset and Liability Management Committee (ALCO), Operational Risk & Service Measurements Committee (ORSMC), Management Performance Reporting Committee (MPR).

Level 2 - The Chief Risk Officer (CRO) and Heads of Loan Portfolio Monitoring & Reporting, Market Risk and Risk Strategy, Credit Administration, Credit Appraisal, Remedial Assets Management, Operational and IT Risk and Sustainable Banking.

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.

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



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

Risk Culture

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

Risk Appetite

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

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

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

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

3.2 Credit Risk

3.2.1 Management of Credit Risk

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

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

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

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

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

3.2.2 Credit Risk Rating

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

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

Bank 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

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

Internal Rating Categories	Interpretation	Mapping to External Rating
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

✦ Financial Statement

Accounting Policies

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

Monitoring Default Risk

The Bank's credit exposures are monitored on a continuing basis using the risk management tools described above. The Bank has also put procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Counter-parties that on the basis of the application of the Bank's risk management tools, demonstrate the likelihood of problems, are identified well in advance so that the Bank can effectively manage the credit exposure and maximize the recovery. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available.

This early risk detection is a tenet of the Bank's credit culture and is intended to ensure that greater attention is paid to such exposures. In instances where the Bank has identified counter-parties where problems might arise, the respective exposure is placed on a watch-list.

3.2.4 Expected Credit Loss Measurement

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

Change in credit quality since initial recognition

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

(a) Significant Increase in Credit Risk

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

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

Backstop Indicators

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

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

(b) Definition of Default

The Bank considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets 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 Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

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

✦ Financial Statement

Accounting Policies

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 an exposure. For debt instruments that are not internally rated, the Bank obtains the issuer ratings of such instruments and matches them to its internal rating framework to determine the equivalent rating. The lifetime PD curves developed for that rating band will then be used.

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

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

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

(d) Forward-looking Information Incorporated in the ECL Models

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

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

In addition to the base economic scenario, the Bank’s strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2022 and 31 December 2022, the Bank concluded that three scenarios appropriately captured non-linearities for all its portfolios.

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

Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2022 are set out below. The scenarios “base”, “upside” and “downside” were used for all portfolios.

	6m	2022	2023	2024
Foreign exchange rate (N)				
Base Case	451	469	502	533
Best Case	408	410	432	457
Worst Case	498	536	583	623
Inflation rate				
Base Case	20.94%	19.83%	18.52%	19.31%
Best Case	15.63%	14.27%	13.31%	13.77%
Worst Case	24.67%	24.41%	22.64%	23.98%
Crude Oil (\$)				
Base Case	90.49	84.74	79.70	77.34
Best Case	131.14	132.34	129.39	126.88
Worst Case	62.45	54.26	49.09	47.14
Foreign Reserves (\$Bn)				
Base Case	35.07	32.15	33.09	35.47
Best Case	39.16	36.70	38.20	42.49
Worst Case	31.41	28.17	28.66	29.61
USD Index				
Base Case	113.91	112.80	107.50	105.40
Best Case	108.80	107.04	101.44	98.36
Worst Case	119.26	118.87	113.93	112.94
Unemployment rate				
Base Case	39.63%	50.22%	65.36%	72.09%
Best Case	34.65%	43.56%	55.26%	59.55%
Worst Case	45.32%	57.90%	77.31%	87.28%
Share Index				
Base Case	42.39	37.67	39.70	45.21
Best Case	45.50	38.06	42.05	52.75
Worst Case	32.21	26.16	26.81	32.00

(e) Grouping Financial Instruments for Collective Assessment

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics used to determine groupings include instrument type, credit risk ratings and industry.

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

✦ Financial Statement

Accounting Policies

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, 2022 and 31 December 2021 is represented by the gross carrying amounts of the financial assets set out below:

31 December 2022				
	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	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 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

31 December 2021				
	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	N'million	N'million	N'million	N'million
Balances with Central Bank	42,720	-	-	42,720
Restricted balances with central bank	686,097	-	-	686,097
Due from banks	134,302	-	-	134,302
Loans and advances to customers	1,732,543	39,047,841	37,315,296	-
Derivative financial assets	49,574			49,574
Investments:				
Financial assets at fair value through profit or loss	5,207	-	-	5,207
Debt instruments at fair value through other comprehensive income	100,009	-	-	100,009
Equity instruments at fair value through other comprehensive income	26,207	-	-	26,207
Debt instruments at amortised cost	442,277	-	-	442,277
Other assets	45,287	-	-	45,287
	3,264,223	39,047,841	37,315,296	1,531,680
Financial guarantee contracts:				
Performance bonds and guarantees	287,993	-	-	287,993
Letters of credit	153,725		-	153,725
Undrawn portion of overdraft	45,563			45,563
	487,281	-	-	487,281

*Excluding equity instruments

✦ Financial Statement

Accounting Policies

3.2.6 Credit Concentrations

The Bank monitors concentrations of credit risk by sector and by geographical location. An analysis of concentrations of credit risk at 31 December 2022, is set out below:

31 Dec 2022					
	Balances with Central Bank	Due from banks	Loans and advances to customers	Investment securities	Other assets
Financial assets with credit risk:	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

31 Dec 2021

	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Investment securities	Other assets
Financial assets with credit risk:	N'million	N'million	N'million	N'million	N'million
Carrying amount	728,817	133,777	1,658,412	546,668	43,639
Concentration by sector					
Agriculture	-	-	71,759	-	-
Oil and gas	-	-	452,848	-	-
Consumer credit	-	-	66,658	-	-
Manufacturing	-	-	237,058	-	-
Mining and Quarrying	-	-	3,513	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	43,330	-	-
Construction	-	-	68,730	-	-
Finance and insurance	-	134,342	4,898	-	-
Government	-	-	175,365	537,699	-
Power	-	-	149,675	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	226,727	-	-
Communication	-	-	29,535	-	-
Education	-	-	8,075	-	-
Central Bank balance (restricted)	686,097	-	-	-	-
Other	42,720	-	194,372	9,793	45,287
Total gross amount	728,817	134,342	1,732,543	547,492	45,287
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	122,301	-	-	-
Nigeria:					
North East	-	-	25,718	-	-
North Central	728,817	-	89,775	-	-
North West	-	-	48,073	-	-
South East	-	-	65,034	-	-
South South	-	-	135,480	-	-
South West	-	12,041	1,368,464	547,492	45,261
Total gross amount	728,817	134,342	1,732,543	547,492	45,261

✦ Financial Statement

Accounting Policies

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 retail accounts segregated on the basis of similarity of risk characteristics. Details of the portfolios are shown below:

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

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

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

31 December 2022				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	120,626	-	-	120,626
Standard monitoring	856,314	358,713	-	1,215,027
Default	-	-	17,726	17,726
Gross carrying amount	976,940	358,713	17,726	1,353,379
Loss allowance	(10,441)	(25,753)	(7,322)	(43,516)
Carrying amount	966,499	332,960	10,404	1,309,863

31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	82,016	-	-	82,016
Standard monitoring	631,402	288,733	-	920,135
Default	-	-	12,177	12,177
Gross carrying amount	713,418	288,733	12,177	1,014,328
Loss allowance	(6,211)	(24,590)	(6,403)	(37,204)
Carrying amount	707,207	264,143	5,774	977,124

(b) Government, Public Sector & NBFIs Portfolio

31 December 2022				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
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	220,704
Loss allowance	(1,128)	(0)	(8,355)	(9,484)
Carrying amount	209,150	728	1,343	211,220

31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	139,053	-	-	139,053
Standard monitoring	41,155	1	-	41,156
Default	-	-	9,104	9,104
Gross carrying amount	180,208	1	9,104	189,313
Loss allowance	(1,185)	-	(5,599)	(6,784)
Carrying amount	179,023	1	3,505	182,529

(c) Transport, Communication, Commerce & General Portfolio

31 December 2022				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
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

31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	253.98	-	-	254
Standard monitoring	364,909	26,323	-	391,232
Default	-	-	18,884	18,884
Gross carrying amount	365,163	26,323	18,884	410,370
Loss allowance	(8,980)	(2,040)	(10,963)	(21,983)
Carrying amount	356,183	24,283	7,921	388,387

✦ Financial Statement

Accounting Policies

(d) Automobile, Equipment & Mortgage Loans Portfolio

31 December 2022				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	31,368	3,705	-	35,073
Default	-	-	11	11
Gross carrying amount	31,368	3,705	11	35,084
Loss allowance	(127)	(34)	(6)	(167)
Carrying amount	31,241	3,671	4	34,917

31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	13,303	3,189	-	16,492
Default	-	-	28	28
Gross carrying amount	13,303	3,189	28	16,520
Loss allowance	(225)	(34)	(11)	(270)
Carrying amount	13,078	3,155	17	16,249

(e) Medium and Small Scale Enterprises Portfolio

31 December 2022				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
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

31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	31,735	164	-	31,899
Default	-	-	3,456	3,456
Gross carrying amount	31,735	164	3,456	35,355
Loss allowance	(119)	-	(1,850)	(1,969)
Carrying amount	31,616	164	1,606	33,386

(f) Personal & Employee Loans Portfolio

31 December 2022				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
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

31 December 2021				
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	58,743	1,390	-	60,133
Default	-	-	6,525	6,525
Gross carrying amount	58,743	1,390	6,525	66,658
Loss allowance	(1,740)	(317)	(3,863)	(5,920)
Carrying amount	57,003	1,073	2,662	60,738

✦ Financial Statement

Accounting Policies

3.2.7 Credit Quality (Contd.)

(B) Reconciliation of Allowance for Impairment by portfolio

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	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 Portfolio	(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)	(32,477)	(80,547)

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
At 1 January	(9,668)	(21,310)	(36,540)	(67,518)
Agric, Energy, Manufactur'g, Const'n & Real Estate Portfolio	(138)	(4,324)	4,415	(47)
Government, Public Sector & NBFIs portfolio	(1,173)	-	1,697	524
Transport, Comm, Commerce & General portfolio	(5,529)	(1,013)	5,061	(1,481)
Automobile, Equipment & Mortgage Loans portfolio	(206)	(27)	9	(224)
Medium and Small Scale Enterprises portfolio	(69)	0	30	(39)
Personal & Employee Loans portfolio	(1,677)	(307)	(3,361)	(5,345)
At 31 December	(18,460)	(26,981)	(28,689)	(74,130)

A. Maximum Exposure to Credit Risk – Financial Instruments Subject to Impairment (Continued)

31 Dec 2022					
	Cash and balances 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	145,830	2,116,211	510,324	106,154
31 Dec 2021					
	Cash and balances 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	728,817	134,342	1,356,048	547,490	45,261
Past due and not impaired (0-30 days)	-		6,458		
Past due and not impaired (31-90 days)	-	-	319,866	-	-
Past due and impaired (aged above 90 days)	-	-	50,174	-	-
Gross	728,817	134,342	1,732,546	547,490	45,261
Impairment Allowance	-	(524)	(74,131)	(993)	(1,648)
Net	728,817	133,818	1,658,415	546,497	43,613

✦ Financial Statement

Accounting Policies

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

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

	Due from Banks	Overdrafts	Term loans	Finance lease	Total loan	Other assets
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	67,846	-
3. BBB+ to BB-	9,640	152,616	949,353	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	2,132,115	107,505
Collective impairment	(271)	(5,301)	(42,611)	(158)	(48,070)	(1,351)
Net Amount	145,830	220,377	1,848,692	14,976	2,084,045	106,154
	Due from Banks	Overdrafts	Term loans	Finance lease	Total loan	Other assets
31 December 2021	N'million	N'million	N'million	N'million	N'million	N'million
Grades:						
1. AAA to AA	87,491	8,104	215,627	5,198	228,929	-
2. A+ to A-	36,865	706	24,630	506	25,842	-
3. BBB+ to BB-	9,986	96,284	579,774	22,163	698,221	45,261
4. Below BB-		56,675	665,148	3,060	724,883	-
5. Unrated	-	1	4,495	-	4,496	-
	134,342	161,770	1,489,674	30,927	1,682,371	45,261
Collective impairment	(892)	(1,991)	(43,054)	(397)	(45,442)	(1,648)
Net Amount	133,450	159,779	1,446,620	30,530	1,636,929	43,613

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		
	2022	2021
Financial assets measured at fair value through profit or loss	N'million	N'million
Debt securities		
Federal Government bonds	351	352
Treasury bills	1,685	4,855
Placement	-	-
	2,036	5,207
Derivative financial assets	4,778	49,574

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 2022 and 31 December 2021:

Investments in Government Securities						
	Cash & cash equivalents	Treasury bills equivalents	Federal govt bonds	State bonds equivalents	Corporate bonds	Total
31 December 2022	N'million	N'million	N'million	N'million	N'million	N'million
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	657,255

Investments in Government Securities						
	Cash & cash equivalents	Treasury bills equivalents	Federal govt bonds	State bonds equivalents	Corporate bonds	Total
31 December 2021	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	87,451	330,441	204,498	-	-	622,390
A+ to A-	36,865	-	-	4,127	-	40,992
BBB+ to BB-	9,986	-	-	-	8,426	18,412
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	134,302	330,441	204,498	4,127	8,426	681,794

Loss Allowance

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

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

3.2.8 Description of Collateral Held

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

(a) Key Collateral Management Policies

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

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

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

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

Where guarantees are used for credit risk mitigation, the creditworthiness of the guarantor is assessed and established using the credit approval process in addition to that of the obligor or main counterparty. Management of secured credits requires periodic inspections of the collateral to ensure its existence and adequacy for the bank's exposure. These inspections include examination of security agreements to determine enforceability of liens, verification of adequate insurance protection, proper legal registration and adequacy of overall safeguards.

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

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

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

	31 December 2022		31 December 2021	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against real estate	502,967	1,594,056	307,548	1,198,067
Secured by shares of quoted companies	-	-	-	-
Secured by Others	1,683,724	10,968,566	1,410,895	37,849,774
Unsecured	10,069	-	14,102	-
Gross loans and advances to customers	2,196,760	12,562,622	1,732,545	39,047,841

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

3.3 Liquidity risk

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

3.3.1 Management of Liquidity Risk

The Bank's principal liquidity objective is to ensure that the Bank holds sufficient liquid reserve to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the bank to meet all payment obligations as they fall due.

