Fidelity

REACHING FOR NEW HEIGHTS

2017 Annual Report

Reaching for New Heights

We are reaching for greater heights, taking advantage of new opportunities for success and breaking new grounds.

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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: facebook.com/fidelitybankplc
Twitter: twitter.com/fidelitybankplc

Joint Auditors

Ernst & Young
10th Floor, UBA House, 57, Marina, Lagos

PKF-Professional Services
PKF House 205A, Ikorodu Road, Obanikoro, Lagos

Correspondent Banks Include:

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

Vision

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

About Us

Fidelity Bank is a full-fledged commercial bank operating in Nigeria, with over 3.9 million customers who are serviced across its 231 business offices and various other digital banking channels.

The Bank recently won accolades as the Best SME Friendly Bank, Best in Mobile Banking and the Most Improved Corporate/Investment Bank among several industry awards and recognitions. The Bank was also ranked the 4th Best Bank in the Retail Banking Segment in the 2017 Banking Industry Satisfaction Survey conducted by KPMG.

Focused on select niche corporate banking sectors as well as Micro Small and Medium Enterprises (MSMEs), Fidelity Bank is rapidly implementing a digital based retail banking strategy which has resulted in exponential growth in savings deposits over the last three (3) years, with 50 percent customer enrollment on the Bank's flagship mobile/internet banking products.

Quoted on the Nigerian Stock Exchange (NSE), Fidelity Bank Plc, began operations in 1988, as a merchant bank. In 1999, it converted to commercial banking and then became a universal bank in February 2001. The current enlarged Fidelity Bank is a result of the merger with the former FSB International Bank Plc and Manny Bank Plc in 2005.

Ranked amongst the top 10 in the Nigerian banking industry, Fidelity Bank has presence in the major cities and commercial centres in Nigeria and has correspondent banking, confirmation lines, credit and other relationships with a network of off-shore financial institutions including ANZ London; AFREXIM BANK, Cairo, Egypt; ABSA, South Africa; Citibank N.A., London and New York; FBN Bank Limited, UK; SCB, London; US EX-IM Bank; and United States Agency for International Development.

Fidelity Bank is reputed for integrity and professionalism. It is also respected for the quality and stability of its Executive Management team that is focused on building and maintaining a virile and widely accepted brand to cater to the needs of its growing retail, corporate, commercial and consumer banking clientele.

Mission

To make financial services easy and accessible

Performance Highlights

Revenue & Efficiency Ratio

- Total Interest Income up by 22.4% to N150.7 billion in 2017FY (2016FY: N123.2 billion)
- Operating Expenses down by 2.3% to N65.7 billion in 2017FY (2016FY: N67.2 billion)
- Cost-to-Income Ratio down to 67.5% in 2017FY from 77.3% in 2016FY
- PBT up by 83.5% to N20.3 billion in 2017FY (PAT came in at N18.9 billion)

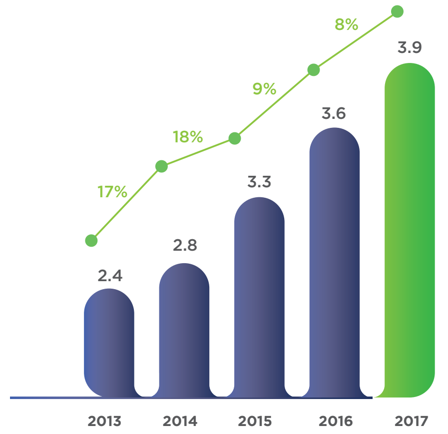
Asset Quality

- Cost of Risk increased to 1.5% in 2017FY, compared to 1.2% in 2016FY
- NPL Ratio improved to 6.4% in 2017FY from 6.6% in 2016FY
- Coverage Ratio increased to 109.4% in 2017FY from 83.0% in 2016FY
- FCY Loans accounted for 46.0% of Net Loans from 44.4% in 2016FY

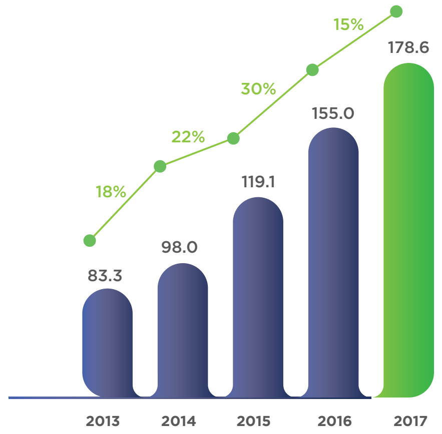
Capital Adequacy & Liquidity

- Capital Adequacy Ratio of 16.0%, based on Basel II computation
- Liquidity Ratio of 35.9% compared to regulatory minimum of 30.0%
- Loans to Interest Bearing Liabilities stood at 69.8% in 2017FY from 68.3% (2016FY)
- Total Equity at N203.3 billion compared to N185.4 billion in 2016FY

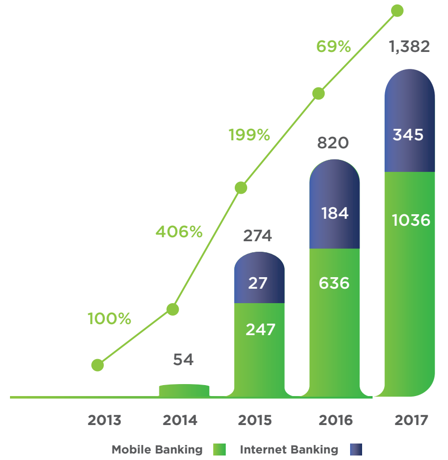
Retail & Digital Banking Evolution



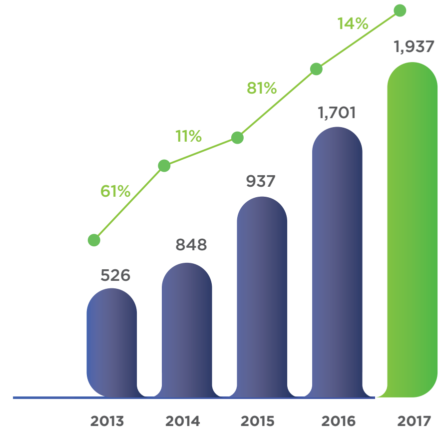
No. of Customer Accounts ***(N'million)***



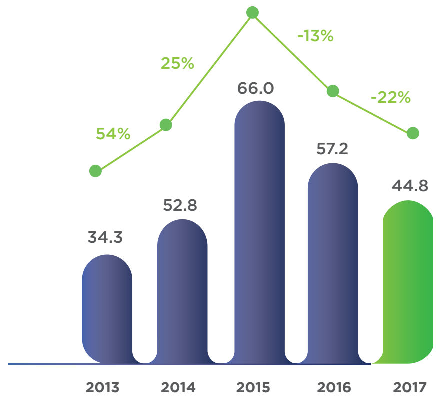
Savings Deposits ***(N'billion)***



Mobile/Internet Banking Customer ***(#000)***



Number of Debit Cardholders ***(#000)***



Retail Risk Asset ***(N'billion)***

Commentary

- Over 35% of customers now self enrolled on mobile/internet banking products.
- Customer base has increased by over 64% in the last 4 years (2013) leading to triple digit growth in Savings deposits (114%).
- Over 75% of customers transactions are now done on electronic channels with a target to hit 80% in the 2018FY.
- Digital Banking now contributes over 25% of Net Fees & Commissions.

Notice Of Annual General Meeting

Notice Is Hereby Given that the 30th Annual General Meeting of Fidelity Bank Plc will be held at the Orchid and Lantana Hall, Eko Hotels & Suites, 1415, Adetokunbo Ademola Street, Victoria Island, Lagos at 10.00 a.m. on the 25th day of May, 2018 to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2017 and the Reports of the Directors, Joint Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect **Mr. Robert Nnana-Kalu** and **Otunba Seni Adetu** as Non-Executive Directors.
4. To authorize the Directors to fix the Remuneration of the Auditor.
5. To elect members of the Audit Committee.

Proxy

A member entitled to attend and vote at the Annual General Meeting may 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. To be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar, First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos, not later than 48 hours before the time fixed for the meeting.

April 30, 2018

By Order Of The Board

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

Notes

(A) Dividend

If the proposed dividend of 11 kobo per Ordinary Share is approved, dividend will be paid on **May 25, 2018** to Shareholders whose names appear in the Register of Members at the close of business on **May 11, 2018**. Shareholders who have completed the e-dividend mandate will receive direct credit of the dividend to their bank accounts on **May 25, 2018**.

(B) Closure Of Register Of Members

The Register of Members and Transfer Books of the Company will be closed from **May 14, 2018 to May 18, 2018** (both days inclusive) to enable the Registrar prepare for dividend payment.

(C) Audit Committee

As stipulated in Section 359(5) of the Companies and Allied Matters Act, L.F.N. 2004, 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.

The Code of Corporate Governance issued by the Securities and Exchange Commission (the Commission) stipulates that members of the Audit Committee should be knowledgeable in internal control processes, accounting and financial matters. Consequently, a detailed curriculum vitae affirming the nominee's qualification should be submitted with each nomination.

(D) Unclaimed Dividend Warrants And Share Certificates

Some share certificates have been 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.

(E) E-Dividend/Bonus

The Securities and Exchange Commission extended the free e-dividend registration to March 30, 2018. Thereafter, all dividend payments will be credited directly to shareholders' accounts after the deadline. Consequently, Shareholders who are yet to mandate their dividends to their bank accounts are advised to complete the e-dividend mandate form and submit same to the Registrar.

Detachable application forms for change of address, unclaimed items, e-dividend and e-bonus 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 Fidelity Bank Plc Branch.

(F) Re-election Of Directors

In accordance with the provisions of Article 95(1)(a) of the Articles of Association of the Company, the Directors to retire by rotation are **Mr. Robert Nnana-Kalu** and **Otunba Seni Adetu**. The retiring Directors, being eligible, have offered themselves for re-election at the 30th Annual General Meeting.

The profile of the Directors for election/re-election are available in the Annual Report and on the Bank's website **www.fidelitybank.ng.**

(G) 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.investorrelations@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 9, 2018.