✦ Financial Statement

Accounting Policies

The Bank's liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile during the period and is structured to identify, measure and manage the Bank's liquidity risk at all times. The Board approved liquidity policy guides the management of liquidity risk strategically through the Board Risk Committee (BRC) as well as Asset and Liability Committee (ALCO) and daily by the Asset Liability Management (ALM) group. The liquidity management framework is designed to identify measure and manage the Bank's liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

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

3.3.2 Maturity Analysis

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

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2022	N'million	N'million	N'million	N'million	N'million	N'million
Non-derivative assets						
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 instrument at FVTPL	228	380	1,076	293	816	2,793
- Debt instruments at amortised	17,804	22,854	248,445	133,634	353,254	775,991
- Debt instruments at FVOCI	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
Derivative assets						
Trading:						
Gross settled		4,778		-	-	4,778
Net settled	-					
Total financial assets	684,502	396,684	824,645	1,651,315	1,734,935	5,292,081
Financial liabilities						
Non-derivative assets						
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 contract:						
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

✦ Financial Statement

Accounting Policies

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2021	N'million	N'million	N'million	N'million	N'million	N'million
Non-derivative assets						
Restricted balances with central bank	179,593	-	-	506,504	-	686,097
Cash and Cash equivalents	207,777	12,000	-	-	-	219,777
Loans and advances to customers	134,986	159,183	438,713	535,527	654,716	1,923,125
Derivative financial assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	1,897	542	2,309	399	684	5,831
- Debt instruments at amortised	18,102	35,154	193,883	55,624	179,319	482,082
- Debt instruments at FVOCI	16,632	8,256	50,348	33,574	-	108,810
Other assets	4,597	22,119	18,571			45,287
Total financial assets	563,584	237,254	703,824	1,131,628	834,719	3,471,009
Derivative assets						
Trading:						
Gross settled	9,821	3,428	36,324	-	-	49,573
Net settled						
	9,821	3,428	36,324	-	-	49,573
Total financial assets	573,405	240,682	740,148	1,131,628	834,719	3,520,582
Financial liabilities						
Non-derivative liabilities						
Customer deposits	125,556	485,107	401,079	539,271	556,810	2,107,823
Other liabilities	76,998	92,218	137,103	187,540	33,211	527,070
Debt issued and other borrowed funds	22,024	7,716	169,582	233,704	70,986	504,012
	224,578	585,041	707,764	960,515	661,007	3,138,905
Derivative liabilities						
Trading:						
Gross settled	-	-	425	-	-	425
Net settled						
	-	-	425	-	-	425
Total financial liabilities	224,578	585,041	708,189	960,515	661,007	3,139,330
Gap (assets-liabilities)	348,827	(344,359)	31,959	171,113	173,712	
Cumulative liquidity gap	348,827	4,468	36,427	207,540	381,252	
Financial guarantee contract:						
Performance bonds and guarantees	5,479	16,817	103,975	76,938	84,784	287,993
Letters of credit	20,424	50,169	29,325	53,806	-	153,724
Total	25,903	66,986	133,300	130,744	84,784	441,717

3.4 Market Risk

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

3.4.1 Management of Market Risk

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

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

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

✦ Financial Statement

Accounting Policies

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 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 assets	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 on balance sheet position	46,723	(1,997)	879	224,699	270,304
Net exposure	46,723	(1,997)	879	224,699	270,304
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 (pre-tax)	467	(20)	9		
1% Currency Appreciation (-)	456	549	487		
Net effect of appreciation on Profit or loss (pre-tax)	(467)	20	(9)		

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

31 December 2021					
	USD	GBP	Euro	Naira	Total
	N'million	N'million	N'million	N'million	N'million
Financial assets					
Restricted balances with central bank	-	-	-	686,097	686,097
Cash and Cash equivalents	110,869	2,737	3,142	102,505	219,253
Loans and advances to customers	635,916	194	3,671	1,018,631	1,658,412
Derivative financial assets	49,574				49,574
Investment securities:	-	-	-		-
- Financial assets at FVTPL	-	-	-	5,207	5,207
- Debt instruments at FVOCI	4,691	-	-	95,318	100,009
- Equity instruments at FVOCI	3,596	-	-	22,612	26,208
- Debt instruments at amortised cost	-	-	-	442,277	442,277
Other financial assets	1,689	82	171	41,699	43,641
	806,335	3,013	6,984	2,414,346	3,230,678
Financial liabilities					
Customer deposits	388,437	5,702	5,060	1,625,606	2,024,806
Derivative liabilities	425				425
Other liabilities	3,563	205	938	486,049	490,755
Debt issued and other borrowed funds	408,039	-	-	60,374	468,413
	800,464	5,907	5,998	2,172,029	2,984,399
Net exposure	5,871	(2,894)	986	242,317	246,279
Sensitivity Analysis of Foreign Currency Statement of Financial Position					
Currency	USD	GBP	Euro		
	N'million	N'million	N'million		
Net effect on Statement of Financial Position	5,869	(2,894)	985		
Closing Exchange Rate (Naira/Currency)	424	571	468		
1% Currency Depreciation (+)	428	576	473		
Net effect of depreciation on Profit or loss	59	(29)	10		
1% Currency Appreciation (-)	420	565	463		
Net effect of appreciation on Profit or loss	(59)	29	(10)		

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.

✦ Financial Statement

Accounting Policies

3.4.3 Interest Rate Risk

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

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2022	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
Derivative financial assets	2,116,212	308,884	1,807,328	-
Loans and advances to customers	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 assets	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
31 December 2021	N'million	N'million	N'million	N'million
Financial assets				
Restricted balances with central bank	686,097	-	-	686,097
Cash and Cash equivalents	219,253	-	11,957	207,296
Loans and advances to customers	1,658,412	301,469	1,356,943	-
Derivative financial assets	49,574	-	-	49,574
Investment securities	-			-
- Financial assets at FVTPL	5,207	-	5,207	-
- Debt instruments at FVOCI	100,009	-	100,009	-
- Debt instruments at amortised cost	441,452	-	441,452	-
Other financial assets	43,639	-	-	43,639
	3,203,643	301,469	1,915,568	986,606
Financial liabilities				
Customer deposits	2,024,806	-	980,449	1,044,357
Other liabilities	425	-	-	425
Other liabilities	490,755	-	377,492	113,263
Debts issued and other borrowed funds	468,413	68,875	399,538	-
	2,984,399	68,875	1,757,479	1,158,045

(a) Interest Rate Sensitivity**Total Interest Repricing Gap**

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

31 December 2022	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	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
- Debt instruments at amortised cost	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/ (liabilities)	133,095	272,803	213,835	70,102	205,727	895,562

✦ Financial Statement

Accounting Policies

31 December 2021	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
	N'million	N'million	N'million	N'million	N'million	N'million
Financial assets						
Restricted balances with central bank	-	-	-	-	-	-
Cash and Cash equivalents	11,957		-			11,957
Loans and advances to customers	263,494	91,053	308,604	472,093	523,168	1,658,412
Derivative financial assets	-					-
Investment securities						-
Financial assets at FVTPL	2,439	816	1,494	399	59	5,207
Debt instruments at FVOCI	24,888	1,588	48,759	7,074	17,699	100,009
Debt instruments at amortised cost	53,241	78,951	114,733	45,474	149,053	441,452
Total assets	356,019	172,408	473,590	525,040	689,979	2,217,037
Financial liabilities						
Customer deposits	278,830	92,408	69,756	298,586	240,869	980,449
Derivative financial liabilities						-
Other Liabilities	37,749	75,498	-	113,248	150,997	377,492
Debt issued and other borrowed funds	29,740	-	169,582	228,816	40,275	468,413
Total liabilities	346,319	167,906	239,338	640,650	432,141	1,826,354
Net financial assets and liabilities	9,700	4,502	234,252	(115,610)	257,838	390,683

(b) Interest Rate Sensitivity Analysis On Variable Rates Instruments On Profit And Equity

31 December 2022						
Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of decrease by 200bp on equity	Effect of decrease by 200bp on equity
		N'million	N'million	N'million	N'million	N'million
Loans and advances to customers	+200/-200bp	308,884	6,178	(6,178)	6,178	(6,178)
Investments:						
Debts issued and other borrowed funds	+200/-200bp	26,648	(533)	533	(533)	533

31 December 2021						
Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of decrease by 200bp on equity	Effect of decrease by 200bp on equity
		N'million	N'million	N'million	N'million	N'million
Loans and advances to customers	+200/-200bp	301,469	6,029	(6,029)	6,029	(6,029)
Investments:						
Debts issued and other borrowed funds	+200/-200bp	68,875	(1,377)	1,377	(1,377)	1,377

(c) Interest Rate Sensitivity Analysis On Fixed Rates Instruments On Profit And Equity

31 December 2020						
Asset with fixed interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	2,036	41	(41)	41	(41)
Debt instruments at FVOCI*	+200/-200bp	29,229	-	-	585	(585)

31 December 2021						
Asset with fixed interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	5,207	104	(104)	104	(104)
Debt instruments at FVOCI*	+200/-200bp	100,009	-	-	2,000	(2,000)

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

3.4.4 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. A 5.8% percent increase in the value of the Bank's equity investment at FVOCI at 31 December 2022 would have increased equity by N1.53 billion (December 2021: N8.52 billion). An equivalent decrease would have resulted in an equivalent but opposite impact.

✦ Financial Statement

Accounting Policies

3.5 Fair Value Of Financial Assets And Liabilities

Financial assets	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	1,017,606	1,017,606	771,572	771,572
Cash	33,300	33,300	42,755	42,755
Balances with central bank other than mandatory reserve deposits	121,216	121,216	42,720	42,720
Mandatory reserve deposits with central banks	863,090	863,090	686,097	686,097
Due from banks	145,829	146,101	133,778	134,301
- Current balances with foreign banks	132,417	132,499	121,821	122,301
- Placements with other banks and discount houses	13,412	13,601	11,957	12,000
Loans and advances to customers	2,116,212	2,196,760	1,658,412	1,732,543
- Term loans	1,866,402	1,908,096	1,450,370	1,498,996
- Advances under finance lease	15,120	18,202	31,218	33,872
- Other loans	234,690	270,462	176,824	199,675
Derivative financial assets	4,778	4,778	49,574	49,574
Fair Value Through Profit and Loss	2,036	2,036	5,207	5,207
- Treasury bills	1,685	1,685	4,855	4,855
- Federal Government bonds	351	351	352	352
- Placement	-	-	-	-
Debt instruments at FVOCI	28,696	28,696	100,008	100,008
- Treasury bills	16,677	16,677	75,084	75,084
- Federal Government bonds	4,825	4,825	17,473	17,473
- State Government bonds	2,256	2,256	4,127	4,127
- Corporate Bonds	4,938	4,938	3,324	3,324
Equity instruments measured at FVOCI	27,560	27,560	26,207	26,207
Debt instruments at amortised	479,591	480,422	441,452	442,277
- Treasury bills	261,847	261,914	249,966	250,502
- Federal Government bonds	202,481	202,665	186,451	186,673
- State Government bonds			-	
- Corporate Bonds	15,263	15,843	5,035	5,102
Financial liabilities				
Deposit from customers	1,095,538	1,106,730	897,598	897,598
Term	398,793	409,985	503,276	503,276
Domiciliary	696,745	696,745	394,322	394,322
Derivative financial liabilities	1,208	1,208	425	425
Debts issued and other borrowed funds	261,466	261,466	468,413	468,413

(a) Financial Instruments Measured At Fair Value

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

31 December 2022	Level 1	Level 2	Level 3	Total
	N'million	N'million	N'million	N'million
Financial assets				
Financial Assets measured at fair value				
Financial assets at FVTPL				
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	2,334	25,226	-	27,560
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
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	N'million	N'million	N'million	N'million
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

✦ Financial Statement

Accounting Policies

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Assets measured at fair value				
Held for trading				
- Federal Government bonds	-	352		352
- State Government bonds		-	-	-
- Treasury bills	-	4,855	-	4,855
- Placement	-	-	-	-
Debt instruments measured at FVOCI				-
- Treasury bills	-	75,084	-	75,084
- Federal Government bonds	-	17,473	-	17,473
- State Government bonds	-	4,127	-	4,127
- Corporate Bonds	-	3,324		3,324
Equity instruments measured at FVOCI	3,164	23,043	-	26,207
Assets for which fair value are disclosed				
Loans and Advances	-	-	-	-
- Term loans	-	-	1,498,996	1,498,996
- Advances under finance lease	-	-	33,872	33,872
- Other loans and overdrafts	-	-	199,675	199,675
Derivative assets	-	49,574	-	-
Debt instruments at amortised cost				-
- Treasury bills		250,502	-	250,502
- Federal Government bonds		186,673	-	186,673
- State Government bonds	-	-	-	-
- Corporate Bonds	-	5,102	-	5,102
Financial liabilities at FVTPL	N'million	N'million	N'million	N'million
Derivative financial liabilities	-	425	-	425
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds	-	-	468,413	468,413
Deposits from customers			897,598	897,598

(c) Fair Valuation Methods And Assumptions

(i) Cash and balances with Central Bank of Nigeria

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

(ii) Due From Other Banks

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

(iii) Derivatives

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

(iv) Treasury Bills And Bonds

Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Bank operates. The fair value of treasury bills are derived from the quoted yields, while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions were marked-to-model at 31 December 2022 and 31 December 2021 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 of these instruments.

✦ Financial Statement

Accounting Policies

(viii) Other Assets

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

(ix) Deposits From Banks and Due to Customers

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

(x) Other Liabilities

Other liabilities represent monetary assets which usually have 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 value of the Bank's Eurobond issue is derived from quoted market prices in active markets and the fair value of interest-bearing borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair value is determined by using discounted cashflow method.

3.6 Operational Risk Management

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

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

The Covid-19 situation has driven the Bank to put additional focus on several operational risk aspects, such as:

- Business continuity plans to support our employees, customers and overall businesses.
- Potential increase of cyber risk due to new conditions in business management and remote working. Our cyber security programme continued to be improved by strengthening detection, response and protection mechanisms.
- Increase in technological support in order to ensure adequate customer service and correct performance of our services, especially in online banking and call centres.

Organizational Set-Up

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

Operational Risk Framework

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

Loss Data Collection

The Bank implements an event driven Loss Data Collection (LDC) system designed to facilitate collection of internal loss data triggered at the occurrence of a loss event anywhere within the divisions of the Bank. The LDC system captures data elements, which discriminate between boundary events related to credit, market and operational risk.

The system facilitates collection of loss data arising from actual losses, potential losses and near misses. Work-flow capabilities built within the Bank's predefined Event Escalation Matrix enable risk incidents to be reported to designated Event Identifiers, Event Managers, Event Approvers and Action Owners that manage each risk incident from point of occurrence to closure.

Risk and Control Self Assessments (RCSA)

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

Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

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

4 Capital Management

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

- (a) To comply with the capital requirements set by 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 internationally 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 2022 and the comparative period 31 December 2021 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II Accord (Internal 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 environment.

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.

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2022 and as at 31 December 2021. During those two periods, the Bank as an entity complied with all of the externally imposed capital requirements to which it is subject to.

	31 December 2022	31 December 2021
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings	79,587	76,316
Statutory reserve	51,352	44,343
Small scale investment reserve	10,209	7,873
Tier 1 Deductions - Intangible Assets	(4,023)	(3,968)
Total qualifying Tier 1 capital	252,878	240,317
Regulatory adjustment	34,704	21,075
Adjusted qualifying Tier 1 capital	218,174	219,242
Tier 2 capital		
Eurobond Issue	-	-
Local Bond Issue (Discounted at 60%)	41,307	40,275
Revaluation reserve	-	-
Fair value reserve	30,019	34,644
Total Tier 2 capital	71,326	74,919
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital	71,326	73,081
Total Tier 1 & Tier 2 Capital	289,500	292,323
Risk-weighted assets:		
Credit Risk Weighted Assets	1,326,811	1,230,370
Market Risk Weighted Assets	17,977	86,351
Operational Risk Weighted Assets	250,941	210,001
Total risk-weighted assets	1,595,729	1,526,722
Capital Adequacy Ratio (CAR)	18.14%	19.15%
Minimum Capital Adequacy Ratio	15%	15%

✦ Financial Statement

Accounting Policies

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 2022, 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 2022 is as follows:

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	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)
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)

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

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2021				
Revenue derived from external customers	112,161	80,921	57,691	250,773
Revenues from other segments	-	-	-	-
Total	112,161	80,921	57,691	250,773
Interest income	91,732	71,185	40,647	203,564
Interest expense	(51,984)	(35,441)	(21,262)	(108,687)
Profit before tax	8,979	11,084	5,152	25,215
Income tax expense	(1,096)	(693)	(322)	(2,111)
Profit for the year ended 31 December 2021	7,883	10,391	4,830	23,104
Total segment assets	1,980,705	847,565	452,184	3,280,454
Total segment liabilities	1,932,830	752,403	309,927	2,995,160
Other segment information				
Depreciation/Amortization	(4,541)	(1,687)	(946)	(7,174)

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 2022 and 31 December 2021. The cashflow information for the reporting segment is not provided to the chief operating decision maker.

6. Interest And similar Income

	31 December 2022	31 December 2021
	N'million	N'million
Loans and advances to customers	230,951	159,370
Advances under finance lease.	4,857	5,125
Treasury bills and other investment securities:		
-Fair value through other comprehensive income	7,734	4,712
-Amortised cost	34,330	17,453
Placements and short term funds	534	123
	278,406	186,783

✦ Financial Statement

Accounting Policies

Interest and similar income represents interest income on financial assets measured at amortised cost and Fair value through other comprehensive income. Interest income accrued on impaired financial assets amount to N2,214 million (31 December 2021: N3,186 million) in the financial Statement.

7. Interest Expense calculated using the effective interest rate method

	31 December 2022	31 December 2021
	N'million	N'million
Term deposits	84,529	67,134
Debts issued and other borrowed funds	40,282	32,340
Savings deposits	8,800	4,007
Current accounts	4,251	3,835
Inter-bank takings	33	8
Intervention loan	4,988	1,363
	142,883	108,687

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 year ended 31 December 2022 recorded in profit or loss:

	Notes	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 POCI	Total
31 Dec 2022		N'million	N'million	N'million	N'million	N'million	N'million
Balances with Central Bank of Nigeria	19	-	-	-	-	-	-
Due from banks	19.2	-	(252)	-	-	-	(252)
Loans and advances to customers	22	-	918	-	1,712	3,785	6,415
Debt instruments measured at FVOCI	24.6.1	-	24	-	-	-	24
Debt instruments measured at amortised costs	24.4	-	6	-	-	-	6
Financial guarantees	31.3.1	-	(29)	-	-	-	(29)
Letters of credit	31.3.2	-	(733)	-	-	-	(733)
		-	(66)	-	1,712	3,785	5,431
Other assets	29	12	-	-	-	-	12
		12	(66)	-	1,712	3,785	5,443

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

	Notes	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
31 Dec 2021		N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balances with Central Bank of Nigeria	19	-	-	-	-	-	-	-
Due from banks	19.2	-	-368	-	-	-	-	(368)
Loans and advances to customers	22	-	8,792	-	5,671	(7,850)	-	6,613
Debt instruments measured at FVOCI	24.6.1	-	-617	-	-	-	-	(617)
Debt instruments measured at amortised costs	24.4	-	461	-	-	-	-	461
Financial guarantees	31.3.1	-	352	-	-	-	-	352
Letters of credit	31.3.2	-	520	-	-	-	-	520
		-	9,141	-	5,671	(7,850)	-	6,961
Other assets (Note 29)	29	-	73	-	-	-	-	73
		-	9,213	-	5,671	(7,850)	-	7,034

✦ Financial Statement

Accounting Policies

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:

Segments	31 December 2022			
	Retail Banking	Corporate Banking	Investment Banking	Total
	N'million	N'million	N'million	N'million
Fee and commission 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
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
Commissions on off balance sheet transactions	55	16	-	71
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.

Segments	31 December 2021			
	Retail Banking	Corporate Banking	Investment Banking	Total
	N'million	N'million	N'million	N'million
Fee and commission type:				
ATM charges	3,415	2,248	-	5,663
Accounts maintenance charge	2,147	1,727	273	4,147
Commission on travellers cheque and foreign bills	1,871	1,050	71	2,992
Commission on E-banking activities	1,835	701	419	2,955
Commission on Fidelity connect	1,655	243	107	2,005
Letters of credit commissions and fees	965	460	353	1,778
Commissions on off balance sheet transactions	907	586	305	1,798
Other fees and commissions	433	200	-	633
Commission and fees on banking services	359	224	15	598
Commission and fees on NXP	536	299	6	841
Collection fees	230	63	13	306
Telex fees	810	333	-	1,143
Cheque issue fees	83	35	-	118
Remittance fees	82	41	-	123
Total revenue from contracts with customers	15,328	8,210	1,562	25,100
Other non-contract fee income:				
Credit related fees	2,351	1,956	-	4,307
Total fees and commission income	17,679	10,166	1,562	29,407
Fee and commission expense	(4,945)	(2,984)	(695)	(8,624)
Net fee and commission income	12,734	7,182	867	20,783

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.

✦ Financial Statement

Accounting Policies

10. Derecognition loss on financial asset

The table below shows the modification charge on financial instruments for the period 31 December 2022 recorded in profit or loss:

	31 December 2022	31 December 2021
	N'million	N'million
Modified Loan Assets (Carrying Amount)	-	4,663
Specific allowances for impairment	-	-
	-	4,663
Derecognition loss	-	1
	-	1

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, 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 new financial assets at fair value. The gross carrying amount of the loan before modification was N2.25 billion (December 2022 is Nil). The financial assets is not deemed to be credit impaired.

11. Other Operating Income

	31 December 2022	31 December 2021
	N'million	N'million
Net foreign exchange gains	2,680	11,562
Dividend income	397	817
Profit on disposal of property, plant and equipment	(56)	69
Profit on disposal of unquoted securities	-	-
Loan Recoveries	3,967	5,214
Other income	66	141
	7,054	17,803

- 11a.** Dividend income represent dividend received from the Bank's investment in equity instruments held for strategic purposes and for which the Bank has elected to present the fair value and loss in other comprehensive income. See note 2.4.2.b.
- 11b.** Net foreign exchange gain represent unrealised gains from the revaluation of foreign currency-denominated assets and liabilities held in the non-trading books.
- 11c.** Loan recoveries represents amount recovered for previously written-off facilities. The amount is recognised on a cash basis only.
- 11d.** Other income relates to other miscellaneous income made during the financial year.

12. Net gains/(losses) from financial assets at fair value through profit or loss

	31 December 2022	31 December 2021
	N'million	N'million
Net (losses)/gains arising from:		
- Bonds	(481)	(3,840)
- Treasury bills	3	(765)
- Placements	-	-
- Derivatives	(1,090)	(299)
	(1,568)	(4,904)

Net gains/(losses) on debt instruments financial assets reclassified from other comprehensive income amount to N693 million (31 December 2021: N5,494 million) in the financial Statement.

12.1 Interest income on financial assets measured at FVTPL	17,172	16,781
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Other interest income on financial assets measured at FVTPL are not calculated using the effective interest rate method and have been presented separately in the statement of profit or loss and other comprehensive income.

13. Personnel Expenses

	31 December 2022	31 December 2021
	N'million	N'million
Wages and salaries	26,077	21,995
End of the year bonus (see note 32)	3,164	1,014
Pension contribution	490	461
	29,731	23,470

14. Depreciation and Amortisation

	31 December 2022	31 December 2021
	N'million	N'million
Property, plant and equipment (Note 25)	3,732	3,283
Computer software (Note 27)	2,191	3,216
Depreciation of right-of-use assets (Note 26)	693	675
	6,616	7,174

✦ Financial Statement

Accounting Policies

15. Other Operating Expenses

	31 December 2022	31 December 2021
	N'million	N'million
Marketing, communication & entertainment	21,883	5,824
Banking sector resolution cost	18,276	15,348
Outsourced cost	5,613	5,094
Deposit insurance premium	8,238	7,393
Repairs and maintenance	5,395	3,604
Other expenses	2,621	2,409
Computer expenses	4,422	1,136
Lease expense (Finance Cost)	45	-
Security expenses	1,484	1,568
Rent and rates	389	320
Cash movement expenses	817	948
Training expenses	568	502
Travelling and accommodation	1,363	897
Consultancy expenses	4,818	13,879
Corporate finance expenses	2,675	1,202
Legal expenses	657	399
Electricity	565	585
Office expenses	313	334
Directors' emoluments	982	654
Insurance expenses	411	553
Stationery expenses	658	416
Bank charges	1,674	777
Auditors' remuneration	185	195
Donations	108	1,377
Telephone expenses	124	107
Postage and courier expenses	153	147
Loss on disposal of property, plant and equipment	-	-
	84,437	65,668

- 15a.** Banking sector resolution cost represents AMCON a 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 N75.49 million. These non-audit services were for Competency and Capability Assessment (Competency Framework; Competency Catalogue; Critical Workforce Segmentation; Staff Competency Evaluation) (N66.43 million) from the previous year, 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 N294.79 million as contribution to the Industrial Training Fund.

16. Taxation

(a) Income tax expense	31 Dec 2022	31 Dec 2021
	N'million	N'million
Current taxes on income for the period (Minimum tax)	4,679	625
Tertiary education tax (note 16g)	1,277	1,170
Police Trust Fund (note 16e)	3	1
National Agency for science and engineering infrastructure 0.25%	134	63
Information Technology levy (note 16f)	537	252
Current income tax expense	6,630	2,111
Deferred tax expense	323	-
	6,953	2,111

(b) Total income tax expense in profit or loss	31 Dec 2022	31 Dec 2021
	N'million	N'million
Profit before income tax expense	53,677	38,066
Income tax using the domestic corporation tax rate of 32.5% (Dec 2021 : 32.5%)	17,445	12,371
Non-deductible expenses	11,854	1,954
Tax exempt income	(7,653)	40,417
Utilization of previously unrecognised tax losses	(23,851)	(54,742)
Unrecognised deferred tax assets	-	-
Income Tax expense based on minimum tax (note 16d)	4,679	625
Effect of concessions (research and development and other allowances)	-	-
Tertiary education tax (note 16g)	1,277	1,384
Capital gain tax	-	-
Police trust fund (note 16e)	3	2
National Agency for science and engineering infrastructure 0.25%	134	95
Information technology levy (note 16f)	537	381
	6,630	2,487

Effective tax rate: The effective income tax rate is 12.95% (31 December 2021: 6.4% , 8.37% from Restatement).

(c) The movement in the current income tax payable is as follows:	31 Dec 2022	31 Dec 2021
	N'million	N'million
At 1 January	3,523	2,307
Income tax paid	(1,707)	(581)
WHT recovered	-	(314)
Current income tax expense	6,630	2,111
At 31 December	8,446	3,523

✦ Financial Statement

Accounting Policies

- (d) The income tax is based on minimum tax assessment in line with the Finance Act 2021 at 0.25% of Gross Earning Income as there is no taxable profit to charge tax. (2020: The basis of income tax is minimum tax assessment at 0.25% of Gross Earning Income in accordance with Finance Act 2020).
- (e) The Nigerian Police Trust Fund Act (PTFA) 2019, stipulates that operating businesses in Nigeria to contribute 0.005% of their net profit to Police Trust Fund. In line with the Act, the Bank has provided for Police Trust Fund at the specified rate and recognised it as part of income tax for the period.
- (f) The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate and recognised it as part of income tax for the period.
- (g) Tertiary Education Tax (TET) as amended by Finance Act 2021, stipulates that 2.5% of assessable profit of bank shall be contributed to funding of tertiary educational institutions in Nigeria. A specified rate has been provided as Tertiary Education Tax and recognised it as part of income tax for the period by the Bank.
- (h) National Agency for Science and Engineering Infrastructure Act (NASENI) stipulates that 0.25% of bank profit before tax should be contributed to funding the agency. The Bank has provided a specified rate for NASENI fund and recognised it as part of the income tax for the period.

17. Net Reclassification Adjustments for Realised Net Gains

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

18. Earnings Per Share (EPS)

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

	31 Dec 2022	31 Dec 2021
	N'million	N'million
Profit attributable to equity holders of the Bank	46,724	23,104
Weighted average number of ordinary shares in issue	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	161.32	79.77

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

19. Cash and Cash equivalents

	31 Dec 2022	31 Dec 2021
	N'million	N'million
Cash	33,300	42,755
Balances with central bank other than mandatory reserve deposits	121,216	42,720
Due from banks	145,829	133,777
Total cash and cash equivalents	300,345	219,252

19.1 Due from Banks

	31 Dec 2022	31 Dec 2021
	N'million	N'million
Current accounts with foreign banks	132,500	122,301
Placements with other banks and discount houses	13,601	12,000
Sub-total	146,101	134,301
Less: Allowance for impairment losses	(272)	(524)
	145,829	133,777

19.2 Movement in allowance for impairment losses

At 1 January	524	892
profit or loss	(252)	(368)
At 31 December	272	524

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

20. Restricted balances with central bank

	31 Dec 2022	31 Dec 2021
	N'million	N'million
Mandatory reserve deposits with central bank (see note 20.1 below)	614,534	506,504
Special cash reserve (see note 20.2 below)	248,556	179,593
Carrying amount	863,090	686,097

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.

✦ Financial Statement

Accounting Policies

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 separated into Cash and Cash Equivalent ,and Balances with Central Bank to reflect best practice . See Note 44.

21. 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 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

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
External rating grade Performing				
High grade	87,450	-	-	87,450
Standard grade	36,864	-	-	36,864
Sub-standard grade	9,986	-	-	9,986
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	134,300	-	-	134,300

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

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 resulting in derecognition				
Amounts written off	-	-	-	-
Changes in PD/LGD/EAD and Accrued Interest	(1,715)	-	-	(1,715)
Foreign exchange adjustments	11,507	-	-	11,507
At 31 December 2022	146,100	-	-	146,100

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	214,808	-	-	214,808
New assets originated or purchased	13,383	-	-	13,383
Assets derecognised or repaid (excluding write offs)	(100,672)	-	-	(100,672)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition				
Amounts written off	-	-	-	-
Accrued interest	-	-	-	-
Foreign exchange adjustments	6,782	-	-	6,782
At 31 December 2021	134,301	-	-	134,301

✦ Financial Statement

Accounting Policies

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	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 period end ECL of exposures transferred between stages during the period	-	-	-	-
Unwind of discount		-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition		-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Changes in PD/LGD/EAD and Accrued Interest	(9)	-	-	(9)
Amounts written off	-	-	-	-
Foreign exchange adjustments	7	-	-	7
At 31 December 2022	272	-	-	272

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	892	-	-	892
New assets originated or purchased	45	-	-	45
Assets derecognised or repaid (excluding write offs)	(440)	-	-	(440)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	27	-	-	27
At 31 December 2021	524	-	-	524

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 2022 and at 31 December 2021.