(H) Website

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

Ernest Ebi, MFR, FCIB
Chairman

Chairman's Statement

Dear Shareholders

It is my pleasure to present to you the financial performance of your bank for the 2017 financial year.

The year began with a hangover of a lot of the economic, social and political uncertainties that characterized the previous fiscal year. As the year progressed, however a semblance of normalcy was restored to the polity. The relative peace experienced in the Niger Delta coupled with the stability in global oil prices stimulated increased confidence in the financial and money markets in Nigeria. These improvements in global market conditions heralded our exit from the recession and limited the impact of some of the security and political threats, which emerged in the course of the year.

I am proud to say that your bank successfully came through the challenges of these evolving economic conditions, closing the year with 83.5 percent increase in Profit before Tax to NGN20.3 billion from NGN11.1 billion in 2016 and improving in virtually all performance indices.

Global Conditions In 2017

In the previous fiscal year, there was a tide of populism in the United Kingdom and United States of America, which led to the former voting to leave the Eurozone and the emergence of Donald Trump as the 45th President of the United States. The populist movement in the aforementioned zones however failed to impact elections in other European countries, which led to improved trade prospects across markets. Commodities consequently witnessed resurgence in prices riding on increased production output in Emerging Markets.

Global GDP accelerated to 3.8 percent in 2017 from 3.2 percent in 2016 according to the International Monetary Fund (IMF). The global economy benefited from largely accommodative monetary policies, healthy labor markets and robust global trade.

The Domestic Landscape

The year started with the economy in a recession. Inflation rates were in the late teens, youth unemployment was at unacceptable levels and there was a huge backlog of unpaid salaries and pensions in almost all the States of the Federation. There was however a change in fortune, triggered by the Central Bank of Nigeria (CBN) contractionary policies. Increased export earnings from improved oil production stabilized the foreign exchange market and the economy in general and Nigeria emerged from the recession.

Security Issues

During the year, the Federal Government made some significant gains in the area of security, negotiating the release of 82 girls kidnapped from Chibok by Boko-Haram terrorists and the capture of several cultists and militants. Clashes between Herdsmen and Farmers however was prevalent throughout the year. The frequency and scale of the attacks has made it the Nation's major security concern at this time. In response, some States in the Middle Belt and South West regions enacted laws banning open grazing and/or night movement of cattle, but a final resolution is yet to be achieved. In contrast, the administration has achieved relative peace in the Niger Delta due to the implementation of various initiatives including the clean-up of Ogoni Land, restoration of the Amnesty Program and direct dialogue with militants. Crude oil output thus improved to 2.35mbpd by the third quarter which led to further accretion to our foreign reserves.

Economic Performance

2017 began with an inflation rate of 18.72 percent, the highest in 12 years, riding on a 1.58 percent contraction in GDP for the 2016 fiscal year. We also witnessed a peak in the currency crisis as the widest divergence in the average official and parallel market foreign exchange rates was recorded in January at NGN306/$ and NGN496/$ respectively.

In March, our foreign reserves rose to $30.3 billion from $28.2 billion in January, providing some buffer for foreign exchange market intervention by the CBN. The CBN thus directed banks to sell foreign currencies to customers as Personal and Business Travel Allowance at the official rate, effectively lifting an embargo imposed in February 2016.

Inflation rate shrank to 17.26 percent in the same period while GDP contracted at 0.91 percent in Q1 2017. In order to stimulate economic activities and increase the pace of recovery, the Federal Government launched the Economic Recovery and Growth Plan (ERGP) for 2017 - 2020. The purpose of the ERGP is to restore macroeconomic stability and unleash various economic sectors towards achieving the nation's full economic potential.

In April 2017, the CBN created a special foreign exchange window called Investors' and Exporters' FX Window and shortened the settlement period for forex transactions.The combined policy actions of the CBN resulted in the convergence of the parallel market rate to NGN369/$ with the official rate of NGN306/$. The economy also recorded its first positive GDP growth in Q2 at 0.72 percent after five consecutive quarters of contraction. Our emergence from recession and the evolution of the forex market successfully improved investor confidence and triggered an increase in capital importation, particularly Foreign Portfolio Investment (FPI). FPI increased by about $2 billion in Q3, rising to $2.77 billion from $770 million in Q2 and $314 million in Q1. In Q4, FPI continued to boost capital importation, rising to $3.47 billion and leading to a full year capital importation total of $12.23 billion compared to $5.12 billion in 2016.

By the end of the year, the FX premium between the parallel market exchange rate and the official Personal Travel Allowance rate narrowed to about NGN3.00, riding on the liquidity boost to the liberalized market from a rise in capital importation and continued CBN interventions. Within the period, Nigeria's foreign reserves expanded to $39 billion as inflation dropped to 15.81 percent. GDP recorded positive growth in Q3 at 1.4 percent and Q4 at 1.92 percent with 2017 full year GDP growth put at 0.81 percent compared to the 1.58 percent contraction of 2016.

The 2017 budget benchmarks of crude oil price, production volume, and exchange rate proved accurate particularly in the second half of the year. The budget's performance was however largely hampered by its late passage in June. As expected, the capital budget bore the brunt of cutbacks following shortfalls in revenues, as obligatory spending such as debt servicing, statutory transfers and payrolls and pensions took precedence.

Though funding released for capital projects under the 2017 budget was NGN1.2 trillion, same as 2016 but a significant improvement from 2015 (NGN350 billion), NGN750 billion of this was only released in mid-December while the total budget remained under funded by about N1 trillion for the year. The Government's inability to adequately fund the 2017 capital budget, hampered the successful implementation of its economic recovery initiatives which were primarily dependent on infrastructure renewal projects across the country.

Looking Ahead

Overall, the fundamentals of the Nigerian macro environment remain stable. We are optimistic that the expected improvements in the global landscape will trickle down to the domestic economy to consolidate the comforting business climate witnessed towards the end of 2017.

From the fiscal standpoint, we are of the opinion that the delay in the passage of the 2018 budget will have less impact on budget performance than in previous years because of the upcoming elections. Significant political will would however be required to instil the fiscal discipline required to ensure the target projects are effectively executed. On the back of a declining inflation rate and a stable FX market, we expect that the Federal Government will achieve its inflation and GDP growth targets of 12.4 percent and 3.5 percent respectively, set forth in its 2018 Budget Proposal.

At Fidelity Bank, we are strategically poised to successfully navigate the business environment in 2018 and I invite you to join us on this epic journey.

Ernest Ebi, MFR, FCIB
Chairman

Nnamdi J. Okonkwo
Managing Director/Chief Executive Officer

CEO's Statement

Distinguished Shareholders

The financial performance of your bank showed double-digit growth across key revenue lines with a corresponding decline in operating expenses despite the high inflationary environment in 2017. We were able to achieve this stride through disciplined balance sheet management, strategic cost reduction and driving our retail banking strategy on the back of a robust electronic digital banking infrastructure. It is on this note that I present to you, a review of the financial performance of your bank for the period ended December 31, 2017.

Our Financial Performance And Corporate Activities

Business operations were restrictive in 2017 considering the limited foreign currency liquidity in the banking industry, low financing opportunities especially in the public sector space, and high cost of business operations. The restrained business climate moderated growth in non-interest income of banks, particularly earnings from trade finance businesses and electronic banking activities, as most banks either suspended or partially restricted the use of naira denominated cards for international transactions.

While the performance of some of our peers were significantly affected by these challenges, your bank recorded stellar growth in profitability as well as improved financial position which we would build on in subsequent financial periods.

Gross earnings increased by 18.3 percent to NGN179.9 billion primarily driven by an increased yield on earning assets to 15.4 percent which led to a 22.4 percent increase in interest income to NGN150.7 billion and major non-interest revenue lines including trade income which grew by 61.6 percent, 49.8 percent growth in account maintenance charge and 20.9 percent in foreign exchange income.

The Net Interest Margin remained strong at 7.3 percent despite the reduction in yields on liquid assets towards the end of the year. The Federal Government during the year had sought to rebalance its debt portfolio towards cheaper foreign debts to help moderate its debt servicing cost which reduced pressure on the domestic debt market, forcing the yield on government securities to drop. Nonetheless, the growth in the yield on our earning assets was relatively stable and continued to outpace the increase in average funding costs.

The implementation of the initiatives from our Business Process Review Project anchored by one of the top audit firms in Nigeria continued to impact positively on our operational efficiency as total operating expenses declined by 2.3 percent to NGN65.7 billion leading to a drop in cost-to-income ratio to 67.5 percent from 77.3 percent in 2016 financial year. The combination of the strong net revenue growth of NGN6.9 billion (12.9 percent growth) and the decline in total expenses by NGN1.5 billion translated to a NGN9.1 billion (93.7 percent) increase in Profit after Tax (PAT) to NGN18.8 billion from NGN9.7 billion in 2016 financial year.

In line with best market risk practice, our currency conversion rate was changed on September 30, 2017 from NGN306/$ to NGN333/$, making your bank the first financial institution in Nigeria to restate its statement of financial position using a hybrid of the Central Bank of Nigeria (CBN) official exchange rate of NGN306/$ and the Investors' and Exporters' (I&E) Market rate of NGN360/$. This resulted in an 8.8 percent increase in the NGN/USD cross rate, translating to a 0.9 percent growth in total deposits and a 3.8 percent growth in risk assets.

Total deposits declined by 2.2 percent to NGN775.3 billion from NGN793.0 billion. This decline was principally due to the pay-off of all our outstanding Treasury Single Account (TSA) deposits of NGN53.0 billion ($175 million). However, savings deposits increased by 15.2 percent to NGN178.6 billion driven by our retail banking strategy while low cost deposits now account for 77.0 percent of total deposits. Risk assets increased by 7.0 percent to NGN768.7 billion from NGN718.4 billion in 2016.

However, actual real growth in risk assets was 3.0 percent while the impact of the change in currency conversion rate was 4.0 percent.

We ensured that our regulatory ratios remained well above the required thresholds with Capital Adequacy Ratio (CAR) at 16.0 percent and Liquidity Ratio at 35.9 percent. The overall quality of our risk assets also improved with NPL Ratio at 6.4 percent against the 6.6 percent recorded in the 2016 financial year.