22. Loans and Advances to Customers

	31 Dec, 2022	31 Dec, 2021
	N'million	N'million
Loans to corporate and other organisations	2,129,774	1,665,885
Loans to individuals	66,986	66,658
	2,196,760	1,732,543
Less: Allowance for ECL/impairment losses	(80,548)	(74,131)
	2,116,212	1,658,412

31 December 2022					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	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 - CC)	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

31 December 2021					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Internal rating grade Performing					
High grade (AAA - A)	241,864	12,905	-	-	254,769
Standard grade (BBB - B)	899,652	227,714	-	-	1,127,366
Sub-standard grade (CCC - CC)	162,311	77,791	-	-	240,101
Past due but not impaired (C)	-	-	-	-	-
Non-performing:					
Individually impaired	-	-	43,648	-	43,648
Total	1,303,827	318,410	43,648	-	1,665,884

✦ Financial Statement

Accounting Policies

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

31 December 2022					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 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 Including Accrued Interest	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
31 December 2021					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	1,027,743	263,045	49,414	-	1,340,202
New assets originated or purchased	678,194	-	-	-	678,194
Assets derecognised or repaid (excluding write offs)	(419,956)	(27,554)	(10,534)	-	(458,045)
Transfers to Stage 1	28,870	(26,252)	(2,619)	-	-
Transfers to Stage 2	(7,200)	7,215	(15)	-	-
Transfers to Stage 3	(51,645)	69,999	(18,354)	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	-	-	-	-	-
Accrued interest	39,777	29,802	24,516	-	94,095
Foreign exchange adjustments	8,044	2,155	1,240	-	11,439
At 31 December 2021	1,303,827	318,410	43,648	-	1,665,885

31 December 2022					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	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 write offs)	(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 Accrued Interest	4,629	1,990	1,577	-	8,197
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amount written off	(50)	(86)	(490)	-	(626)
Foreign exchange adjustments	98	26	-	-	124
At 31 December 2022	18,866	28,612	27,725	-	75,203

✦ Financial Statement

Accounting Policies

31 December 2021					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021 under IFRS 9	9,605	21,300	36,038	-	66,943
New assets originated or purchased	5,100	-	-	-	5,100
Assets derecognised or repaid (excluding write offs)	(5,078)	(1,560)	(6,134)	-	(12,772)
Transfers to Stage 1	1,192	-	(1,192)	-	-
Transfers to Stage 2	(16)	15	-	-	(1)
Transfers to Stage 3	(2,432)	-	2,432	-	-
Impact on year end ECL of exposures transferred between stages during the year	8,270	6,290	(6,318)	-	8,242
Unwind of discount	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	79	618	3	-	697
At 31 December 2021	16,720	26,663	24,829	-	68,209

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 December 2022 (31 December 2021: 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 2022					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Internal rating grade performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	51,504	1,163	-	-	52,667
Sub-standard grade (CCC - CC)	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

31 December 2021					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Internal rating grade performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	53,271	1,390	-	-	54,661
Sub-standard grade (CCC - CC)	976	-	-	-	976
Past due but not impaired (C)	4,497	-	-	-	4,497
Non- performing:				-	
Individually impaired	-	-	6,525	-	6,525
Total	58,744	1,390	6,525	-	66,659

✦ Financial Statement

Accounting Policies

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

31 December 2022					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	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 Other than transfer or 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)
Amount written off	(166)	(10)	(133)	-	(308)
Foreign exchange adjustments	-	-	76	-	76
At 31 December 2022	52,634	1,163	13,189	-	66,986
31 December 2022					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
ECL allowance 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	81	4,753	-	5,345

31 December 2021					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	49,492	294	3,636	-	53,422
New assets originated or purchased	20,760	-	-	-	20,760
Assets derecognised or repaid (excluding write offs)	(12,913)	(70)	(279)	-	(13,262)
Transfers to Stage 1	548	(61)	(487)	-	-
Transfers to Stage 2	(88)	127	(39)	-	-
Transfers to Stage 3	(1,033)	(156)	1,188	-	-
Changes to contractual cash flows other than transfer or modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	1,857	1,184	2,374	-	5,416
Accrued interest	-	-	-	-	-
Foreign exchange adjustments	119	70	132	-	322
At 31 December 2021	58,743	1,390	6,525		66,658

31 December 2021					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	63	10	502	-	575
New assets originated or purchased	1,708	-	-	-	1,708
Assets derecognised or repaid (excluding write offs)	(14)	-	(80)	-	(94)
Transfers to Stage 1	76	-	(76)	-	-
Transfers to Stage 2	-	31	(31)	-	-
Transfers to Stage 3	(1)	-	1	-	-
Impact on year end ECL of exposures transferred between stages during the year	(92)	276	3,547	-	3,732
Unwind of discount	-	-	-	-	-
Amount written off	-	-	-	-	-
Foreign exchange adjustments	-	-	-	-	-
At 31 December 2021	1,740	318	3,863		5,921

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.

✦ Financial Statement

Accounting Policies

22.1 Advances under finance lease may be analysed as follows:

	31 December 2022	31 December 2021
Gross investment	N'million	N'million
- No later than 1 year	6,621	10,113
- Later than 1 year and no later than 5 years	11,448	33,783
- Later than 5 years	133	158
Less	18,202	44,054
Allowance for ECL/impairment losses	-	-
Unearned future finance income on finance leases	(70)	(10,182)
Net investment	18,132	33,872
The net investment may be analysed as follows:		
- No later than 1 year	6,616	8,824
- Later than 1 year and no later than 5 years	11,382	24,890
- Later than 5 years	134	158
	18,132	33,872

22.2 Nature of security in respect of loans and advances:

	31 December 2022	31 December 2021
	N'million	N'million
Secured against real estate	502,967	307,548
Secured by shares of quoted companies	-	-
Secured Others	1,640,770	1,381,154
Advances under finance lease	42,954	29,739
Unsecured	10,069	14,102
Gross loans and advances to customers	2,196,760	1,732,543

23. Derivative financial instruments

The Bank entered into derivative contracts with counter parties; Total Return Swap with Standard Chartered Bank (“SCB”) , Mashreq Bank 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.

23a. Derivative financial Assets

	31 December 2022	31 December 2021
	N'million	N'million
Total return swap contracts	4,363	49,574
Non-deliverable forwards	415	-
Futures Contracts	-	-
Total derivative financial Assets	4,778	49,574
Notional Amount		
Forward contracts	27,399	50,109
Futures Contracts	-	-
Total	27,399	50,109

23b. Derivative financial liabilities

	31 December 2022	31 December 2021
	N'million	N'million
Total return swap contracts	1,208	
Non-deliverable forwards	-	425
Futures Contracts	-	-
Total derivative financial Liabilities	1,208	425
Notional Amount		
Forward Contract	15,370	42,098
Futures Contracts	-	-
Total	15,370	42,098

- (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 year, 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.

✦ Financial Statement

Accounting Policies

24. Investment Securities

24.1 Financial Assets at Fair Value Through Profit and Loss (FVTPL)

	31 December 2022	31 December 2021
	N'million	N'million
Held for trading:		
Federal Government bonds	351	352
Treasury bills	1,685	4,855
Placements	-	-
Total financial assets measured at FVTPL	2,036	5,207

24.2 Debt Instruments at Fair Value Through Other Comprehensive Income (FVOCI)

	31 December 2022	31 December 2021
	N'million	N'million
Treasury bills	16,677	75,084
Federal Government bonds	4,825	16,106
State bonds	2,256	4,127
Corporate bonds	4,938	4,691
Total debt instruments measured at FVOCI	28,696	100,008

24.3 Equity instruments at Fair Value Through Other Comprehensive income (FVOCI)

	31 December 2022	31 December 2021
	N'million	N'million
Unquoted equity investments:		
- Pay Attitude Global	20	16
- African Finance Corporation (AFC)	4,928	3,321
- Unified Payment Services Limited (UPSL)	12,791	12,627
- Nigerian Inter Bank Settlement System (NIBBS)	4,618	3,540
- African Export-Import Bank (AFREXIM BANK)	452	275
- The Central Securities Clearing System (CSCS)	2,334	3,164
- Investment in FMDQ	2,356	3,215
Quoted equity investments:		
- Nigerian Exchange Group (NGX)	61	49
Total equity instruments at FVOCI	27,560	26,207

24.3.1

The Bank has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading, see note 2.4.2.b. During the year ended 31 December 2022, the Bank recognised dividends of N387 million (December 2021 - N817 million) from its FVOCI equities which was recorded in the profit or loss as other operating income.

24.4 Debt instruments at Amortised Cost

	31 December 2022	31 December 2021
	N'million	N'million
Treasury bills	261,914	250,502
Federal Government bonds	202,665	186,673
Corporate bonds	15,843	5,102
Sub-total	480,422	442,277
Allowance for impairment	(830)	(824)
Total debt instruments measured at amortised cost	479,592	441,453
Reconciliation of allowance for impairment		
At the beginning of the year	(824)	(364)
Additional allowance for impairment	(6)	(460)
At the end of the year	(830)	(824)
Total Investments	537,884	572,875

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 Bank also pledged Federal Government bonds in foreign currency to Standard Chartered Bank ("SCB") in respect of its short term borrowings.

The nature and carrying amounts of the assets pledged as collaterals are as follows:

	31 December 2022	31 December 2021
	N'million	N'million
Treasury bills - Amortised cost	40,411	33,768
Federal Government bonds - Amortised cost	107,889	70,014

✦ Financial Statement

Accounting Policies

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 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

31 December 2021				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	92,557	-	-	92,557
Standard grade	7,451	-	-	7,451
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	100,008	-	-	100,008

An analysis of Changes in the Fair Value and the Corresponding ECLs is, as Follows:

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 mature (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 31 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 repaid (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

✦ Financial Statement

Accounting Policies

31 December 2021				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	265,980	-	-	265,980
New assets originated or purchased	91,313	-	-	91,313
Assets derecognised or matured (excluding write offs)	(214,502)	-	-	(214,502)
Change in fair value	(42,782)	-	-	(42,782)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2021	100,009	-	-	100,009

31 December 2021				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	785	-	-	785
New assets originated or purchased	140	-	-	140
Assets derecognised or matured (excluding write offs)	(808)	-	-	(808)
Impact on year end ECL of exposures transferred between stages during the period	-	-	-	-
Unwind of discount (recognised in interest income)	51	-	-	51
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2021	168	-	-	168

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 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

31 December 2021				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	437,175	-	-	437,175
Standard grade	5,102	-	-	5,102
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	442,277	-	-	442,277

✦ Financial Statement

Accounting Policies

An analysis of changes in the gross carrying amount and the corresponding ECLs is as follows:

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 Other than 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

31 December 2021				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	138,168	-	-	138,168
New assets originated or purchased	363,812	-	-	363,812
Assets derecognised or matured (excluding write-offs)	(65,812)	-	-	(65,812)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	6,109	-	-	6,109
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2021	442,277	-	-	442,277

31 December 2021				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	364	-	-	364
New assets purchased	462	-	-	462
Assets derecognised or matured (excluding write-offs)	(146)	-	-	(146)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the period				
Unwind of discount (recognised in interest income)	144			144
Changes due to modifications not resulting in derecognition	-			-
Changes to models and inputs used for ECL calculations	-			-
Recoveries	-			-
Amounts written off	-			-
Foreign exchange adjustments	-			-
At 31 December 2021	824	-	-	824

25. Property, Plant and Equipment

Property, Plant and Equipment	Land	Buildings	Leasehold improvements
		N'million	
Cost			
At 1 January 2022	15,669	17,379	3,852
Additions	355	573	77
Reclassifications	(345)	366	17
Disposals	-	(6)	(17)
At 30 December 2022	15,679	18,312	3,929
Accumulated depreciation			
At 1 January 2022	-	(3,785)	(2,877)
Charge for the period	-	(353)	(204)
Reclassifications	-	(8)	(1)
Disposals	-	2	13
At 31 December 2022	-	(4,144)	(3,069)
Carrying amount at 31 December 2022	15,679	14,168	860
Cost			
At 1 January 2021	15,543	17,066	3,835
Additions	111	46	24
Reclassifications	70	290	(0)
Disposals	(55)	(23)	(6)
At 31 December 2021	15,669	17,379	3,852
Accumulated depreciation			
At 1 January 2021	-	(3,463)	(2,661)
Charge for the period	-	(345)	(222)
Disposals	-	23	6
At 31 December 2021	-	(3,785)	(2,877)
Carrying amount at 31 December 2021	15,669	13,594	976

- (a) Work in progress relates to capital cost incurred in setting up new branches. When completed and available for use, they are transferred 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.

Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
N'million	N'million	N'million	N'million	N'million	N'million
6,638	1,744	13,706	4,936	1,402	65,326
625	167	1,913	907	2,507	7,124
259	-	348	-	(645)	-
(134)	(15)	(125)	(377)	-	(674)
7,388	1,896	15,842	5,466	3,264	71,776
(5,258)	(1,507)	(9,083)	(3,377)	-	(25,887)
(639)	(95)	(1,793)	(648)	-	(3,732)
8	-	-	-	-	-
131	14	94	246	-	500
(5,758)	(1,588)	(10,782)	(3,779)	-	(29,119)
1,630	308	5,060	1,687	3,264	42,657
9,835	2,336	19,132	5,531	998	74,276
327	150	1,347	1,226	1,122	4,353
219	3	136	-	(718)	-
(3,742)	(745)	(6,910)	(1,820)	-	(13,301)
6,639	1,744	13,705	4,937	1,402	65,328
(8,423)	(2,174)	(14,392)	(4,717)	-	(35,830)
(571)	(77)	(1,591)	(476)	-	(3,282)
3,736	744	6,901	1,816	-	13,226
(5,258)	(1,507)	(9,082)	(3,377)	-	(25,886)
1,381	237	4,623	1,560	1,402	39,442

(c) There were no impairment losses on any class of property , plant and equipment during the period (31 December 2021: Nil).

(d) There were no pledged assets in any class of property, plant and equipment during the period (31 December 2021: Nil).

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✦ Financial Statement

Accounting Policies

26. Right-of-Use Assets

	31 December 2022	31 December 2021
	N'million	N'million
Cost		
Balance at the beginning of year	3,466	3,011
Additions	535	578
Lease Addition	480	-
Disposal during the year	-	(123)
Balance	4,481	3,466
Accumulated amortization		
Balance at beginning of year	(1,989)	(1,359)
Amortisation for the year	(693)	(676)
Disposal during the year	-	46
Balance	(2,682)	(1,989)
Carrying amount	1,799	1,477

Expense of Low value Item:

The expense for low value items and short term leases is N389,30 million (31 December 2021: N68.86 million).

27. Intangible Assets - Computer Software

	31 December 2022	31 December 2021
	N'million	N'million
Cost		
Balance at 1 January	7,410	8,399
Additions	2,246	3,901
Disposal during the year	(295)	(4,890)
Balance as at 31 December	9,361	7,410
Accumulated amortization		
Balance at 1 January	(3,442)	(5,116)
Amortisation for the year	(2,191)	(3,216)
Disposal during the year	295	4,890
Balance at 31 December	(5,338)	(3,442)
Carrying amount	4,023	3,968

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 N2,191bn for the year ended 31 December 2022 (31 December 2021: N3,126bn).

28. Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 32.5% as applicable (2021: 30% or 32.5%).

Deferred tax assets and liabilities are attributable to the following items:

28.1 Deferred Tax Assets

	31 December 2022	31 December 2021
	N'million	N'million
Deferred tax assets		
Property, plant and equipment		-
Allowances for loan losses	15,753	9,240
Tax loss carried forward	-	440
Unutilised tax credits (capital allowances)	6,793	14,599
	22,546	24,279
Unrecognised deferred tax asset	(17,240)	24,279
Net	5,306	-

28.2 Deferred Tax Liabilities

Property, plant and equipment	5,585	5,376
Fair value adjustments	44	-
	5,629	5,376

28.3 Movements in temporary differences during the year 2022:

	1 Jan 2022	Recognised in P&L	Recognised in OCI	31 Dec 2022
	N'million	N'million	N'million	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	-	-	-
Fair value adjustments	-	-	-	(44)
	18,903	(209)	-	16,918

✦ Financial Statement

Accounting Policies

Movements in temporary differences during the year 2021:

	1 Jan 2021	Recognised in P&L	Recognised in OCI	31 Dec 2021
	N'million	N'million	N'million	N'million
Accelerated tax depreciation	(4,570)	(806)	-	(5,376)
Unutilised capitalised allowance	12,249	-	-	14,599
Allowances for loan losses	4,308	-	-	9,240
Tax loss carry forward	24,212	-	-	440
	36,199	-	-	18,903

29. Other Assets

	31 December 2022	31 December 2021
Financial assets	N'million	N'million
Sundry receivables	24,921	14,956
Electronic payment receivables	75,423	24,951
Investments in SMESIS	7,109	5,330
Shared Agent Network Expansion Facility (SANEF)	50	50
	107,503	45,287
Less:		
Specific allowances for impairment	(1,351)	(1,648)
	106,152	43,639
Non financial assets		
Prepayments	5,259	4,439
Others	414	460
Other non financial assets	1,090	819
	6,763	5,718
Total	112,915	49,357

Reconciliation of Allowance for Impairment

	31 December 2022	31 December 2021
	N'million	N'million
At 1 January	1,648	1,575
Charge for the year	12	73
Reversal of provision	-	-
Write-off during the the year	(309)	-
At 31 December	1,351	1,648

- (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

	31 December 2022	31 December 2021
	N'million	N'million
Demand	862,425	636,768
Savings	599,331	477,173
Term	398,793	503,276
Domiciliary	696,745	394,322
Others	23,303	13,264
	2,580,597	2,024,803
Current	2,580,597	2,024,803
Non-current	-	-
	2,580,597	2,024,803

- 30a. Others relate to accrued interest payable of deposit liabilities which are considered to be component of deposits.