Your bank returned to the international debt market in October 2017 and successfully priced a $400 million 5-year Eurobond at 10.5 percent. The transaction was a blend of strategic liability management through a tender offer and new debt issuance managed by Citigroup Incorporated, Renaissance Capital and Standard Bank Group. The purpose of the tender offer alongside the new issue was to extend the maturity profile of your bank's foreign currency liabilities by pro-actively refinancing the outstanding $300 million notes due in May 2018.

Interestingly, we went out to raise $300 million but as the transaction commenced, the orderbook held together very strong above $600 million, giving us the opportunity to tighten the price and also upsize the planned amount from $300 million to $400 million. The tender offer was also very successful with 85 percent of the existing bonds tendered mostly for exchange with the new bonds. At the end, we raised $400 million and bought back $255 million out of the $300 million Notes issued in 2013.

Outlook for 2018 Financial Year

With the relative stability experienced in the last quarter of 2017 and the improved macroeconomic indices; declining headline inflation rate, improving business climate and economic growth as well as FX liquidity, our outlook for 2018 financial year is positive.

We expect the current economic recovery to continue with headline inflation receding to lower double digit. However, the yields on fixed income securities would most likely trend downward as the Federal Government rebalances its debt profile toward more foreign debt issuance.

We are aware of the growing opportunities in our markets. We will continue to focus on redesigning our systems and processes to enhance service delivery, deepen our cost optimization initiatives to reduce operating expenses and cost-to-serve, and enhance our overall risk monitoring capacities to ensure both internal and external risks are identified and mitigated before they crystalize.

Anchored on the evolving dynamics in the industry, we will continue to increase the adoption and migration of customers to our digital platforms and increase our retail banking market share through innovative products and services. We will enhance our robust electronic banking processes and products thereby deepening our hold on the retail and commercial markets, Small and Medium Scale Enterprises (SME) and niche corporate clientele.

Clearly, our success in 2017 financial year has set a strong pedestal for sustained growth in revenue. We are optimistic about a favourable operating environment and we look forward to delivering decent set of numbers at the end of 2018 financial year.

On behalf of the Management and my colleagues, I thank and appreciate our shareholders for their trust in our service. Thank you to our customers for your continued patronage and loyalty.

Thank you all for coming.

Nnamdi J. Okonkwo

Managing Director/Chief Executive Officer

DIRECTORS' PROFILE/REPORT

Standing (From Left To Right)

Robert Nnana-Kalu, Nneka Onyeali-Ikpe, Seni Adetu, Alex Ojukwu, Ezinwa Unuigboje *(Company Secretary)*, **Kings Akuma, Aku Odinkemelu, Michael Okeke, Charles Umolu**

Sitting (From Left To Right)

Chijioke Ugochukwu, Ernest Ebi, Nnamdi Okonkwo, Mohammed Balarabe

Ernest Ebi, MFR, FCIB // ***Chairman***

Mr. Ernest C. Ebi is a renowned figure in the Nigerian financial services industry. In a career spanning over four decades, at various times, he has served in executive capacities in the following Nigerian Banks: African Continental Bank Plc, New Nigeria Bank Plc and Diamond Bank Plc. He was also a Deputy Governor in the Central Bank of Nigeria.

Today, he holds the position of Chairman, Board of Directors at various institutions including Fidelity Bank Plc, Agrited Limited, AIICO Pension Managers Limited and Beloxxi Industries Limited while also sitting on the Board of Dangote Cement Plc. He is an external adviser to Coronation Capital Private Equity Investment Committee and the African Initiative for Governance (AIG).

During his ten year stint with the Central Bank of Nigeria, Mr. Ebi maintained oversight functions over Nigeria's External Reserves, International Economic Relations, Trade & Exchange and Research Departments among other responsibilities. He was a key member of the banking sector reform team that initiated the banking consolidation of 2006 and was Chairman of the Implementation Committee for the legendary Project EAGLES that transformed Central Bank of Nigeria to a leading Global Reserve Bank. Mr. Ebi has excellent leadership skills and has successfully led high profile turnaround initiatives for challenged organizations. In recognition of his sound professional background and track record of meritorious service, he was awarded the National Honor of Member of the Federal Republic (MFR) by the Federal Government of Nigeria in 2007. In 2006, the Chartered Institute of Bankers awarded him a Fellow of the Institute (FCIB).

Mr. Ebi has also served on several national committees including Presidential Committee on the Consolidation of Emoluments in the Public Sector, Presidential Committee on Rural Transportation and Federal Government Task Force on Corporate Governance and Control in NNPC and other agencies within the Ministry of Petroleum Resources. He is an erudite professional and a consummate administrator. He holds a bachelor degree in Marketing from the prestigious Howard University, Washington D.C U.S.A. and an MBA from the same school. In the course of his career, he has attended several leadership and professional courses in high profile institutions including IMD Switzerland, INSEAD Business School, Harvard, Oxford Said Business School and Brandeis University.

Mr Ebi is a member of various professional bodies including the Bank Directors Association of Nigeria and the Institute of Directors. Socially, he is a member of Metropolitan Club, Ikoyi Club 1938 and IBB International Golf Club. He supports various charities and is happily married with children.

Nnamdi Okonkwo //

Managing Director/Chief Executive Officer

Nnamdi Okonkwo is a graduate of University of Benin, Nigeria from where he obtained a first degree in Agricultural Economics. He holds an MBA in Banking and Finance from Enugu State University of Technology, Nigeria. He is also a graduate of the Advanced Management Programme of INSEAD Business School, Fontainebleau, France.

Nnamdi has attended business, leadership and management training programs locally and overseas, in some of the world's leading institutions including Harvard Business School, Wharton Business School and Stanford Graduate School.

Mr. Okonkwo's banking career started in 1990 at Merchant Bank of Africa, Nigeria. His early career was further nurtured in Guaranty Trust Bank, Nigeria where he rose to become a Manager and was appointed the pioneer Branch Manager of Onitsha Branch before moving on. He later worked in other financial institutions, notably United Bank for Africa (UBA) Plc where he held various managerial and leadership positions including Regional Bank Head in Lagos, Regional Director, Federal Capital, Nigeria, Project Director, and Head of Corporate Banking and Multinational Corporates Division. The high point of his career in UBA came when he was appointed Managing Director/CEO of UBA Ghana and later elevated to Regional CEO of the bank's West Africa Monetary Zone covering Ghana, Liberia and Sierra Leone.

In 2012, Nnamdi took advantage of an existing opportunity and joined Fidelity Bank Plc., Nigeria as Executive Director in charge of the Bank's businesses in Southern Nigeria, a position he held until January 1, 2014 when he was appointed Managing Director/CEO.

Mr. Okonkwo is a Honorary Fellow of the Chartered Institute of Bankers of Nigeria, 4th Vice President of the Nigerian British Chamber of Commerce and also serves as a Non-Executive Director of Nigeria Inter-Bank Settlement System Plc and Unified Payment Services Limited.

Mohammed Balarabe //

Deputy Managing Director

Mohamed Balarabe serves as Deputy Managing Director and in addition oversees the Bank's business in Abuja and the Northern area of Nigeria.

Well experienced across various aspects of banking spanning more than 25 years, Balarabe holds a Bachelor's degree in Accounting and Finance from Nottingham Trent University, United Kingdom, and an M.Sc. in Finance from the University of Lagos. He is a chartered stockbroker and dealing member of the Nigerian Stock Exchange.

Mohammed Balarabe was an Executive Director with Oceanic Bank International Plc and Ecobank Nigeria Limited prior to joining Fidelity Bank Plc.

He was also a General Manager in United Bank for Africa (UBA) Plc and had been the General Manager & Chief Executive of Newdevco Finance Services Company Limited. He was appointed to the Board in April, 2012.

Chijioke Ugochukwu //

Executive Director

Chijioke Ugochukwu started her work life as a Youth Corper at Fidelity Union Merchant Bank Limited in 1989 and has over 28 years industry experience. She holds a Bachelor of Laws (LL.B Hons.) degree from Obafemi Awolowo University, Ile-Ife and Barrister at Law (BL) from the Nigerian Law School. She also holds a Master of Business Administration degree from IESE, Barcelona, Spain.

Chijioke was General Manager, Legal Services and Company Secretary of Fidelity Bank Plc until April 2012, when she joined the Board of the Bank as Executive Director, Shared Services and Chief Information Officer with responsibility for Information Technology, Operations, Corporate Services, Human Resources, Legal Services and Service Excellence. She is a regular speaker on Personal Financial Planning and Wealth Preservation and has written several enriching and educating papers on these topics. She has attended several Executive Education programs globally at the Massachusetts Institute of Technology (MIT), Harvard Business School, Stanford Graduate School of Business, Oxford Said Business School and The Wharton School amongst others.

Chijioke is also an Honorary Member, Chartered Institute of Bankers of Nigeria (CIBN), Associate Member, Institute of Directors and Member, Chartered Institute of Registrars. She is currently the Executive Director, Shared Services & Products with additional responsibilities for Retail Banking, Small and Medium Enterprises as well as Export & Agriculture.

Aku Odinkemelu //

Executive Director

Aku Odinkemelu is an alumna of the prestigious Harvard Business School, Cambridge Massachusetts. She holds a Bachelor of Laws (LL.B Hons) degree from the University of Nigeria, Enugu Campus and a Barrister at Law (BL) from the Nigerian Law School, Lagos as well as Dual MBA degrees from IMD Switzerland and CKGSB, China.

With over 30 years top notch experience in first class banking institutions including Guaranty Trust Bank Plc, Access Bank Plc, Equatorial Trust Bank Plc, and Continental Merchant Bank, formerly Chase Manhattan Inc., Aku is skilled in most key areas of banking including Legal, Documentation and Credit Control, Business Development, Credits and Loan Structuring, Strategy, Relationship Management and Marketing.