31. Other Liabilities

	31 December 2022	31 December 2021
	N'million	N'million
Customer deposits for letters of credit (see note 31.1)	57,221	50,216
Accounts payable (see note 31.2)	202,980	21,145
FGN Intervention fund (see note 31.3)	473,604	377,492
Manager's cheque	4,256	4,622
Payable on E-banking transactions (see note 31.4)	74,981	25,043
Other liabilities/credit balances (see note 31.5)	(1,324)	16,065
Accruals for year end bonus (see note 31.6)	3,164	1,014
Lease liability (see note 31.8)	525	-
	815,407	495,597

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)

	2021	2020
	N'million	N'million
CBN State bailout fund	82,065	89,782
Real Sector Support Facility - Differentiated Cash Reserves Requirement - (DCRR)	211,001	147,227
Real Sector Support Facility - (RSSF)	10,941	15,383
Commercial Agriculture Credit Scheme - (CACS)	8,089	10,217
Bank of Industry BG backed	80,981	71,920
Bank of Industry - Restructured and Refinance scheme	297	457
Bank of Industry on lending	67	123
Development Bank of Nigeria - (DBN)	40,015	19,985

Nigeria Export Import Bank - (NEXIM)	19,613	16,094
Power Airline Intervention Fund - (PAIF)	3,871	5,911
CBN Paddy Agegate Scheme (PAS) Funds	5,000	-
Accelerated Agriculture Credit Scheme - (AADS)	-	375
CBN 100 for 100 PPP - (Policy on Production and Productivity)	11,644	-
Nigerian Incentive-based Risk Sharing system for Agricultural Lending - (NIRSAL)	19	18
	473,603	377,492

- (a) FGN Intervention fund is CBN Bailout Fund of N82.07billion (31 Dec 2021: N89.78 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 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 at 9% per annum to the beneficiary.
- (c) The fund received under the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme represents a credit line granted to the Bank for the purpose of providing concessionary funding to the agricultural sector. The facility attracts an interest rate of 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.
- (d) The Central Bank of Nigeria (CBN) / Bank of Industry (BOI) - 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 assumes the risk of default.
- (e) Federal Government through CBN, BOI and DBN to enable DMOs avail loans at single digit rates or rates lower than the normal commercial rate to qualifying institutions in line with the guidelines provided by CBN, BOI and DBN.
- (f) Non-oil Export Stimulation Facility (NESF): This Facility was established by the Central Bank of Nigeria to diversify the economy away from the oil sector, after the fall in crude prices. The Central Bank invested N500billion debenture, issued by Nigerian Export-Import Bank (NEXIM). The facility disbursed per customer shall not exceed 70% of total cost of project, or subject to a maximum of 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.

✦ Financial Statement

Accounting Policies

- (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 to on-lend to customers at an all-in interest rate of 9% per annum. This facility is not secured.
- (h) Accelerated Agricultural Development Scheme (AADS) was established by the Central Bank of Nigeria to help states develop at least 2 crops/agricultural commodities in which they have comparative advantage. The fund is disbursed to the Bank at 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 enterprise is availed the facility at 9% per annum and repayments are made via ISPO deductions.
- (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 repayments are made via ISPO deductions.
- (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 September 1, 2022.
- (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. This was previously reported under provisions in prior year, this has however been reclassified to other liabilities in 2022 financial year.

Movement in provision for year end bonus	31 December 2022	31 December 2021
	N'million	N'million
At 1 January	1,014	2,548
Arising during the year	3,164	1,014
Utilised	(1,014)	(2,548)
At 31 December	3,164	1,014

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 N480 million as at 31 December 2022. (31 December 2021: Nil) for Bank.

The future minimum lease payments on the lease liabilities extend over a number of years. This is analysed as follows:

Movement in provision for year end bonus	31 December 2022	31 December 2021
	N'million	N'million
Not more than 1 year	-	-
Over one year but less than five years	525	-
More than five years	-	-
At end of the year	525	-

32. Provision

	31 December 2022	31 December 2021
	N'million	N'million
Provisions for litigations and claims	883	623
Provision for guarantees and letters of credit (Note 32.3.1 - 32.3.2)	1,013	1,776
	1,896	2,399

32.1 Movement in provision for litigations and claims

At 1 January	623	623
Arising during the year	260	-
Utilised	-	-
At 31 December	883	623

✦ Financial Statement

Accounting Policies

32.2 Current Provision	5,060	3,413
Non-current provisions	-	-
	5,060	3,413

32.3 Impairment Losses on Guarantees and Letters of Credit

An analysis of changes in the gross carrying amount and the corresponding allowances for impairment losses in relation to guarantees and letters of credit is as follows:

32.3.1 Performance bonds and guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2022				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
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
31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	1,846	-	-	1,846
Standard grade	277,663	-	-	277,663
Sub-standard grade	8,484	-	-	8,484
Past due but not impaired	-	-	-	-
Non-performing:	-			-
Individually impaired	-	-	-	-
Total	287,993	-	-	287,993

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

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 during the year		-	-	-
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

✦ Financial Statement

Accounting Policies

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	208,433	-	-	208,433
New exposures	205,686	-	-	205,686
Exposure derecognised or matured/lapsed (excluding write-offs)	(127,146)	-	-	(127,146)
Changes due to modifications not resulting in derecognition				
Amounts written off	-	-	-	-
Foreign exchange adjustments	1,020	-	-	1,020
At 31 December 2021	287,993	-	-	287,993

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	7	-	-	7
New exposures	351	-	-	351
Exposure derecognised or matured/lapsed (excluding write-offs)	(4)	-	-	(4)
Impact on year end ECL of exposures transferred between stages during the period				
Unwind of discount	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	5	-	-	5
At 31 December 2021	359	-	-	359

32.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2022				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal grading				
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	215,697	-	-	215,697
31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	85,415	-	-	85,415
Standard grade	67,683	-	-	67,683
Sub-standard grade	626	-	-	626
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	153,724	-	-	153,724

✦ Financial Statement

Accounting Policies

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

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 during the period	-	-	-	-
Unwind of discount	-	-	-	-
Changes due to modifications not resulting in derecognition		-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	217	-	-	217
At 31 December 2022	684	-	-	684

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2021	134,082	-	-	134,082
New exposures	132,696	-	-	132,696
Exposure derecognised or matured/lapsed (excluding write-offs)	(114,625)	-	-	(114,625)
Changes due to modifications not resulting in derecognition		-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	1,572	-	-	1,572
At 31 December 2021	153,725	-	-	153,725

31 December 2021				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2021	897	-	-	897
New exposures	1,262	-	-	1,262
Exposure derecognised or matured/lapsed (excluding write-offs)	(837)	-	-	(837)
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount	-	-	-	-
Changes due to modifications not resulting in derecognition		-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	96	-	-	96
At 31 December 2021	1,418	-	-	1,418

✦ Financial Statement

Accounting Policies

33. Debts Issued And Other Borrowed Funds

	31 December 2022	31 December 2021
	N'million	N'million
Long term loan from African Development Bank (ADB) (see note 33.1)	16,671	20,294
European Investment Bank Luxembourg (see note 33.2)	640	1,813
\$400 Million Euro Bond issued (see note 33.4)	178,242	339,165
Local Bond issued (see note 33.5)	41,307	40,275
Repurchase transaction with Renaissance Capital (see note 33.6)	-	22,024
Development Bank of Nigeria (see note 33.7)	15,268	20,099
Afrexim (see note 33.3)	9,338	24,745
	261,466	468,415

Reconciliation of debt issued and other borrowed funds:

	31 December 2022	31 December 2021
	N'million	N'million
At 1 January	468,415	260,971
Additions during the year	-	226,657
Accrued interest	25,796	10,910
Payment of interest	(28,625)	(29,299)
Repayment of principal during the period	(213,379)	(29,601)
Foreign exchange difference	9,259	28,777
At 31 December	261,466	468,415

33.1 The amount of N16,670.68 billion (31 Dec 2021: N20,293.89 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 annum. Interest and principal is repaid semi-annually. The borrowing is an unsecured borrowing.

33.2 The amount of N639.72 million (31 Dec 2021: N1,812.50 billion) represents the amortised cost balance in the on-lending facility of \$21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March, 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing is an unsecured borrowing.

- 33.3** The amount of N9,337.63 billion, (31 Dec 2021: N24,744.86 billion) represents amortised cost balance of \$150 million borrowing from AFREXIM (under the repurchase agreement), with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.
- 33.4** 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 N178,124.86 billion represents the amortised cost of the Issued Notes as at 31 December 2022; N339,164.62 billion represents the amortised cost at the end of the financial year 2021 (December 31 , 2021) of \$400 million, 5-year, 10.50% Senior Notes issued at 99.48% on the 11 October, 2017 which matured in October 2022 and \$400 million, 5-year, 7.625% Senior Notes issued at 98.98% in October 2021 with maturity in October 2026. Coupon is paid semi-annually for the Notes.
- 33.5** “The amount of N41,306.78 billion (31 Dec 2021 : N40,274.66billion) 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 N22,023.58 billion of 31 December 2021 represents a \$51.6 million dollar borrowing under a repurchase agreement from Renaissance Capital, with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy back. The Principal and Interest have been fully paid.
- 33.7** The amount of N15,267.71 billion (31 Dec 2021: N20,099.00 billion) represents the amortised cost of a N20 billion of wholesale borrowing from Development Bank of Nigeria, to mature 27th April, 2024 at an interest rate of 10% per annum. Interest is paid semi-annually, with principal repayment after 1 year moratorium period, effective 27th October 2022 to maturity. The borrowing is an unsecured borrowing.
- 33.8** Maturity Analysis is presented in Note 44.

34. Share Capital

	31 December 2022	31 December 2021
	N'million	N'million
Authorised		
32 billion ordinary shares of 50k each (2021: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2021: 28,963 million ordinary shares)	14,481	14,481

There is no movement in the issued and fully paid shares during the period.

35. Other Equity Accounts

The nature and purpose of the other equity accounts are as follows:

Share Premium

Premiums from the issue of shares are reported in share premium.

Retained Earnings

Retained earnings comprise the undistributed profits from previous years and current year, which have not been reclassified to the other reserves noted below.

Dividends

The following dividends were declared and paid by the Bank during the year

	31 December 2022	31 December 2021
	N'million	N'million
Balance, beginning of year	-	-
Final dividend declared		6,372
Interim dividend declared	2,896	
Payment during the year	(2,896)	(6,372)
Balance, end of year		

Statutory Reserve

This represents regulatory appropriation to statutory reserve of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

Small Scale Investment Reserve

The Small scale investment reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Non-Distributable Regulatory Reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-distributable regulatory risk reserve.

Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS fund is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

36. Cash Flows Generated from Operations

	Notes	31 December 2022	31 December 2021
		N'million	N'million
Profit before income tax		53,677	25,215
Adjustments for:			
- Depreciation and amortisation	14	6,616	7,174
- Loss/(profit) on disposal of property, plant and equipment	11	56	(69)
- Net foreign exchange difference		6,579	17,215
- Foreign exchange (gains)/losses on deposits from customers		-	-
- Net gains from financial assets at fair value through profit or loss	12	1,568	4,904
- Increase in provisions	32	(503)	(662)
- Credit loss expense	8	5,443	7,035
- Impairment on other debt instrument		-	-
- Impairment reversal / charge on other assets	8	(309)	73
- Dividend income	11	(397)	(817)
- Gain on debt instruments measured at FVOCI reclassified from equity	17	(693)	(5,494)
- Write off of loans and advances			
- Net interest income		(152,695)	(94,877)
		(80,658)	(40,303)
Changes in operating assets			
- Cash and balances with the Central Bank (restricted cash)	20	(176,993)	(145,968)
- Loans and advances to customers	22	(412,924)	(301,436)
- Financial assets held for trading		47,182	(6,213)
- Other assets	29	(63,558)	(1,151)
Changes in operating liabilities			
- Deposits from customers	30	545,755	319,515
- Other liabilities	31	319,810	(26,338)
Cash flows from/(used in) operations		178,614	(201,894)

✦ Financial Statement

Accounting Policies

37. Contingent Liabilities and Commitments

37.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N5.24 billion (31 Dec 2021: N4.48billion). The capital commitments relate to property plant and Equipment.

37.2 Confirmed credits and other obligations on behalf of customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	31 December 2022	31 December 2021
	N'million	N'million
Performance bonds and guarantees (Note 31.3.1)	489,618	287,993
Letters of credit (Note 31.3.2)	215,697	153,725
Unsettled transactions	-	-
AGSMEIS Disbursement	1	48
	705,316	441,766

Included in Performance bonds and guarantees is N80.19 bn (31 December 2021: N75.91 billion) Bank of industry backed guarantee. Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transactions.

37.3 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 58 cases as defendant (December 2021 54) and 15 cases as Plaintiff (December 2021 14) . The total amount claimed against the Bank is estimated at N12.06 billion as at 31 December 2022 (31 Dec 2021: N7.26billion) while the amount in the 15 cases instituted by the Bank is N5.19 billion as at 31 December 2022 (31 Dec 2021: N4.07billion, 14 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 N883 million (31 Dec 2021: N623 million) upon conclusion of the cases. A provision for the potential loss of N883 million is shown in **Note 32**.

38. Related Party Transactions with Key Management Personnel

The related party transactions in respect of Entity controlled by Key Management Personnel has been disclosed in compliance with Central Bank of Nigeria circular BSD/1/2004.