She served as a Non-Executive Director on the board of Mansard Assurance (formerly Guaranty Trust Assurance) and Guaranty Trust Bank, Sierra Leone, prior to her appointment as Executive Director in Fidelity Bank Plc in August, 2014. She currently oversees the South Directorate of the Bank.

Nneka Onyeali-Ikpe //
Executive Director

Nneka Onyeali-Ikpe was appointed to the Board of Fidelity Bank Plc on July 2, 2015 and currently oversees the Lagos and Southwest Directorate. Since joining the Bank, she has returned the Directorate to profitability and sustained impressive year on year growth.

She has over 27 years industry experience across various banks namely Enterprise Bank Plc, Standard Chartered Bank Plc, Zenith International Bank Plc and Citizens International Bank Limited, where she worked in various departments including Legal, Treasury, Investment Banking, Retail/Commercial Banking and Corporate Banking. Nneka has been involved in the structuring of complex transactions in various sectors including Oil & Gas Downstream, 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 restructured and 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 and Chicago Booth School of Business amongst others.

Robert Nnana-Kalu //
Non-Executive Director

Robert Nnana-Kalu holds a Master of Arts degree in International Relations as well as Bachelor of Laws from University of Kent, at Canterbury, Kent, England.

He also obtained a Master of Laws from Kings College, University of London, England. He practiced law in the firm of Chief K. K. Ogba Chambers, Owerri, before joining Star Paper Mills Limited as Manager, Legal Services & Corporate Affairs.

He rose to the position of Executive Director in the company in 1995 a position he holds till date. From 2001 to 2005, Mr Nnana-Kalu was the Chairman of Manufacturers Association of Nigeria (MAN) Imo/Abia Chapter and a National Council Member of the Association.

He joined the Board of Fidelity Bank in July 2012.

Alex Ojukwu //
Non-Executive Director

Alex C. Ojukwu has over 26 years' experience in diverse fields including Banking Services, Risk Management, Control, Audit, Marketing, Power, Mining, Steel and Manufacturing. He was the Assistant Vice President in charge of Remedial Assets Management in Bank PHB Plc. (now Keystone Bank Limited) until 2010.

He holds a Bachelor's degree in Finance from Ogun State University and a Masters in Business Administration from the Federal University of Technology, Akure. He is a Fellow of the Chartered Institute of Bankers (FCIB), an alumnus of the Lagos Business School and Member of the Institute of Risk Management.

He was the Executive Director, Risk Management, Western Goldfields Group Limited and also the founder and Managing Partner of Damos Practice – Risk Management Consultants. For five years until 2016, he was on secondment from 'Chicason Group' to Afro Asia Automobile and Manufacturing Company Limited (a member of the Group) as Managing Director. He is currently the Executive Director in charge of Mining and Special Projects in Chicason Group.

He joined Fidelity Bank Plc as a Non-Executive Director with effect from October 23, 2014.

Michael E. Okeke //
Non-Executive Director

Michael Ezechukwu Okeke holds a B.Sc degree in Estate Management and Post Graduate Diploma in Political Science from the University of Nigeria, Nsukka. He also holds an MBA in Business Administration from the Metropolitan School of Business & Management, United Kingdom.

He is a fellow of the Chartered Institute of Loan & Risk Management of Nigeria and a Member of the Nigerian Institute of Estate Surveyors & Valuers (NIESV), with professional specialization in property valuation, project finance, procurements, syndicated asset management and valuation of aviation and navigation installations including aircraft, ships and vessels.

He is currently the Managing Partner of Okeke, Oriala & Co, Chartered Estate Surveyors & Valuers and sits on the Board of Tahila Shelters Limited, a real estate company. He joined the Board of Fidelity Bank Plc with effect from October 23, 2014.

Pst. Kings C. Akuma //
Non-Executive Director

Kings C. Akuma currently heads the Non-Oil & Gas business of ALCON Nigeria Limited, a major player in the oil, gas and power sector. Prior to joining ALCON, he was the Managing Director of Hammakopp Consortium Limited, an affiliate of Nestoil Group Plc, where he served as the Executive Director in charge of Operations and Quality.

He holds a B.Sc in Accounting from the University of Nigeria, Nsukka and a Masters in Business Administration from the University of Lagos.

Akuma is a fellow of the Institute of Chartered Accountants of Nigeria, and member of the Chartered Institute of Taxation of Nigeria, and is regarded by his peers and contemporaries as a thoroughbred strategic change management specialist with core competence in organisational structure and financial due diligence review.

He coordinated comprehensive financial due diligence on several banks and has over three decades of in-depth understanding of banking/finance operations, consulting, manufacturing, oil & gas, due diligence and forensic accounting. He joined the Board of Fidelity Bank on November 25, 2016.

Otunba Seni Adetu //
Independent Director

Seni Adetu brings to the Board, over 30 years of quality private sector experience garnered at the highest levels with John Holt Plc, Coca-Cola International and Diageo/Guinness Plc in different countries within and outside Africa. He holds a B.Sc in Chemical Engineering and Masters in Business Administration (with specialization in Marketing), both from the University of Lagos.

He was at various times MD of Coca-Cola English West Africa based in Ghana and became the first African MD/CEO and Executive Vice Chairman of Guinness Ghana Plc; He was Group MD/CEO Diageo East Africa based in Kenya and until December 2014, was the MD/CEO of Guinness Nigeria Plc and Executive Chairman Diageo Brands Nigeria.

He has considerable expertise in commercial, financial and governance best practices. A great marketer renowned for championing innovation in the Fast Moving Consumer Goods (FMCG) sector, he was named runner-up Forbes/CNBC Business Leader/CEO of the Year 2012 in East Africa.

Adetu is the Founder/Group CEO of First Primus W.A. Limited, an upscale integrated marketing communications company. He is also the Founder and Group CEO of Algorithm Media Limited, a media specialist communications agency in Nigeria and affiliate of GroupM, one of the largest media networks in the world. He is a leadership coach and facilitates on the Chief Executive Program of the Lagos Business School. He joined the Board of Fidelity Bank on April 28, 2016.

Chief Charles C. Umolu //
Non-Executive Director

Charles Umolu, is the Managing Consultant and Chief Executive of Corimol Consulting Limited, a firm engaged in banking and financial consulting. He has over 18 years' cognate experience in banking. He trained as a banker with Morgan Guaranty Trust Company of New York, United States of America. He obtained a B.Sc degree in Economics from the University of Ife, Ile-Ife and a Masters in Business Administration from the same institution.

Umolu has served on the board of various organizations as Executive and Non-Executive Director, including a five year stint with Keystone Bank Plc as Non-Executive Director. He was the Managing Director/CEO of Comet Merchant Bank Limited (1995-1997) a position he held until he retired in 1997 to set up Corimol Consulting Limited.

He currently serves on the board of Profound Finance & Investments Limited - a subsidiary of the Nigerian Social Insurance Trust Fund (NSITF). He joined the Board of Fidelity Bank on November 25, 2016.

Management Staff
As At December 31, 2017

Executive Management

Nnamdi Okonkwo
Managing Director/Chief Executive Officer

Mohammed Balarabe
Deputy Managing Director

Chijioke Ugochukwu
ED, Shared Services & Products

Aku Odinkemelu
ED, Commercial & Consumer Banking - South

Nneka Onyeali-Ikpe
ED, Commercial & Consumer Banking Lagos & South -West

Adeyeye Adepegba
ED, Corporate Bank

Richard Madiebo
Division Head, Retail Bank

Jude Monye
Regional Bank Head

Halilu Malabu
Regional Bank Head

Mannir Ringim
Regional Bank Head

Charles Nwachukwu
Chief Human Resource Officer

General Managers

Gbolahan Joshua
Chief Operations & Information Officer

Obaro Odeghe
Regional Bank Head

Kevin Ugwuoke
Chief Risk Officer

Leonard Ezugwu
Regional Bank Head

Kenneth Opara
Regional Bank Head

Adeboye Ogunmolade
Chief Compliance Officer

Victor Abejegah
Chief Financial Officer

Lazarus Okolie
Regional Bank Head

Martins Izuogbe
Division Head, Operations

Hassan Imam
Regional Bank Head

Deputy General Managers

Charles Aigbe
Division Head, Brand & Communications

Chinwe Iloghalu
Regional Bank Head

Chinweifenu Basil-Ezegbu
Chief Internal Auditor

Abolore Solebo
Head, Energy

Frank Anumele
Regional Bank Head

Adeyinka Adebayo
Regional Bank Head

Assistant General Managers

Desmond Anumkua
Head Branch And Systems Control

Ifeanyi Nwosu
Regional Bank Head

Damian Orizu
Division Head, Remedial And Asset Management

Musa Tarimbuka
Regional Bank Head

Ezinwa Unuigboje
Company Secretary

Felicia Anya
Division Head, Credit Administration

Abimbola Ilupeju
Division Head, Legal Services Division

Micheal Nnaji
Head Loan Portfolio Reporting And Monitoring

Tonie Obiefuna
Division Head, Corporate Services

Janet Nnabuko
Head Savings Group

Evi Kanu
Regional Bank Head

Adewale Mesioye
Regional Bank Head

Chioma Nwankwo
Head, Private Banking

Chukwudi Egbuna
Regional Bank Head

Sadi Zawiya
Regional Bank Head

Ovie Mukoro
Regional Bank Head

Adebayo Ogunbiyi
Division Head, FMCG

Paschal Nzeribe
Branch Leader

Samuel Okeke
Branch Leader

Report Of The Directors

For The Year Ended 31 December 2017

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and auditors report for the year ended December 31, 2017.

Results

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

	31 Dec, 2017	31 Dec, 2016
	N'million	N'million
Profit before income tax	20,302	11,061
Income tax expense	(1,445)	(1,327)
Profit after taxation	**18,857**	**9,734**
Earnings per share		
Basic and Diluted (in Kobo)	65	34

Proposed Dividend

In respect of the 2017 financial year, the Board of Directors recommend a dividend of 11 kobo per Ordinary Share of 50 kobo each amounting to N3.186 Billion for approval at the Annual General Meeting. If approved, dividend will be paid to Shareholders whose names appear on the Register of Members at the close of business on May 11, 2018 The proposed dividend is subject to Withholding Tax at the appropriate tax rate, which will be deducted before payment.