38.1 Deposits/Interest Expense From Related Parties

Entity Controlled by key Management Personnel	Related party	Nature of relationship	Deposits at 31 Dec 2022	Interest expense 31 Dec 2022	Deposits at 31 Dec 2021	Interest expense 2021
		N	N	N	N	N
Cy Incorporated Nig Ltd (DSRA)	Insider related	Former Director	31,886	-	-	-
Equipment Solutions and Logistics Services Limited	Insider related	Former Director	63,942	-	-	-
The Genesis Restaurant Limited	Insider related	Former Director	4,146,727	-	387,010	-
John Holt Plc	Insider related	Former Director	356,686,651	-	16,471	-
Tenderville Ltd	Insider related	Former Director	359,030	-	46,650	-
Genesis Hub Limited	Insider related	Former Director	20,427,560	-	-	-
Genesis Deluxe Cinemas	Insider related	Former Director	3,526,896	301	518,811	18,630
SUB-TOTAL			385,242,692	301	968,942	18,630
A-Z Petroleum Products Limited	Insider related	Former Director	77,322,045	-	1,193,560	-
Neconde Energy Limited	Insider related	Former Director	258,628,141	-	-	-
Dangote Industries Limited	Insider related	Former Director	927,721	-	330,415,483	-
Agric Int'l Tech and Trade	Insider related	Former Director	2,983,292	-	12,615,166	-
Mr. Mustafa Chike-Obi	Insider related	Current Director	52,331,219	-	14,060,896	-
Pastor Kings C. Akuma	Insider related	Former Director	44,816,681	-	416,139	29,462
Chief Charles Chidebe Umolu	Insider related	Former Director	14,830,659	-	-	-
Mr. Okeke Ezechukwu Michael	Insider related	Former Director	1,266,268	-	-	-
Alhaji Isa Inuwa	Insider related	Current Director	9,811,386	-	11,736,133	-
Mr. Alex Chinelo Ojukwu	Insider related	Former Director	263,304	-	12,760	35
Mr. Chidi Agbapu	Insider related	Current Director	40,679,192	-	14,414,318	15,373
Mr. Chinedu Okeke	Insider related	Current Director	49,268,305	4,242	10,377,866	26,796
Engr. Henry Obih	Insider related	Current Director	128,090,805	-	85,615,526	-
Mrs. Amaka Onwughalu	Insider related	Current Director	12,942,161	7,844	4,609,088	8,155
Chief Nelson C, Nweke	Insider related	Current Director	67,067,335	-	10,169,206	-
Mrs. Ronke Bammeke	Insider related	Current Director	6,666,010	-	5,152,174	-
SUB-TOTAL			767,894,524	12,086	500,788,315	79,821
Transactions with Key Management Personnel	Insider Related		319,919,876	-	89,395,040	208,180
TOTAL			1,473,057,092	12,387	591,152,297	306,631

✦ Financial Statement

Accounting Policies

38.2 Loans and Advances/Interest Income from Related Parties

Entity Controlled by Key Management Personnel	Related Party	Nature of Relationship	Loan Amount Outstanding
			31 Dec 2022
			N
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu	Former Director	286,276,066
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu	Former Director	767,029,435
Blancote Oil & Gas Ltd	Ichie Nnaeto Orazulike	Former Director	-
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	Former Director	98,999,888
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	Former Director	154,281,689
Genesis Hub Ltd	Ichie Nnaeto Orazulike	Former Director	17,851,522
Genesis Food Nigeria Ltd	Ichie Nnaeto Orazulike	Former Director	647,987,746
Genesis F&B Nigeria Limited	Ichie Nnaeto Orazulike	Former Director	312,433,504
Genesis Sojourner Ltd	Ichie Nnaeto Orazulike	Former Director	1,031,204,957
Genesis Technical Company Limited	Ichie Nnaeto Orazulike	Former Director	600,000,000
Stanchions Nigeria Ltd	Ichie Nnaeto Orazulike	Former Director	-
A-Z Petroleum Products Ltd	Mr. Alex Ojukwu	Former Director	2,575,466,736
Agric Int'l Tech and Trade	Mr. Ernest Ebi	Former Director	800,000,000
Dangote Industries Ltd	Mr. Ernest Ebi	Former Director	47,463,109,162
Dangote Fertilizer Ltd	Mr. Ernest Ebi	Former Director	1,017,518
Dangote Oil Refining Company Ltd	Mr. Ernest Ebi	Former Director	3,750,000,000
Dangote Cement Plc - Obajana Plant	Mr. Ernest Ebi	Former Director	29,504,809,611
Dangote Sugar Refinery PLC	Mr. Ernest Ebi	Former Director	3,371,600,084
SUB-TOTAL			91,382,067,918

Interest Income	Loan Amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
31 Dec 2022	31 Dec 2021	31 Dec 2021			
N	N	N			
-	286,276,066	-	Finance Lease/ Overdraft	Lost	Perfected
-	767,029,435	-	Term Loan/ Overdraft	Lost	Perfected
-	171,488,694	36,529,050	Term Loan/ Overdraft	Performing	Perfected
20,577,418	99,480,920	20,216,367	Term Loan/ Overdraft	Performing	Perfected
19,193,045	249,894,114	27,314,747	Term Loan/ Overdraft	Performing	Perfected
4,588,399	24,065,543	2,981,289	Term Loan/ Overdraft	Performing	Perfected
58,981,475	948,504,359	93,644,223	Term Loan/ Overdraft	Performing	Perfected
20,355,586	-	-	Term Loan/ Overdraft	Performing	Perfected
73,555,912	1,257,489,470	73,878,297	Term Loan/ Overdraft	Performing	Perfected
-	-	-	Term Loan/ Overdraft	Performing	Perfected
-	254,102,898	51,962,859	Term Loan/ Overdraft	Performing	Perfected
413,584,415	11,362,245,775	859,823,881	Term Loan/ Overdraft	Performing	Perfected
62,375,342	1,200,000,000	70,793,922	Term Loan	Performing	Perfected
4,194,290,480	53,906,742,317	7,333,428,562	Term Loan	Performing	Perfected
1,494,738	25,256,729	20,426,626	Term Loan	Performing	Perfected
272,465,753	4,750,000,000	246,156,902	Term Loan/ Overdraft	Performing	Perfected
2,514,033,399	21,244,030,777	1,352,649,082	Term Loan	Performing	Perfected
5,754,290	48,871,688	10,141,523	Term Loan	Performing	Perfected
7,661,250,253	96,595,478,785	10,199,947,330			

✦ Financial Statement

Accounting Policies

Entity Controlled by Key Management Personnel	Related Party	Loan Amount Outstanding	Interest Income
		31 Dec 2022	31 Dec 2022
		N	N
	Key Management Personnel/Related Party		
Onyeali-Ikpe Nnekachinwe	Managing Director	137,108,499	4,337,829
Hassan Imam Galadanchi	Executive Director	98,126,107	4,475,974
Kevin Chukwuma Ugwuoke	Executive Director	101,348,758	3,880,819
Kenneth Onyewuchi Opara	Executive Director	109,037,100	4,543,507
Kings Chukwu Akuma	Former Director	684,284	316,003
Chidozie Bethram Agbapu	Non Executive Director	76,246,279	10,471,746
Kennedy Onyeali Ikpe	Managing Director	-	-
Reginald U. Ihejiahi	Former Director	-	-
Ikemefuna A. Mbagwu	Former Director	669,181	54,123
Ichie Nnaeto Orazulike	Former Director	9,956,970	1,667,467
Chief Charles Chidebe Umolu	Former Director	752,869	93,523
Okonkwo Nnamdi John	Former Director	85,583,727	3,588,980
Odinkemelu Aku	Former Director	77,173,753	2,884,237
Adegbolahan Simisola Joshua	Former Director	97,714,286	3,810,575
Obaro Alfred Odeghe	Former Director	102,819,445	5,084,627
Yahaya Umar Imam	Former Director	29,213,405	4,671,755
SUB-TOTAL		926,434,663	49,881,165
TOTAL		92,308,502,581	7,711,131,147

	Loan Amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
	31 Dec 2021	31 Dec 2021			
	N	N			
	167,968,178	5,058,815	Term Loan/Credit Card	Performing	Perfected
	115,219,658	4,728,132	Term Loan/Credit Card	Performing	Perfected
	122,391,885	3,635,475	Term Loan	Performing	Perfected
	126,870,555	4,323,178	Term Loan/Credit Card	Performing	Perfected
	1,855,565	998,180	Credit Card	Performing	Perfected
	88,034,188	10,428,277	Overdraft	Performing	Perfected
	513	35,974	Credit Card	Performing	Perfected
	2,775,224	1,552,812	Credit Card	Performing	Perfected
	194,388	85,139	Credit Card	Performing	Perfected
	1,651,924	983,275	Credit Card	Performing	Perfected
	92,479	10,880	Credit Card	Performing	Perfected
	97,041,180	5,786,792	Term Loan/Credit Card	Performing	Perfected
	86,820,472	3,221,567	Term Loan	Performing	Perfected
	119,579,493	4,772,549	Term Loan	Performing	Perfected
	172,957,865	11,072,424	Term Loan	Performing	Perfected
	34,331,844	3,905,910	Overdraft/Credit Card	Performing	Perfected
	1,137,785,411	60,599,379			
	97,733,264,196	10,260,546,709			

✦ Financial Statement

Accounting Policies

38.3 Bank Guarantees in Favour of Key Management Personnel

December 2022				
Beneficiary Name	Related Entity	Name of Related Party	Position In Bank	Amount (N)
BOI	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	144,975,738
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	629,086,327
BOI	GENESIS SOJOURNER LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	1,004,374,482
OGUN STATE PROPERTY AND INVESTMENT COMPANY LIMITED	A-Z PETROLEUM PRODUCTS LIMITED - OPERATIONAL ACCOUNT	MR. ALEX OJUKWU	FORMER DIRECTOR	1,000,000,000
TRUSTEES UNDER THE NOTE ISSUING PROGRAMME	A-Z PETROLEUM PRODUCTS LIMITED - OPERATIONAL ACCOUNT	MR. ALEX OJUKWU	FORMER DIRECTOR	5,000,000,000
				7,778,436,547

December 2021				
Beneficiary Name	Related Entity	Name Of Related Party	Position In Bank	Amount (N)
BOI	GENESIS DELUXE CINEMAS	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	27,450,974.00
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	808,825,278.00
BOI	GENESIS SOJOURNER LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	1,233,111,319.00
Flour Mills of Nig.	GENESIS F&B NIGERIA LIMITED - OPS A-C	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000.00
				2,094,387,571

38.4 Key Management Compensation

	31 December 2022	31 December 2021
	N'million	N'million
Salaries and other short-term employee benefits (Executive directors only)	430	362
Pension cost	16	11
Post-employment benefits paid- Gratuity	-	-
Post-employment benefits paid- Retirement	-	-
Other employment benefits paid	139	153
	585	526

38.5 Loan and Advances to Staff members

At start of the year	12,019	9,878
Granted during the Year	2,950	4,516
Repayment during the Year	(3,192)	(2,375)
At end of the year	11,777	12,019

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:

	31 December 2022	31 December 2021
Executive Directors	5	5
Management	453	433
Non-management	2,580	2,536
	3,038	2,974

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	31 December 2022	31 December 2021
N300,000 - N2,000,000	7	9
N2,000,001 - N2,800,000	6	12
N2,800,001 - N3,500,000		806
N3,500,001 - N6,500,000	1,654	1,185
N6,500,001 - N7,800,000	306	330
N7,800,001 - N10,000,000	606	318
N10,000,001 and above	459	314
	3,038	2,974

✦ Financial Statement

Accounting Policies

40. Directors' Emoluments

Remuneration paid to the Bank's Executive and Non-Executive directors (excluding certain allowances) was:

	31 December 2022	31 December 2021
	N'million	N'million
Fees and sitting allowances	138	116
Executive compensation	260	196
Other director expenses	301	172
	699	484

Fees and other emoluments disclosed above include amounts paid to:

Chairman	40	28
Highest Paid Director	110	110

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	31 December 2022	31 December 2021
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	14	14
	14	14

41. Compliance With Banking Regulations

41.1 The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions Act, 2020 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the year ended 31 December 2022.

Schedule Of Regulatory Contraventions As At 31 December 2022	Amount
Nature Of Contravention	(N'000)
Penalty - Cryptocurrency Infraction - CBN	85,714
Penalty - late returns - CBN	5,000
Penalty - Employment Infraction - CBN	10,000
	100,714

Schedule Of Regulatory Contraventions As At 31 December 2021		Amount
Nature Of Contravention		(N'000)
Penalty - late returns - CBN		900
Penalty - Cryptocurrency Infraction - CBN		14,286
Penalty - Excess Bank charges - CBN		5,000
Penalty - Credit Policy manual Infraction - CBN		5,150
Penalty - Fx trade Infraction - CBN		60,000
		85,336

41.2 In line with circular FDR/DIR/CIR/GEN/01/20, the returns on customers' complaints for the year ended 31 December 2022 is set as below:

S/N	Description	Number		Amount Claimed		Amount Refunded	
		Dec 2022	Dec 2021	Dec 2022	Dec 2021	Dec 2022	Dec 2021
				Million	Million	Million	Million
1	Pending complaints b/f	54,909	60	1,542	2,002	N/A	N/A
2	Received complaints	1,162,541	907,715	29,778	40,812	N/A	N/A
3	Resolved complaints	1,136,900	852,866	26,454	41,272	904	1,718
4	Unresolved complaints escalated to CBN for intervention	24	2	1,748	91	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	80,550	54,909	4,866	1,542	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 year ended 31 December 2022.

42. Gender Diversity

31 December 2022					
	Women		Men		Total
	Number	%	Number	%	
Board Members	3	23%	10	77%	13
Management staff (AGM & Above)	12	24%	37	76%	49
Total	15		47		62
31 December 2021					
	Women		Men		Total
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	11	26%	32	74%	43
Total	14		43		57

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 N62.1 billion as at 31 December 2022 (31 December 2021 - N27.4billion).

	31 December 2022	31 December 2021
	N'million	N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	110,782	47,595
General provision	33,606	56,871
Provision for other assets	2,846	2,669
Provision for litigations and claims	-	-
Provision for investments	-	-
Provision for off-balance sheet exposure	-	-
Total prudential provision (A)	147,234	107,135
IFRS provision:		
Specific impairment (see note 22)	32,478	28,690
Collective impairment	48,070	45,442
Provision for other assets (see note 28)	1,351	1,648
Provision for litigations and claims (see note 31)	883	623
Provision for investments (see note 24)	1,294	1,516
Provision for off-balance sheet exposure	1,013	1,775
Total IFRS provision (B)	85,089	79,694
Difference between prudential and IFRS	62,144	27,440
Movement in Non-Distributable Regulatory Risk Reserve (RRR)		
Opening balance in RRR	27,440	6,365
Net changes in the year	34,704	21,075
Balance in RRR at the end of the year	62,144	27,440

✦ Financial Statement

Accounting Policies

44. Maturity Analysis Of Assets And Liabilities

Maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December 2022			
	Maturing within	Maturing after	Total
	12 months	12 months	
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 through other comprehensive income	19,348	25,119	44,467
- Equity instruments at fair value through other comprehensive income	-	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
LIABILITIES			
Deposits from customers	1,125,801	1,812,454	2,938,255
Derivative financial liabilities	1,208		1,208
Current income tax liability	8,446	-	8,446
Other liabilities	254,550	606,240	860,790
Provision	1,896	-	1,896
Debt issued and other borrowed funds	55,427	293,814	349,241
TOTAL LIABILITIES	1,447,328	2,712,508	4,159,836

As at 31 December 2021			
	Maturing within	Maturing after	Total
	12 months	12 months	
ASSETS	N'million	N'million	N'million
Cash and Cash equivalents	219,253	-	219,253
Restricted balances with central bank	-	686,097	686,097
Loans and advances to customers	663,151	995,261	1,658,412
Derivative financial assets	49,574	-	49,574
Investments:			
Financial assets at fair value through profit or loss	4,749	458	5,207
Debt instruments at fair value through other comprehensive income	75,236	24,773	100,009
Equity instruments at fair value through other comprehensive income	-	26,207	26,207
Debt instruments at amortised cost	246,925	194,527	441,452
Other assets	45,287	13,096	58,383
Right-of-use assets	-	39,440	39,440
Property, Plant and equipment	-	1,477	1,477
Intangible assets	-	3,968	3,968
TOTAL ASSETS	1,304,175	1,985,304	3,289,479
LIABILITIES	N'million	N'million	N'million
Deposits from customers	125,556	1,899,250	2,024,806
Derivative financial liabilities	425	-	425
Current income tax liability	3,899	-	3,899
Other liabilities	76,998	413,757	490,755
Provision	3,413	-	3,413
Debt issued and other borrowed funds	22,863	445,550	468,413
TOTAL LIABILITIES	233,154	2,758,557	2,991,711

✦ Financial Statement

Accounting Policies

45. Reclassifications

During the Period, all electronic payment related receivables were separated from Sundry receivables to Electronic payment receivables as a separate 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.