Legal Form

The Bank was incorporated on 19 November 1987 as a private limited liability company and domiciled 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 have been listed on the floor of the Nigerian Stock Exchange since 17 May 2005.

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 231 business offices. These services include retail banking, granting of loans and advances, equipment leasing, collection of deposit and money market activities.

Beneficial Ownership

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

Share Capital

The range of shareholding as at December 31, 2017 is as follows:

Range Analysis	Position As at 31/12/2017				
Range	No. of Holders	Holders %	Holders Cum	Units	Units %
1 - 1,000	94,447	23.44	94,447	79,865,746	0.28%
1,001 - 5,000	172,387	42.78	266,834	475,007,020	1.64%
5,001 - 10,000	52,875	13.12	319,709	434,399,936	1.50%
10,001 - 50,000	59,607	14.79	379,316	1,430,628,797	4.94%
50,001 - 100,000	11,028	2.74	390,344	868,488,913	3.00%
100,001 - 500,000	9,699	2.41	400,043	2,110,206,748	7.29%
500,001 - 1,000,000	1,386	0.34	401,429	1,022,518,727	3.53%
100,00,01 - 5,000,000	1,090	0.27	402,519	2,330,696,730	8.05%
5,000,001 - 10,000,000	173	0.04	402,692	1,305,245,087	4.51%
10,000,001 - 50,000,000	176	0.04	402,868	3,303,486,287	11.41%
50,000,001 - 100,000,000	26	0.01	402,894	1,871,191,206	6.46%
100,000,001 - 28,962,585,692	55	0.01	402,949	13,730,850,495	47.41%
	402,949	**100%**		**28,962,585,692**	**100%**

Substantial Interest In Shares

The Bank's shares are widely held and according to the Register of Members, no single Shareholder held up to 5% of the issued share capital of the Bank during the year.

Directors And Their Interests

Changes On The Board

The following retirements took effect on the Board of your Bank since the last Annual General Meeting:

SN	Name	Designation	Date
1	Mr. Adeyeye Adepegba	Executive Director	January 24, 2018
2	Alhaji Bashari Gumel	Independent Non-Executive Director	February 15, 2018

The Board is in the process of appointing another Independent Director and will notify the investing public once the process is concluded.

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 retiring by rotation are Mr. Robert Nnana-Kalu and Otunba Seni Adetu. Being eligible, they offer themselves for re-election.

The detailed profile of all the Directors, including the Directors to be presented for re-election is in the Annual Report.

Directors And Their Interests

The Directors who held office during the year together with their interests 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 275 and 276 of the Companies and Allied Matters Act (CAMA), CAP C20, Laws of the Federation of Nigeria, 2004 and the listing requirements of The Nigerian Stock Exchange (NSE) are as detailed below:

			31 Dec 2017			31 Dec 2016
Name Of Director	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Mr. Ernest Ebi, MFR, FCIB	8,755,163	NIL	**8,755,163**	1,185,000	NIL	**1,185,000**
Alhaji Bashari Gumel*	NIL	NIL	**NIL**	NIL	NIL	**NIL**
Mr. Robert Nnana-Kalu	2,030,000	NIL	**2,030,000**	1,000,000	NIL	**1,000,000**
Mr. Alex Ojukwu	3,530,000	NIL	**3,530,000**	NIL	NIL	**NIL**
Mr. Michael Okeke	2,311,500	NIL	**2,311,500**	NIL	NIL	**NIL**
Pst. Kings Akuma	27,700	NIL	**27,700**	27,700	NIL	**27,700**
Chief Charles Umolu	20,870,000	NIL	**20,870,000**	NIL	NIL	**NIL**
Otunba Seni Adetu	NIL	NIL	**NIL**	NIL	NIL	**NIL**
Mr. Nnamdi Okonkwo	102,000,000	NIL	**102,000,000**	101,000,000	NIL	**101,000,000**
Mrs. Chijioke Ugochukwu	74,178,823	NIL	**74,178,823**	70,645,080	NIL	**70,645,080**
Mr. Mohammed Balarabe	69,081,467	NIL	**69,081,467**	67,079,246	NIL	**67,079,246**
Mrs. Aku Odinkemelu	44,958,500	NIL	**44,958,500**	44,958,500	NIL	**44,958,500**
Mr. Adeyeye Adepegba**	13,786,000	NIL	**13,786,000**	12,806,000	NIL	**12,806,000**
Mrs. Nneka Onyeali-Ikpe	52,456,000	NIL	**52,456,000**	52,456,000	NIL	**52,456,000**

** Retired effective February 15, 2018   ** Retired effective January 24, 2018*

Directors' Interests In Contracts

The Directors' interests in related party transactions as disclosed in **Note 35** to the financial statements and interests in contracts as disclosed below were disclosed to the Board of Directors in compliance with Section 277 of the Companies and Allied Matters Act.

Related Director	Interest in Entity	Name of Entity	Services to the Bank
Mr. Alex Ojukwu	Director	Damos Practice Limited	Debt Recovery
Mr. Michael Okeke	Director	Okeke Oriala & Co.	Estate Surveyors and Valuers

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 Stock Exchange and the Securities & Exchange Commission.

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' return.

b. Enable the Bank attract and retain Directors with integrity, competence, experience and skills to deliver the Bank's strategy;

c. Promote compliance with global regulatory trends and governance requirements, with emphasis on long-term sustainability;

d. Align individual rewards with the Bank's performance, the interests of shareholders, and a prudent approach to risk management;

e. Ensure that remuneration arrangements are equitable, transparent, well communicated, easily understood, aligned with the interest of shareholders and adequately disclosed.

Executive Directors' Remuneration:

Executive remuneration at Fidelity Bank is structured to provide a solid basis for succession planning and to attract, retain and motivate the right calibre of staff required to achieve 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 and includes fixed and variable pay components. Fixed pay includes basic salary, transport, housing and other allowances.

These are paid monthly, quarterly or annually as appropriate. Variable pay represents pay at risk and is dependent on achievement of pre-set targets.

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

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

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

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

Non-Executive Directors' Remuneration:

Non-Executive Directors' remuneration is structured to conform to prevailing regulations and is set at a level that is at par with market developments, reflects 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 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.

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

	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 shareholder approval at the Annual General Meeting.
Sitting Allowances	• To recognise the responsibilities of the Non-executive Directors	• Per meeting	• Reviewed every 2 years and changes made on need basis subject to shareholder approval at the Annual General Meeting.
	• To encourage attendance and participation at designated committees assigned to them		

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

The Bank periodically benchmarks its remuneration practices against peer organizations whose business profiles are similar to that of the Bank.

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 31 December 2017 and on the profit and other comprehensive income for the year then ended, which have not been adequately provided for or disclosed.

Property, Plant And Equipment

Information relating to property, plant and equipment is given in **Note 23** 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.

Donations And Charitable Contributions

Donations and gifts to charitable organizations during the 2017 financial year amounted to N417,028,231 (December 2016: N65,578,432). There were no donations to political organizations during the year.

The major beneficiaries (N500,000 and above) are:

S/N	Benefiary Organisation	Donation	Amount
1	Nigeria Police Force (NPF)	Contribution to NPF Patrol Vehicle and Security Equipment Fund	180,000,000
2	Lagos State Security Trust Fund	Donation to Lagos State Security Trust Fund	50,000,000
3	Awka Capital Territory Development Authority/Bludave Logistics Nigeria Limited	Beautification/Concessioning of Awka Capital Territory Flyovers at Amawbia, Kwata and Aroma	20,000,000
4	Education Sponsorship to ten schools across Nigeria	Support for Education in Nigeria	10,000,000
5	University of Lagos Alumni Association	University of Lagos Distinguished Alumni Awards	10,000,000
6	Federal University, Gusau	Construction of Ultra Modern Bus Shelter	9,900,000
7	Urban Maternity and Child Welfare Clinic, Kofar Ran, Bauchi	Construction and Furnishing of Urban Maternity and Child Welfare Clinic, Kofar Ran, Bauchi	8,199,325
8	Excellences International School, Jalingo	Purchase of Additional Books for the Library and Construction of Electronic Sign Bill Board	5,000,000
9	Chimedie Museum Trust Foundation	Chimedie Museum Project	5,000,000
10	Nigerian Stock Exchange, Corporate Challenge	Sponsorship of Nigerian Stock Exchange Corporate Challenge in aid of the Committee Against Cancer	3,000,000
11	The Nigerian Netherland Chamber of Commerce	Donation to the Chamber	2,500,000
12	Chartered Institute of Bankers of Nigeria, CIBN	Donations for 2017 Investiture	2,375,000
13	The Internally Displaced Persons (IDP) Camp In Benue State.	Donation of Relief Materials to Victims of the Flood Disaster at the Internally Displaced Persons (IDP) Camp in Benue State	2,000,000
14	Adegoke Adelabu Foundation	Support for Cancer and Sickle Cell Awareness Programmes	2,000,000
15	Ikoyi Club 1938 @ 79	Ikoyi Club 1938 @ 79: Recreation, Relevance, Reality	2,000,000
16	Central Bank of Nigeria (CBN)	Funding for Financial Literacy Curriculum	1,857,450
17	The Sera's CSR Awards	Sponsorship of The Sera's 2017 CSR Awards	1,500,000
18	Bukan Sidi Clinic, Lafia Nassarawa	Donation of Borehole, Renovation of the Clinic Building and Provision of Equipment	1,470,454
19	Fofure IDP Camp, Yola	Donation of Non Food Items – Sandals, Hygiene Materials, Soap, Detergent, Disinfectant and Educational Instructional Materials. Livelihoods Support For Widows	1,140,000
20	Sought After Children Orphanage, Ajah Lagos	Donation of Borehole, New Submersible Pumping Machine, Refurbishment of Equipment, Essential Items and Food Items.	1,000,923
21	Meadow Hall Charity Foundation	Sponsorship of Education Convention	1,000,000
22	Junior Chambers International (JCI) Ikoyi	Support for 2017 JCI-Nigeria 45th National Convention and Sixty (60) Years Anniversary	1,000,000
23	NACCIMA-NIRSAL - Agribusiness Conference 2017	Support for Agric Conference and Gain Initiative	1,000,000
24	Pacelli School for the Blind, Lagos	Provision of Water Tank Scaffolding	946,000
25	Nigeria Conservation Foundation	2017 Annual Walk for Nature Campaign	800,000
26	Salvation Army Primary School, Lagos	Donation of Back to School Items	780,000
27	Arrow of God Orphanage, Ajah, Lagos	Provision of furniture and repainting of the building	622,000
28	Al-Ansar Home at Kuje, Abuja	Donation of Sanitary wares and Essential Materials	600,000

S/N	Benefiary Organisation	Donation	Amount
29	Centre For Values In Leadership	Sponsorship for Widows' Support Centre on International Widows Day Celebration	550,000
30	DMB For Financial Literacy	Contribution for Financial Literacy Programme	540,000
31	Family Support School, Katina	Construction of a Basketball Court and Volley Ball Fields.	537,770
32	Centre for Social Awareness, Advocacy And Ethics Inc.	Support for Centre for Social Awareness, Advocacy and Ethics Inc.	500,000
33	Sebbecly Cancer Care	Support for Sebeccly Cancer Care 2017 Initiatives	500,000
34	Explicit Home of Favour Initiative	Support for Explicit Home of Favour Initiative	500,000
35	Pleasant Places Education Centre	Support for World Autism Awareness Day 2017	500,000
36	Association for Good Clinical Practice In Nigeria (Agcpn) 5th Clinical Trial Summit	Sponsorship of AGCPN's 5th Clinical Trial Summit	500,000
37	Lagos State Parks And Gardens Agency (LASPARK)	Support for Stakeholder's Forum on Greening	500,000
38	Novo Health Africa	3rd Novo Health Africa Annual World Mental Health Day Symposium 2017	500,000
			330,818,921

Gender Analysis as at December 31, 2017

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 it serve a diverse customer base more effectively. The report on gender analysis as at December 31, 2017 is shown below:

Gender Analysis Of Total Staff As At December 31, 2017		
Gender	Number Of Staff	Percentage Of Total Staff
Female	1,408	44%
Male	1,800	56%
Total	**3,208**	**100%**

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

Gender Analysis Of Executive Management As At December 31, 2017		
Gender	Number	Percentage
Female	3	50%
Male	3	50%
Total	**6**	**100%**

Gender Analysis Of Top Management (AGM-GM) As At 31/12/2017			
Grade	Female	Male	Total
General Manager	0	10	10
Deputy General Manager	2	9	11
Assistant General Manager	7	15	22
Total	9	34	43
Percentage (%)	**21%**	**79%**	**100%**

Gender Analysis Of The Board Of Directors As At 31/12/2017			
Grade	**Female**	**Male**	**Total**
Executive Director	3	1	4
Deputy Managing Director	0	1	1
Managing Director	0	1	1
Non Executive Director	0	8	8
Total	**3**	**11**	**14**
Percentage (%)	**21%**	**79%**	**100%**

Employment Of Disabled Persons

Fidelity Bank's policy ensures that there is no discrimination in considering applications for employment including those from physically challenged persons. The policy also ensures that disadvantaged persons are afforded, as far as is practicable, identical opportunities with other employees. The Bank currently has in her employment eight (8) physically challenged persons and ensures that the work environment is accessible and conducive for them.

Health, Safety And Welfare Of Employees

The health, safety and wellbeing of all employees both in and outside the workplace is a top priority of Fidelity Bank. The Bank also has not relented but continues to make significant investments along these lines.

Fidelity Bank's employees are provided with comprehensive healthcare coverage through a health management scheme with 830 hospitals across the country. The scheme covers each staff, his/her spouse and four biological children.

The Bank also has an International Health Insurance Scheme which provides staff with a personal health insurance plan and emergency medical evacuation support.

These healthcare facilities are actively enhanced with annual health screening exercises that have in recent years included mammograms, prostate screening, eye screening, cardiovascular and tuberculosis screening and immunizations for cerebrospinal meningitis and Hepatitis B.

Beyond direct clinical healthcare support, staff members also benefit from deliberate and structured preventive health awareness programmes across the Bank. 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 improvement in personal hygiene and ensures that no person living with HIV/AIDS is discriminated against.

Through regular medical updates from the health insurance provider, emails, text messages and periodic health awareness presentations, staff members are frequently educated on how to take personal responsibility for their health by consciously making better lifestyle choices.

All staff of Fidelity Bank are insured under the Group Life Insurance Scheme. The scheme caters for staff members that die while in the service of the Bank. Entitlements are processed, received and given to the deceased staff's next of kin as stated in the personnel records. There were no workplace related fatalities during the review period.

Fidelity Bank is also actively involved in the Nigerian Bankers Games (NBG), the biggest and most popular sporting event in Corporate Nigeria. In 2017 Fidelity Bank successfully defended its medal table position whilst retaining the football trophy. The Bank has now won the football trophy three consecutive times thus becoming the first bank to do so in the 18-year history of the tournament. With this performance, the Bank now has the trophy for keeps. Overall, the Bank won a total of sixteen (16) medals (7 - Gold; 7 – Silver; and 2 – Bronze) in the 2017 games.

Winning the 2017 football trophy at the Bankers' Games also qualified the Bank to participate in the Remitta Champions Cup in which only the champions in the various corporate games (insurance, telecoms, FMCG and Bankers Games) participate. This event is expected to take place in the second quarter of 2018 and Team Fidelity hopes to clinch the trophy, to cap its achievements in corporate sports in the Country.

Employee Involvement And Training

The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made thus far in achieving same. The opinions and suggestions of members 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 also ensures that employees receive qualitative training within and outside the country. Staff Training Plans are drawn up yearly and hinged on grade specific base-line and function specific programmes. These include local, offshore and in-house programmes.

Worthy of particular mention, are the 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 staff members' knowledge, skills and productivity.

The Bank currently has nine modern Learning Centers in Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano with robust plans to build a similar center in the North East location of Bauchi. A total of 2,656 staff members participated in various training programs in 2017.

Auditors

One of the joint external auditors, PKF Professional Services' (whose appointment was approved by Shareholders at the Annual General Meeting of November 6, 2008), will complete the maximum ten (10) year tenure for external auditors in 2018, in line with the provisions of the Central Bank of Nigeria's Code of Corporate Governance. The firm has indicated its interest to continue in office until the expiration of its tenure on November 5, 2018.

The second external auditor, Ernst & Young, has indicated its willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004.

Consequently, the June 2018 half year audit will be handled by both auditors, while the 2018 financial year audit shall be handled solely by Ernst & Young.

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

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

April 19, 2018

Report Of The Statutory Audit Committee

For The Year Ended 31 December 2017

To The Members Of Fidelity Bank Plc

In compliance with Section 359(6) of the Companies and Allied Matters Act Cap C20 LFN 2004, we:

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2017 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management report for the year ended 31 December 2017 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 2017 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2017 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.

Mr. Chidi Agbapu
Chairman, Statutory Audit Committee
April 19, 2018

Members of the Statutory Audit Committee are:

1)	Mr. Chidi Agbapu	-	Chairman (Shareholder)
2)	Dr. Christian Nwinia	-	Member (Shareholder)
3)	Mr. Frank Onwu	-	Member (Shareholder)
4)	Mr. Michael Okeke	-	Member (Director)
5)	Mr. Alex Ojukwu	-	Member (Director)
6)	Pst. Kings Akuma	-	Member (Director)

In attendance:
Mrs. Ezinwa Unuigboje - Company Secretary

Corporate Governance Report

For The Year Ended 31 December 2017

Introduction

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

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

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

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

The Board continues to comply with the Bank's internal governance policies and the provisions of the Companies and Allied Matters Act (CAMA) Cap C.20 Laws of the Federation of Nigeria, 2004. The Bank's governance framework is also designed to ensure on-going compliance with applicable governance codes: Central Bank of Nigeria's (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code"), the Securities & Exchange Commission's Code of Corporate Governance ("the SEC Code"), the Post-Listing Requirements as well as the Rules issued from time to time by the Nigerian Stock Exchange (NSE).

The Bank undertakes frequent internal assessment of its compliance with the Codes/Rules and submits periodic compliance reports to the CBN, SEC, NSE and the Nigerian 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 Issues, 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 basis of the Bank's corporate governance framework.

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

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

Key Governance Developments

(a) **Nigerian Stock Exchange (NSE) Corporate Governance Rating System (CGRS)**
The Bank successfully completed the Nigerian Stock Exchange's Corporate Governance Rating System exercise anchored by the Convention on Business Integrity (CBI) and was accorded the CGRS Certification at a ceremony held on February 22, 2018.

(b) **Executive Compliance Officer**
The Board in compliance with the directive of the Central Bank of Nigeria and extant circulars, appointed the Deputy Managing Director, Mr. Mohammed Balarabe, as the Executive Compliance Officer of the Bank to oversee compliance related matters. The appointment was approved by the Central Bank on May 30, 2017.

(c) **Retirement of Joint External Auditor**
One of the joint external auditors, PKF Professional Services' (whose appointment was approved by Shareholders at the Annual General Meeting of November 6, 2008), will complete the maximum ten (10) year tenure for external auditors in line with the provisions of the Central Bank of Nigeria's Code of Corporate Governance. The firm has indicated its interest to continue in office until the expiration of its tenure on November 5, 2018.

The second external auditor, Ernst & Young, has indicated its willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004.

Consequently, the June 2018 half year audit will be handled by both auditors, while the 2018 financial year audit shall be handled solely by Ernst & Young.

The Board Of Directors

Board Size

Total Board size during the 2017 financial year was fourteen (14), comprising six (6) Executive Directors including the Managing Director/CEO and eight (8) Non-Executive Directors including two (2) Independent Non-Executive Directors.

However, Mr Adeyeye Adepegba, an Executive Director voluntarily retired with effect from January 24, 2018, while the tenure of Alhaji Bashari Gumel, an Independent Non-Executive Directors, elapsed on February 15, 2018, having served the maximum term allowed by the Central Bank's guidelines on the appointment of Independent Directors. The Board is in the process of appointing another Independent Director and will notify the investing public once the process is concluded.