46. Restatements

Restatement of the Financial Statements arose from a payment of N12.9bn, which had been classified as a prepayment in lieu of a legal dispute. The amount is considered recoverable and was to be amortized over the expected life of the dispute, until resolution. However, on grounds of prudence, the 2021 financial statements have been restated to expense the full amount in 2021 Financial Year to comply with International Financial Reporting Standard.

As at 31 December 2021			
	As previously reported	Adjustments	As restated
	N'million	N'million	N'million
Other Operating expenses	(52,814)	(12,854)	(65,668)
Net income	90,883	-	90,883
Profit before income tax	38,066	(12,854)	25,215
Income tax expense	(2,487)	376	(2,111)
Profit for the year	35,579	(12,478)	23,104
Other Assets	58,383	(9,026)	49,357
Total Assets	3,289,479	(9,026)	3,280,454
Other liabilities	490,755	4,842	495,597
Current income tax payable	3,899	(376)	3,523
Provision	3,413	(1,014)	2,399
Total Liabilities	2,991,710	3,452	2,995,160
Retained earnings	67,716	(12,478)	55,241
Total equity	297,769	(12,478)	285,294
Total Liabilities And Equity	3,289,479	(9,026)	3,280,454

Impact on equity (increase/(decrease) in equity)	31 December 2021
	N'million
Other Assets	(9,026)
Total Assets	(9,026)
Net impact on Total Liabilities and Equity	9,026
Impact on statement of profit or loss (increase/(decrease) in profit)	31 December 2021
	N'million
Other operating expenses	(12,854)
Income tax credit	376
Impact on profit for the year	(12,478)
Impact on basic and diluted earnings per share(EPS) (increase/(decrease) in EPS)	31 December 2021
	N'million
Other operating expenses	(0.43)
Net impact on EPS	(0.43)

The change did not have impact on the OCI for the year.

47. Events after reporting period

In compliance with the provisions of Section 124 of CAMA 2020, the bank commenced the process of issuing the 3,037,414,308 units of unissued shares by way of Private Placement prior to the end of the 2022 financial year. All required approvals including receipt of proceeds have been received subsequent to year end. In line with the timetable for the issuance program, the shares will be listed before the closure of the share register for the payment of the final dividends. To accommodate the new shares that will rank pari-passu with existing shares the final dividend will be based on 32,000,000,000 units of 50k shares for completeness.

Value Added Statements

For the year ended 31 December 2022

	2022		2021	
	N'million	%	N'million	%
Interest and similar income	295,578	288	203,566	327
Interest and similar expense	(142,883)	(139)	(108,687)	(175)
	152,695	149	94,879	153
Bought in services	(50,095)	(49)	(32,711)	(53)
Value added	102,599	100	62,168	100
Distribution				
Employees:				
Salaries and benefits	29,731	29	23,470	38
Shareholders:				
Dividend paid during the year	13,033	13	6,372	10
Government:				
- Income tax	4,679	5	625	1
- Tertiary education tax	1,277	1	1,170	2
- Police trust fund levy	3	-	1	-
- Information technology levy	537	1	252	-
The future:				
- Asset replacement (depreciation and amortisation)	6,616	6	7,174	12
- Profit retained for the year (transfers to reserves)	46,724	46	23,104	37
	102,599	100	62,168	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

Financial Position	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and Cash equivalents	300,345	219,253	328,493	259,915	246,950
Restricted balances with central bank	863,090	686,097	540,129	343,346	249,614
Loans and advances to customers	2,116,212	1,658,412	1,326,106	1,126,974	849,880
Derivative financial assets	4,778	49,574	7,072	-	-
Investments:					
Financial assets at fair value through profit or loss	2,036	5,207	47,118	45,538	14,052
Debt instruments at fair value through other comprehensive income	28,696	100,009	265,980	134,846	157,639
Equity instruments at fair value through other comprehensive income	27,560	26,207	17,685	14,536	9,977
Debt instruments at amortised cost	479,592	441,452	137,804	118,569	118,662
Deferred tax Assets	5,306	-	-	-	-
Other assets	112,915	49,357	44,380	28,756	35,124
Property, plant and equipment	42,657	39,441	38,446	38,392	36,909
Right-of-use assets	1,799	1,477	1,652	1,529	-
Intangible assets	4,023	3,968	3,283	1,636	1,076
Total Assets	3,989,009	3,280,454	2,758,148	2,114,037	1,719,883
Liabilities					
Deposits from customers	2,580,597	2,024,803	1,699,026	1,225,213	979,413
Derivative financial liabilities	1,208	425	1,143	-	-
Current income tax liability	8,446	3,523	2,307	2,339	1,609
Deferred income tax liabilities	5,629	-	-	-	-
Other liabilities	815,407	495,597	517,093	397,074	300,335
Provision	1,896	2,399	4,075	3,795	3,343
Debts issued and other borrowed funds	261,466	468,413	260,971	251,586	240,767
Total Liabilities	3,674,649	2,995,160	2,484,615	1,880,007	1,525,467
Equity					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium	101,272	101,272	101,272	101,272	101,272
Retained earnings	44,883	55,241	66,700	43,642	37,133
Statutory reserve	51,352	44,343	39,006	35,008	30,744
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	62,144	27,440	6,365	13,897	408
Fair value reserve/ Remeasurement reserve	30,019	34,644	39,615	20,969	7,038
AGSMEIS reserve	9,445	7,109	5,330	3,997	2,576
Total Equity	314,360	285,294	273,533	234,030	194,416
Total Liabilities and Equity	3,989,009	3,280,454	2,758,148	2,114,037	1,719,883

Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended

	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
	N'million	N'million	N'million	N'million	N'million
Operating income					
Net interest income	152,695	94,877	104,123	83,055	73,356
Impairment charge for credit losses	(5,443)	(7,035)	(16,858)	5,292	(4,215)
Net interest income after impairment charge for credit losses	147,252	87,842	87,265	88,347	69,141
Commission and other operating income	27,209	33,681	30,566	33,971	31,422
Modification loss on financial asset	-	-	-	-	-
Other operating expenses	(120,784)	(96,308)	(89,777)	(91,965)	(75,474)
Profit before income tax	53,677	25,215	28,054	30,353	25,089
Income tax expense	(6,953)	(2,111)	(1,404)	(1,928)	(2,163)
Profit after tax	46,724	23,104	26,650	28,425	22,926
Other comprehensive income	(4,628)	(4,971)	18,646	14,375	(2,207)
Total comprehensive income for the year	42,096	18,133	45,296	42,800	20,719
Per share data in kobo:					
Earnings per share (basic & diluted)	161k	79k	92k	98k	79k
Net assets per share	1,086k	985k	944k	808k	671k

Note:

The earnings per share have been computed on the basis of the profit after tax and the number of issued shares as at year end.

Net assets per share have been computed based on the net assets and the number of issued shares at year end.

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Other Reports



Stakeholders' Engagement

Introduction

The Board and Management of Fidelity Bank Plc recognise that effective shareholder engagement and dialogue can and often leads to improved corporate policies, more sustainable business practices, and greater transparency and responsibility. The Bank is therefore open to change especially if same has the potential to enhance the sustainability of our business by minimizing risk and protecting shareholder value.

Share Capital Structure

As at December 31, 2022, Fidelity Bank Issued and Paid-Up Capital was N14,481,292,846.00, divided into 28,962,585,692 ordinary shares of 50 kobo each. The Bank's shares are held by Nigerian citizens and corporations. The Bank had over 390,000 shareholders as at December 31, 2022.

Relations with Shareholders

The Bank is committed to building and maintaining constructive and long-lasting relationships with shareholders and other stakeholders through regular meetings, forums and targeted group engagements. The Board recognizes the importance of a dual-way communication channel with the Bank's shareholders. The general meeting which is the primary avenue for interaction between the Shareholders, Management and the Board, is utilized effectively for this purpose.

The Board ensures that all shareholders are treated fairly, given equal access to information about the Bank as well as notices of shareholders' meetings. General meetings are conducted in an open manner allowing for free discussions on all issues on the agenda. The Board also ensures that the venue of the general meeting is accessible and that shareholders are not disenfranchised from attending the meeting on account of choice of venue.

As a result, the Bank's Annual General Meetings are well attended and shareholders who are unable to attend are encouraged to use the proxy cards sent with the Notice of Meeting. Proceedings at general meetings are monitored by the representatives of the Central Bank of Nigeria, Securities and Exchange Commission and the Nigerian Exchange Group, amongst others.

Fidelity believes that the key to positive engagement is for the Board and stakeholders, including shareholders, customers and analysts, to interact in a way that is mutually beneficial, promotes constructive dialogue and ensures that legitimate concerns are raised and addressed. Thus apart from the statutory general meetings, other engagement forums offer an opportunity for shareholders and other stakeholders to deliberate and seek understanding of the Bank's financial results and strategic direction.

These consultations enable the Board and Management of the Bank understand the expectations of shareholders concerning the Bank's overall financial performance and future plans. Feedback from shareholder engagements assist in guiding the implementation of the Bank's corporate objectives. Furthermore, the quarterly, half-yearly and annual financial results are published in widely read national newspapers as well as on the Bank's website - www.fidelitybank.ng and Issuers Portal of the Nigerian Exchange Group.

Protection of Shareholders' Rights

The Board ensures that Shareholders' rights are protected. In particular, the right to attend and vote at general meetings is effectively maintained without restrictions. All shareholders are treated equally regardless of size of shareholding or status. The Board also ensures that the Bank promptly renders to shareholders, documentary evidence of their ownership interest in the Bank including secure electronic remittances (e-dividend and Central Securities Clearing System [CSCS] transfers).

Investor Relations Desk

The Bank has a robust Investor Relations Team that, in liaison with the Company Secretary, engages individual Shareholders, Institutional Investors, Fund Managers and Analysts. The Team, on a regular basis, publishes information on the Bank's strategic direction and provides in-depth analysis of published financial results and performance targets of the Bank through several channels including:

- Investors/Analysts Conference Calls.
- One-on-One Meetings with Investors/Analysts.
- Press Releases.
- Financial Results Presentations.
- Investor Conferences.
- Non-Deal Roadshows.
- Newspaper Publications.
- Investor Relations Portal on the Bank's website.
- Annual Report and Accounts.

The Team has an annual programme of meetings with institutional investors. Management participates actively in these meetings and the Bank is able to develop an understanding of issues that are of concern to investors.

Fidelity continues to raise the level of its activities to enhance information disclosure with focus on disclosure of business and financial information and creating opportunities for dialogue, while taking into consideration the needs and expectations of its shareholders, investors and all stakeholders.

Investor Presentations which are prepared on a bi-annual basis are published on the Investor Relations Section of the Bank's website. The Section also hosts Frequently Asked Questions (FAQs) to enable stakeholders obtain answers to critical questions.

Interested stakeholders may contact our Investor Relations Team on:

Telephone: +234 700 3433 5489

Email: info.investor@fidelitybank.ng

Website: www.fidelitybank.ng

Share Capital History

Year	Authorized (Additional) N	Authorized (Cumulative) N	Issued And Fully Paid (Additional) N	Issued And Fully Paid (Cumulative) N	Consideration
1988	3,000,000	3,000,000	1,865,000	1,865,000	Cash
1989	9,000,000	12,000,000	5,822,000	7,687,000	Bonus/Cash
1989	-	12,000,000	-	7,687,000	-
1990	3,000,000	15,000,000	1,153,050	8,840,050	Bonus/Cash
1991	25,000,000	40,000,000	4,959,950	13,800,000	Bonus/Cash
1992	20,000,000	60,000,000	13,800,000	27,600,000	Cash
1993	40,000,000	100,000,000	12,703,000	40,303,000	Bonus/Cash
1994	50,000,000	150,000,000	51,830,000	92,133,000	Bonus/Cash
1995	-	150,000,000	21,737,000	113,870,000	Bonus
1997	650,000,000	800,000,000	272,247,000	386,117,000	Bonus/Cash
1998	-	800,000,000	151,472,000	537,589,000	Bonus/Cash
2000	700,000,000	1,500,000,000	6,458,920	544,047,920	Cash
2001	-	1,500,000,000		544,047,920	
2001	500,000,000	2,000,000,000	272,023,960	816,071,880	Bonus
2002	-	2,000,000,000	36,501,911	852,573,791	Cash
2003	-	2,000,000,000	336,602,981	1,189,176,772	Cash
2004		2,000,000,000	344,554,220	1,533,730,992	Bonus/Cash
2004	4,000,000,000	6,000,000,000	519,088,134	2,052,819,126	Bonus
2005	2,000,000,000	8,000,000,000	2,222,101,272	4,274,920,398	Cash
2005	2,000,000,000	10,000,000,000	3,956,922,658	8,231,843,056	Merger/Cash
2007	2,500,000,000	12,500,000,000	249,449,790	8,481,292,846	Rights
2007	3,500,000,000	16,000,000,000	6,000,000,000	14,481,292,846	Public Offer

Unclaimed Dividend Report

Unclaimed Dividend As At December 31, 2022

Payt. No	Amount Of Dividend Declared N	Total Div. Paid (Jun 30 - Dec. 31, 2022) N	Total Div. Paid Up To June 30, 2022 N	Total Div. Paid Up To December 31, 2022 N	Date Of Payment	Unclaimed Dividend N	Total Amount Returned To Company After 15 Months
1	1,303,865,866.04	-	1,219,500,319.81	1,219,500,319.81	04/01/2010	-0.00	84,365,546.23
2	651,932,933.02	237,072.24	576,835,985.61	577,073,057.85	13/08/2010	-664,709.89	75,524,585.06
3	3,649,285,797.30	254.47	3,510,905,562.08	3,510,905,816.55	29/04/2011	145,593.85	138,234,386.90
4	3,649,285,796.40	1,921.35	3,519,719,737.13	3,519,721,658.48	09/05/2012	316,897.16	129,247,240.76
5	5,492,037,855.15	1,288.38	5,300,573,062.71	5,300,574,351.09	21/05/2013	1,193,637.10	190,269,866.96
6	3,661,087,989.94	757,898.86	3,300,364,638.21	3,301,122,537.07	02/05/2014	-956,388.34	360,921,841.21
7	4,722,504,209.50	114,347.84	4,330,169,061.87	4,330,283,409.71	07/05/2015	12,790,405.87	379,430,393.91
8	4,197,866,869.25	56,396.93	3,815,013,404.06	3,815,069,800.99	05/05/2016	28,073,533.74	354,723,534.52
9	3,671,368,473.32	271,834.12	3,178,017,940.21	3,178,289,774.33	04/05/2017	-860,483.18	493,939,182.17
10	2,867,295,983.51	54,005.79	2,456,561,224.57	2,456,615,230.36	25/05/2018	39,566,506.20	371,114,246.95
11	2,884,492,658.99	591,108.09	2,256,779,769.37	2,257,370,877.46	4/26/2019	54,032,463.19	573,089,318.34
12	5,250,154,407.50	7,256,369.25	3,158,659,216.88	3,361,164,369.60	30/04/2020	188,694,287.94	1,700,295,749.96
13	5,769,836,357.81	415,193,913.97	2,683,134,676.54	3,098,328,590.51	30/04/2021	2,671,507,767.30	-
14	5,250,154,407.50	7,256,369.25	2,542,950,929.10	2,550,207,298.35	4/30/2020	2,699,947,109.15	-
15	5,250,154,407.50	7,256,369.25	2,542,950,929.10	2,550,207,298.35	4/30/2020	2,699,947,109.15	-
16	5,250,154,407.50	7,256,369.25	2,542,950,929.10	2,550,207,298.35	4/30/2020	2,699,947,109.15	-
17	5,250,154,407.50	7,256,369.25	2,542,950,929.10	2,550,207,298.35	4/30/2020	2,699,947,109.15	-
	47,771,015,197.73		39,926,019,793.82	39,926,019,793.82		2,993,839,510.93	4,851,155,892.97

X X



Recommendations & Explanatory Notes

Relating To The Business To Be Conducted At The 35th Annual General Meeting On May 23, 2022

Resolution 1

To lay before the members, the Audited Financial Statements for the year ended December 31, 2022, the Reports of the Directors, External Auditors and Audit Committee thereon.