Board size is currently 12 (twelve), comprising five (5) Executives including the MD/CEO and seven (7) Non-Executive Directors

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 MD/CEO, constitute 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 endorse 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 Managing Director/Chief Executive Officer (MD/CEO), who carries out his functions in accordance with guidelines approved by the Board of Directors. The MD/CEO is ably assisted by the four (4) Executive Directors. In line with best practice and requisite regulations, the roles of the Chairman of the Bank and the 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 career, business and/or vocation.

The Directors bring to the Board their diverse experience in several fields ranging from business, corporate finance, accounting, management, banking operations, risk management, project finance, leasing, law, and treasury management. The diverse professional background of the Directors reflects a balanced mix of skills, experiences and competencies that impacts positively on the Board's activities. No individual dominates the decision making process and the Board operated effectively throughout the year 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 best corporate governance practices and high ethical standards for Nigerian Companies/Banks.

Matters reserved exclusively for the Board include but are not limited to: approval of credit requests in excess of the approval limit of the Board Credit Committee, approval of the Bank's quarterly, half yearly and full year financial statements, disposal of assets other than in the normal course of the Bank's business, mortgaging or otherwise creating security interest over the assets of the Bank, appointment or removal of key management personnel, strategic planning, succession planning and 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, skill and experience required to run the Bank effectively. Details of the Policy are contained on pages **35** to **37** of this Annual Report.

The Board meets quarterly and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and are also briefed on business developments between Board meetings. The Board met nine (9) times during the financial year ended December 31, 2017.

Details of the Directors who served on the Board in 2017 and changes since the last Annual General Meeting are indicated below:

Name	Designation	Changes Since The Last Annual General Meeting
Mr. Ernest Ebi, MFR, FCIB	Non-Executive Director/ Chairman of the Board of Directors	No Change
Otunba Seni Adetu	Independent Non-Executive Director	No Change
Mr. Robert Nnana-Kalu	Non-Executive Director	No Change
Mr. Alex Ojukwu	Non-Executive Director	No Change
Mr. Ezechukwu Okeke	Non-Executive Director	No Change
Pst. Kings Akuma	Non-Executive Director	No Change
Chief Charles Umolu	Non-Executive Director	No Change
Alhaji Bashari Gumel	Independent Non-Executive Director	Retired with effect from February 15, 2018
Mr. Nnamdi Okonkwo	Managing Director/CEO	No Change
Mr. Mohammed Balarabe	Deputy Managing Director	No Change
Mrs. Chijioke Ugochukwu	Executive Director	No Change
Mrs. Aku Odinkemelu	Executive Director	No Change
Mrs. Nneka Onyeali-Ikpe	Executive Director	No Change
Mr. Adeyeye Adepegba	Executive Director	Retired with effect from January 24, 2018

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 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 approval of the Board. The process is transparent and may involve external consultants, particularly for executive positions. The importance of achieving the right balance of skills, experience and diversity is also taken into consideration in making Board appointments.

Board Induction and Continuous Education:

Given the increasing complexity of banking transactions, the demands of the operating environment and their 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 Training 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 involves both personalized in-house orientation including individual meetings with Executive Management and Senior Executives responsible for the Bank's key business areas, and external training. 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 involve a combination of executive coaching sessions and annual Board strategy retreats.

New Directors also receive a comprehensive induction pack which includes copies of Board/ Board Committee Charters, annual goals, relevant legislations and calendar of Board activities. 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.

During the period under review, the Directors attended the training courses indicated below:

Course	Facilitator	Date
CBN 3rd Economic Outlook for 2017	Chartered Institute Of Bankers Nigeria (CIBN)	Jan 24, 2017
Directors Induction Programme	Fidelity Bank Plc	Feb 7, 2017
International Workshop on Effective Board Risk Oversight	Financial Institutions Training Centre, Nigeria	May 8-12, 2017
Mastering Innovation: From Idea to Value Creation	Wharton, University Of Pennsylvania	June 11–15, 2017
Changing the Game: Negotiation and Competitive Decision Making	Harvard Business School	Jul 30-Aug 4, 2017
Aura - awareness, vision, imagination, role, action	INSEAD	Sept 6-11, 2017
Banking Compliance and Business Sustainability for Bank Directors	IBFC Alliance Limited	Sept 18, 2017
The Next Level of Corporate Governance Practice for Directors of Banks and Other Financial Institutions	CBN/FITC	Sept 19-20, 2017
Driving Strategic Innovation - Achieving High Performance through Value-chain	MIT Sloan Management Executive Education	Sept 24-29, 2017
Risk Management in Banking	INSEAD	Oct 2-6, 2017
Delivering Business Growth	Kellogg School Of Management	Oct 22-25, 2017
Value Creation for Owners & Shareholders	Insead Business School	Oct 30-Nov 2, 2017
Wharton's Financial & Accounting for the Non-Financial Manager	Wharton Executive Education	Oct 30-Nov 3, 2017
Effective Audit Committees	Euromoney Learning Solutions	Dec 1-2, 2017
Leading from the Chair	Insead Business School	Dec 6-8, 2017

Access to independent advice:

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

Independent consultants engaged during the review period include:

No	Consultant	Brief
1	KPMG Advisory Services	Board Appraisal
		Strategy and Management advisory services
		Corporate Governance Survey
2	PricewaterhouseCoopers	Business Process Re-engineering
3	IBFCAlliance Limited	Board Training and Development

Board Performance Appraisal:

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

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

The appraisal is extensive and covers the Board, Board Committees and individual Directors, focusing on strategy, corporate culture, monitoring, evaluation, performance and stewardship. A governance survey is also ocassionally 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 Meeting in each year and also submitted to the Central Bank of Nigeria.

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, same is periodically updated to reflect contemporary issues that may arise, which may be of interest to the Bank in particular and the finance industry or national/global economies. The Board meets quarterly or as the need arises.

A. Board Committees

The responsibilities of the Board are further accomplished through five (5) Standing Committees which work closely with the Board to achieve the Bank's strategic objectives. The Board Committees are detailed below:

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

To enable the Committees meet their oversight responsibilities, each Committee has a definitive Charter which embodies its guiding principles and sets out its composition, functions, responsibilities and scope of authority. At the beginning of the year, each Committee develops its Annual Agenda Cycle, Annual Goals and meeting calendar, to focus its activities during the year.

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

1. Board Credit Committee:

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

(c) Ensure compliance with regulatory requirements on credits.

(d) Approving credits above the Management's credit approval limits.

(e) Tracking the quality of the Bank's loan portfolio through quarterly review of risk assets.

(f) Receive and consider recommendations from the Management Credit Committee (MCC), Asset & Liability Committee (ALCO), and Operational Risk & Service Measurement Committee on matters relating to Credit Management.

(g) Consider and recommend for full Board approval, any Director, Shareholder and Insider-Related credits.

(h) Consider exceptions to rules or policies and counsel on unusual credit transactions.

2. Board Risk Committee:

This Committee functions as a Standing Committee 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 and the Managing Director.

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 limit, structures, impairment, 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.

3. Board Audit Committee:

The Committee functions as a Standing Committee of the Board with responsibility for internal control over financial reporting, including internal and external audit. The Committee is composed of a minimum of four (4) Non-Executive Directors (including an Independent Director). 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 internal control system, prudence and accountability in significant contracts and compliance with regulatory requirements.

(d) Effectiveness of accounting and operating procedures, and

(e) Ensuring compliance with legal and regulatory requirements.

4. Board Corporate Governance Committee:

The Board Corporate Governance Committee comprises a minimum of four (4) Non-Executive Directors (including an Independent Director). The Managing Director (and in his absence, the Deputy Managing Director, or an Executive Director nominated by him) and the Executive Director, Shared Services & Products are required to be in attendance at the Committee's meetings. The Board Committee has oversight responsibility for issues relating to the Bank's Corporate Governance Framework. The Committee meets quarterly or as the need arises.

The Committee's 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 a Board evaluation exercise is undertaken annually.

(f) Provide oversight for Directors' orientation and continuing education programmes.

(g) Ensure proper reporting and disclosure of the Bank's corporate governance procedures to stakeholders.

(h) Ensure proper succession planning for the Bank.

5. Board Finance & General Purpose Committee:

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

The Committee's 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 and Management.

(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 for 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 activities.

(i) Recommend a comprehensive framework for delegation of authority on financial matters and ensure compliance with same.

B. Attendance at Board and Board Committee Meetings

Records of the Directors' attendances at meetings in 2017 are provided below:

Directors	Full Board	Board Corporate Governance Committee (BCGC)	Board Audit Committee (BAC)	Board Credit Committee (BCC)	Board Finance And General Purpose Committee (BFGPC)	Board Risk Committee (BRC)
Total Number Of Meetings	**9**	**6**	**6**	**12**	**10**	**5**
Mr. Ernest Ebi, MFR, FCIB	9	NA	NA	NA	NA	NA
Mr. Robert Nnana-Kalu	9	6	6	11	10	NA
Alhaji Bashari M. Gumel	8	5	5	9	7	4
Mr. Michael Okeke	9	5	NA	NA	10	5
Mr. Alex C. Ojukwu	9	6	6	12	NA	5
Otunba Seni Adetu	7	6	5	11	10	5
Pst. Kings Akuma	9	NA	NA	12	10	5
Chief Charles Umolu	9	6	5	12	10	5
Mr. Nnamdi Okonkwo	8	NA	NA	9	NA	4
Mr. Mohammed Balarabe	9	NA	NA	10	NA	NA
Mrs. Chijioke Ugochukwu	9	NA	NA	NA	NA	NA
Mrs. Aku P. Odinkemelu	7	NA	NA	NA	NA	NA
Mrs. Nneka Onyeali-Ikpe	8	NA	NA	NA	NA	NA
Mr. Adeyeye Adepegba	6	NA	NA	NA	NA	NA

*NA- Not Applicable

C. Statutory Audit Committee

The Statutory Audit Committee was established in compliance with Section 359(3) of the Companies and Allied Matters Act, CAP C20, LFN 2004. The Committee has six (6) members and membership is split evenly between three (3) members of the Board and three (3) members nominated annually by Shareholders at the Annual General Meeting. The Committee's primary responsibilities include:

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

Membership and attendance at the Statutory Audit Committee meetings during the year is as indicated below:

S/N	Name	Designation	Mar 29, 2017	July 13, 2017	Aug 22, 2017	Oct 10, 2017	Oct 20, 2017	Number Of Meetings
1	Mr Chidi Agbapu	Chairman/ Shareholder Rep.	√	√	√	√	√	5
2	Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√	5
3	Mr Frank Onwu	Shareholder Representative	√	√	√	√	√	5
4	Mr Michael Okeke	Non-Executive Director	√	√	√	√	√	5
5	Mr Alex Ojukwu	Non-Executive Director	√	√	√	√	√	5
6	Pst.Kings Akuma	Non-Executive Director	√	√	√	√	√	5

KEY: √- Present

NOTES: The Charter of the Statutory Audit Committee requires that at least two (2) representatives of the Shareholders are present at every meeting.