Rationale:

Section 388(1) of the Companies and Allied Matters Act (CAMA), 2020 requires the Directors to lay before the Shareholders in General Meeting each year, the Company's Financial Statements which have been prepared by them in compliance with Section 404(1) of CAMA.

The Financial Statements include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Notes to the Accounts, Five Year Financial Summary, Report of the Directors as well as the Reports of the Independent Auditors and Statutory Audit Committee.

The Financial Statements are prepared in compliance with specific regulatory requirements and accounting standards issued from time to time by the Nigerian Accounting Standards Board and present a true and fair view of the Company's business undertaking during the period under review.

The Directors Report contains important information on the financial performance of the Company, the amount (if any) recommended for payment as Dividend, details of the persons who held office as Directors during the year and the Directors' interest (direct or indirect) in the shares of the Company, amongst others.

The Chairman will therefore lay the Company's Audited Financial Statements for the year ended December 31, 2022 before members at the Annual General Meeting.

During the meeting, representatives of the independent External Auditors, Board Appraisal Consultants and Statutory Audit Committee will present their reports and recommendations to Shareholders, as these form part of the Financial Statements.

Request:

Shareholders are requested to approve the resolution to lay before the members, the Audited Financial Statements for the year ended December 31, 2022, the Reports of the Directors, External Auditors and Audit Committee thereon.

Resolution 2

To declare a Dividend of 40 Kobo per Ordinary Share.

Rationale:

The Directors recommend payment of a final dividend of 40 Kobo only per Ordinary Share of 50 Kobo each. The Company had earlier paid an interim dividend of 10 Kobo per share on September 22, 2022. This will bring the total dividend for the financial year ended December 31, 2022, to 50 Kobo per share.

If the recommended dividend is approved, payment of the final dividend will be made on May 23, 2023 to Shareholders whose names appear in the Register of Members at the close of business on May 12, 2023. Shareholders who have mandated their dividend to their bank accounts will be credited on the same date. The proposed final dividend is subject to withholding tax at the applicable tax rate.

Request:

Shareholders are requested to vote in favour of the resolution to declare a final dividend of 40 Kobo per Ordinary Share, to enable the Directors pay the recommended dividend.

Resolution 3

To elect the following Directors who were appointed since the last Annual General Meeting:

- (a). Mrs. Pamela Shodipo was appointed as Executive Director on November 22, 2022 and her appointment was approved by the Central Bank of Nigeria on February 3, 2023.

Rationale:

Mrs. Pamela Shodipo was appointed as Executive Director with oversight responsibility for the Bank's South Directorate in accordance with the Bank's Board Appointment and Directors' Selection Criteria Policy.

Her appointment has been approved by the Central Bank of Nigeria. The new Director brings to the Board robust multifunctional and cross-border banking experience garnered from leading financial institutions as detailed in her profile below. This information is also available on the Bank's website at www.fidelitybank.ng. Mrs. Pamela Shodipo will be presented for election at the 35th AGM.

Profile of Pamela Shodipo, Executive Director, South Directorate

Pamela Shodipo joined the Board of Fidelity Bank Plc with over 25 years multifunctional and cross-border banking experience at leading financial institutions covering general management and business origination in diverse segments including corporate, commercial, consumer, retail and public sector.

She commenced her professional career at International Standard Insurance Limited in January 1991, from where she joined United Commercial Bank Limited (UCBL) in 1992 as a Customer Service Officer. In April 1997, Pamela joined Zenith Bank Plc where she worked until September 2007, rising to the position of Assistant General Manager, before joining United Bank for Africa Plc (UBA) as Regional Director in October 2007.

Pamela enjoyed an illustrious career at UBA and headed various Regional Banks. She was elevated to the position of General Manager in 2017 and had direct supervisory responsibility for up to 28 Branch Managers from 2017 to 2020. Between October 2020 and November 2021, she was Directorate Head, Lagos 3/Public Sector, before her appointment as Managing Director/Chief Executive Officer of UBA Benin Republic, where she served from December 2021 to November 2022. Pamela was Head of Personal Banking for the UBA Group overseeing Nigeria and Africa until her appointment to the Board of Fidelity Bank Plc.

Pamela holds a Bachelor of Science degree in Psychology from the University of Lagos (1990) and Master's in Business Administration from University of Wales College of Cardiff, United Kingdom (1995).

✦ Recommendations & Explanatory Notes

She has attended several business, leadership and executive development programmes at world-class institutions including Lagos Business School, Harvard Business School and University of Oxford, United Kingdom. She is an alumna of Lagos Business School Senior Management Programme (SMP22) and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN).

Request:

Shareholders are requested to vote in favour of the resolution for election of Mrs. Pamela Shodipo as Executive Director.

Resolution 4

Re-election of Mrs. Amaka Onwughalu and Chief Nelson C. Nweke as Non-Executive Directors.

Rationale:

In accordance with Section 285 of CAMA 2020 and Article 95(1) of the Company's Articles of Association, one-third of the Non-Executive Directors for the time being (or the number closest to it) are required to retire from office at each Annual General Meeting and if eligible, offer themselves for re-election at the same meeting.

The Directors to retire by rotation every year are those who have served longest in office since their last election. To give effect to the foregoing provisions, Mrs. Amaka Onwughalu and Chief Nelson C. Nweke shall retire by rotation at the 35th Annual General Meeting and being eligible, have offered themselves for re-election. The Board confirms that a formal evaluation was conducted to assess the performance of these Directors and recommends their re-election.

The profile of the Directors standing for re-election are detailed below and also available on the Bank's website at www.fidelitybank.ng.

Profile of Amaka Onwughalu, Non- Executive Director

Mrs. Amaka Onwughalu has over 30 years' banking experience including over 10 years in Executive Management positions at various financial institutions, with proven expertise across diverse segments including Commercial Banking, Retail Banking, Treasury Management, Banking Operations and Corporate Banking. She was the former Group Managing Director of legacy Mainstreet Bank Limited where she led the successful integration with Skye Bank Plc where she served as Deputy Managing Director until her retirement in July 2016.

She is currently the Chief Executive Officer of Blueshield Financial Services Limited and holds a BSc Degree in Economics from University of Buckingham, an MSc Degree in Corporate Governance from Leeds Metropolitan University, United Kingdom and an MBA from the University of Port Harcourt, Nigeria. She gained further exposure and training at leading business schools including The Executive Business School, INSEAD, France; IMD Business School, Lausanne, Switzerland; Judge Business School, University of Cambridge; and Columbia Business School.

Mrs. Onwughalu is a Senior Fellow of the Institute of Internal Auditors of Nigeria; a Fellow of the Institute of Credit Administration (ICA); a Member of the Nigeria Institute of Management (NIM); an Honorary Member of the Chartered Institute of Bankers of Nigeria (CIBN); and a Fellow of the Institute of Directors (IoD) Nigeria.

She is passionate about mentoring the Girl Child and committed to supporting women entrepreneurs/professionals to contribute their quota to stimulating economic development in Nigeria. She is a Paul Harris Fellow and recipient of various prestigious awards including the National Merit Award for Accountability and Transparency (NMAT), the Award of Excellence and Distinction for Financial Management (AEDFM) and the Vocational Service Award (VSA) from the Rotary Club, Enugu. She joined the Board in December 2020 and chairs the Board Risk Committee and Joint Board Risk and Board Credit Committee.

Profile of Nelson C. Nweke, Non-Executive Director

Chief Nelson C. Nweke currently serves as the Managing Director of Neilville Nigeria Limited. He worked at Guinness Nigeria Plc before moving to First City Monument Bank Limited where he commenced his banking career. Thereafter, he joined legacy Intercontinental Bank Plc where he rose to the position of Executive Director. His banking industry experience covers Corporate Services, Capital Markets (Stockbroking), Operations and Public Sector business.

He holds a B.Sc. in Political Science and Masters in Industrial and Labour Relations, both from the University of Ibadan and has attended various executive development programmes at world class business schools including INSEAD, France, University of Michigan School of Business Administration, IMD Lausanne, Switzerland and Harvard Business School amongst others.

Chief Nweke is an Associate of the Chartered Institute of Stockbrokers (CIS), Honorary Senior Member of the Chartered Institute of Bankers and member of the Chartered Institute of Personnel Management of Nigeria (CIPM). Chief Nweke also served as a Non-Executive Director of Premium Pension Limited, member of the Governing Council of Anambra State Investment Promotion and Protection Agency and Independent Non-Executive Director of Berger Paints Plc. He joined the Board in December 2020 and chairs the Board Finance and General-Purpose Committee.

Request:

Given their extensive experience, skills, background and impactful contributions, the Board believes that Mrs. Amaka Onwughalu and Chief Nelson Nweke will continue to add value to the Board and the Company and requests that Shareholders should vote in favour of the resolution for their re-election.

Resolution 5

To authorize the Directors to fix the remuneration of the Auditors:

Rationale:

Section 408(1) (b) of CAMA provides that the remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.

A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine the remuneration of the Auditors for the period of the appointment.

In this regard, the Directors will be guided by the provisions of Section 404(7)(e) of CAMA which authorizes the Audit Committee to make recommendations to the Board on the appointment, removal and remuneration of the external auditors of the Company.

✦ Recommendations & Explanatory Notes

Request:

Shareholders are requested to vote in favour of the resolution authorizing the Directors to fix the remuneration of the Auditors for the financial year ending 31 December 2023.

Resolution 6

To disclose the remuneration of the Managers of the Company:

Rationale:

Sections 238 and 257 of CAMA provide that the ordinary business for Annual General Meetings should include an item on disclosure of the remuneration of the Managers of the Company. Premised on the foregoing, Shareholders are informed that the remuneration of the Managers of the Company is disclosed in Note 39 of the audited accounts for 2022.

Resolution 7

To elect members of the Statutory Audit Committee

Rationale:

By virtue of Section 404(2) of CAMA, all public limited companies are mandated to establish Audit Committees. The Act also requires that the Committee should be composed of a maximum of five (5) members, three Shareholders and two Non-Executive Directors.

Section 404(6) of CAMA specifically provides that a Shareholder may nominate another Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

The responsibilities of the Audit Committee include the following:

- (a) Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- (b) Review the scope and planning of audit requirements;
- (c) Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- (d) Keep under review the effectiveness of the company's system of accounting and internal control;
- (e) Make recommendations to the board with regard to the appointment, removal and remuneration of the external auditors of the company; and
- (f) Authorise the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.

Shareholders are requested to vote at the meeting, to elect three members on the Audit Committee.

The nominees would be presented to the meeting. Voting on this resolution will be conducted strictly by a show of hands in compliance with the provisions of Section 248(1) of CAMA or electronically.

Request:

Shareholders are requested to vote on the resolution to elect three (3) representatives to the Audit Committee for the 2022 financial year.

Communications Policy

The Bank has a formal Communications Policy which complies with the Laws, Rules and Regulations guiding the Nigerian Banking Industry as well as the Codes of Corporate Governance issued by its primary and other Regulators. These includes the Banks and Other Financial Institutions Act (BOFIA), 2020 Companies and Allied Matters Act (CAMA), 2020 and the Codes of Corporate Governance issued by the Central Bank of Nigeria and the Securities and Exchange Commission (SEC) Attention is also drawn to the following:

- (a) **Efficiency:** The Bank uses modern communication technologies in a timely manner to convey its messages to target groups, while building synergies and strategic alliances across multi-media platforms.
- (b) **Cultural Awareness:** The Bank operates in a multi-cultural environment and recognises the need to be sensitive to the cultural peculiarities of its operating environment.
- (c) **Feedback:** The Bank actively and regularly seeks feedback on its image and communication activities not only from the media and target groups but also the general public.

Information Dissemination

The Bank's Brand and Communications Division oversees the implementation of the Communications Policy as well as the process of dissemination of information from the Bank. The Chief Human Resources Officer is responsible for ensuring that a copy of the Policy is available to each Fidelity Bank employee via the Bank's intranet while the Chief Audit Executive ensures compliance.

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Forms & Detachables



Fidelity Bank Plc Proxy Form



35th Annual General Meeting of members of Fidelity Bank Plc. to be held virtually via <https://www.fidelitybank.ng/AGM/> at 10.00a.m on Tuesday, May 23, 2023.

I/We _____ of _____
being a Shareholder(s) of Fidelity Bank Plc hereby appoint Mr. Mustafa Chike-Obi or failing him, Mrs. Nneka Onyeali-Ikpe as my/our Proxy to act and vote for me/us on my/our behalf at the 35th Annual General Meeting to be held on the 23rd day of May 2023 and at any adjournment thereof.

Dated this _____ day of _____ 2023

Shareholder's Signature _____ Account No. _____

	NO	ORDINARY BUSINESS	AGAINST	FOR
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	1.	To receive the Audited Financial Statement for the year ended December 31, 2022, and the Reports of the Directors, Auditors and Audit Committee thereon.		
	2.	To declare a Dividend.		
	3.	To elect Mrs. Pamela Shodipo who was appointed as an Executive Director since the last Annual General Meeting.		
	4.	To re-elect Mrs. Amaka Onwughalu and Chief Nelson C. Nweke as Non-Executive Directors.		
	5.	To authorize the Directors to fix the remuneration of the External Auditors for 2023 financial year.		
	6.	To disclose the remuneration of the managers of the Company.		
	7.	To elect the members of the Statutory Audit Committee.		
Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his discretion.				
Signature of Person Attending _____				

This proxy form should NOT be completed and sent to the registered office of the Registrar if the Shareholder will be attending the meeting.

Notes

- (i) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxy forms should be deposited at the registered office of the Registrar (as in the Notice) not later than 48 hours before the meeting.
- (ii) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
- (iii) If the Shareholder is a corporation, this form must be executed under its Common Seal or under the hand of some of its officers or an attorney duly authorized.
- (iv) The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
- (v) It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear appropriate stamp duty from the Stamp Duties Office (not adhesive postage stamps).





Fidelity Bank Plc

Admission Card

For the 35th Annual General Meeting to be held virtually via <https://www.fidelitybank.ng/AGM/> at 10:00a.m. on Tuesday May 23, 2023

Please admit _____ to the 35th Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: _____

Account Number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of Shares Held: _____

Signature of person attending _____

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Fidelity Bank Plc RC103022



Fidelity Bank Plc

Admission Card

For the 35th Annual General Meeting to be held virtually via <https://www.fidelitybank.ng/AGM/> at 10:00a.m. on Tuesday May 23, 2023

Please admit _____ to the 35th Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: _____

Account Number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of Shares Held: _____

Signature of person attending _____

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Fidelity Bank Plc RC103022

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