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) each financial year, to give all shareholders the opportunity to participate in governance.

The meetings are convened and conducted in a transparent manner and also attended by representatives of the Central Bank of Nigeria, Securities & Exchange Commission, Nigerian Stock Exchange, Corporate Affairs Commission, Nigeria Deposit Insurance Corporation and various Shareholders' Associations.

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 Secretariat also ensures that any 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. Fuller details on the operations of the Committees are detailed below.

1. Executive Committee:

The Executive Committee 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 of same to the Board and the Regulators;

(f) Review and approve proposals for capital expenditure and acquisitions within its approval limit;

(g) Make recommendations to the Board on dividend and/or corporate actions for each financial year; and,

(h) Any other matter as the Board may direct.

2. Asset & Liability Committee:

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

(a) Review the economic outlook and its impact on the Bank's strategy.

(b) Ensure adequate liquidity.

(c) Ensure that interest rate risks are within acceptable parameters.

(d) Maintain and enhance the capital position of the Bank.

(e) Maximize risk adjusted returns to stakeholders over the long term.

3. Management Credit Committee:

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

(a) Establishing the Minimum Lending Rate and Prime Lending Rate (PLR).

(b) Recommending Target Market Definition (TMD) and Risk Assets Acceptance Criteria (RAAC).

(c) Pre-approval of Platform Credits (Product Papers).

(d) Recommend Inter-Bank and Discount House Placement Limits.

(e) Review the policies and the methodologies for assessing the Bank's credit risks and recommend appropriate exposure limits.

(f) Approve credit facilities within the Committee's approval limits and recommend for approval as appropriate, credit facilities above its approval limit.

(g) Review and recommend the Bank's loan portfolio limits and classifications.

(h) Review and recommend changes to credit policy guidelines for Board approval.

4. Criticized Assets Committee:

The Criticized Assets Committee is responsible for the review and coverage of the Bank's total risk assets portfolio for quality. It also ensures that approved facilities are operated in accordance with approved terms and conditions and accelerates collection/recovery of non-performing loans. This Committee is comprised of the Managing Director and 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 level 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 performance of loan recovery agents, and other third party agents assigned recovery briefs with the objective of delisting non-performers.

(i) Consider and recommend collateral realization on defaulting accounts.

(j) Recommend for EXCO or Board approval, waivers and concessions and propose amounts to be paid as full and final settlement by defaulting borrowers.

(k) Recommend interest suspension for non-performing accounts on a case-by-case basis

5. Quarterly Business Review Committee:

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

(a) Review the Bank's monthly performance.

(b) Monitor budget achievement.

(c) Assess 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 within the Bank.

(h) Determine the basis for rewards and consequence management.

6. Operational Risk & Service Measurement Committee:

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

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 for the management of operational risk are defined throughout all levels of the Bank, including all Business and Support Units.

(d) Providing support to the Chief Risk Officer to ensure that a culture of compliance is entrenched throughout the Bank.

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 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.

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 the Nigerian Stock Exchange for publication following approval by the Central Bank of Nigeria.

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 for Staff;

(b) Directors Code of Conduct Policy;

(c) Insider Trading Policy;

(d) Whistle-blowing Policy; and,

(e) Shareholders Complaints Management Policy.

Code of Business Conduct and Ethics Policy

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

(a) demonstrate the Bank's commitment to the highest standards of ethics and business conduct; and

(b) govern the Bank's relationship with 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 of 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 interests as well as declare their interest in any account, customer, transaction or person who is a party to a material contract or proposed contract with the Bank.

The Chief Internal Auditor has the primary responsibility of 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 procedure as documented in the Staff Handbook.

Directors' Code of Conduct Policy

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

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

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

(a) Promote compliance with the provisions of the Investments and Securities Act (ISA) 2007, the Securities and Exchange Commission Code of Corporate Governance and the Listing Rules of the Nigerian Stock Exchange;

(b) Ensure that all persons to whom the policy applies (affected persons), who possess material non-public information do not engage in insider trading or tipping.

(c) Ensure that 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 within the Bank; and

(d) 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 either 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 Share Points Portal (an internal web-based application), the Policy is circulated to affected persons on a regular basis.

Whistle-blowing Policy

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

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

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

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

i. Email to **ethicscommittee@fidelitybank.ng**
ii. Click on **www.fidelitybank.ng/index.php/contact/whistle-blowing-form/**
iii. Call **01-448-5252** (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. This can be accessed at:

https://www.fidelitybank.ng/index.php/contact/whistle-blowing-form

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 Internal Auditor. 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.

Shareholders Complaints Management Policy

Fidelity Bank is committed to ensuring that Shareholders complaints are dealt with in a responsive, efficient and effective manner. To this end, the Bank developed and adopted a Complaints Management Policy in July 2015 and the Company Secretary is vested with the responsibility for implementation of the Policy, resolution of complaints and achievement of outcomes.

The Complaints Management policy involves the process of receiving, addressing, managing and resolving complaints from Shareholders on issues covered by the Investments and Securities Act (ISA), 2007; Rules and Regulations made pursuant to the ISA, Rules and Regulations of the Securities and Exchange Commission (SEC), and the Nigerian Stock Exchange (NSE) on the trading of the Bank's securities and guidelines of recognized Trade Associations.

The objectives of the Policy are as follows:

(a) 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.

(b) Handle complaints by Shareholders, Stakeholders, and Customers in relation to Fidelity's shares.

(c) Provide an avenue for Shareholder communication and feedback.

(d) Recognize, promote and protect Shareholders rights, including the right to comment and provide feedback on service.

(e) Provide an efficient, fair and accessible framework for resolving Shareholder complaints and feedback to improve service delivery.

(f) Inform Shareholders on the Shareholder feedback handling processes.

(g) Establish a framework to guide against trade manipulation, accounting frauds, Ponzi schemes and such other complaints as may be determined by the SEC from time to time.

(h) Establish and maintain an electronic complaints register and provide information on a quarterly basis to the NSE in line with regulations.

(i) Protect the Bank from sanctions from regulatory bodies and ensure strict compliance by the responsible parties.

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:

(a) Ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with.

(b) Provision of facilities associated with maintenance of the Board or otherwise required for its efficient operation.

(c) Provide a central source of guidance and advice to the Board on matters of ethics and implementation of the Codes of Corporate Governance, as well as providing administrative support to the Board and Board Committees.

(d) Coordinating the orientation, induction and training of new Directors, and the continuous training of existing Directors.

(e) Assist the Chairman and Managing Director/CEO to formulate an annual Board Plan and administration of other strategic issues at the Board level.

(f) Organize Board/General meetings and properly record and communicate the deliberations/decisions.

(g) Update the Board and or Management on contemporary developments in 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, production and distribution of annual reports amongst others. The Board is responsible for the appointment and disengagement of the Company Secretary.

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 forward periodic returns on the various governance Codes to the Central Bank, Nigerian Stock Exchange, Securities & Exchange Commission and Nigerian Deposit Insurance Corporation as appropriate.

Sustainability Banking Report

Fidelity Bank's mission is to make financial services easy and accessible to customers. Execution of this mission connects us with the goals of sustainable economic development and poverty reduction. As a Bank, we understand our key role in driving long term economic development through the provision of sustainable financial products and advisory services. We understand the need to ensure our lending and investment decisions meet the tripod objectives of economic viability, environmental responsibility and social relevance. Consequently, Fidelity Bank will continue to provide financial services and products with the intent to "do no harm" to the environment and the people.

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) and the Equator Principles in managing environmental and social risks in its own operations as well as that of clients it finances.

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

At Fidelity Bank, we understand that our lending and investment decisions could in uncontrolled circumstances, produce negative environmental and social impacts. Consequently, we have developed systems and processes to identify, assess, measure, mitigate, monitor and report such impacts. Our robust E&S risk management procedures which are well entrenched in the Bank's credit and investment processes, afford the Bank the opportunity to help clients secure long term sustenance of their businesses. By so doing, we meet our own objectives of engaging in responsible banking. In recognition of its commitment to environmental and social management, Fidelity Bank received the following awards at the maiden 2017 Central Bank of Nigeria (CBN) Sustainability Awards: Sustainable Bank of the Year (2nd Position), Bank of the Year in Women Economic Empowerment (2nd Position) and Sustainable Transaction of the Year in Agriculture (3rd Position).

Compliance with Equator Principles

Equator Principles (EPs) are the financial sector's leading voluntary standard for identifying and managing social and environmental risks in relation to projects and project related financing. The Principles are based on the International Finance Corporation's (IFC) Performance Standards (PS) and the World Bank Group's Environmental, Health & Safety (EHS) Guidelines. Equator Principles were launched in 2003, later updated in 2006, and its most recent version, Equator Principles III (EP III), released in June, 2013. EPIII brings important changes to its application scope on transparency and accountability of both Equator Principles Financial Institutions (EPFIs) and their clients, as well as on climate change and human rights. In addition to Project Finance, EP III applies to Project-Related Corporate Loans as well as Bridge Loans. Accordingly, we have updated our lending policies and procedures to reflect the EP III requirements.

As part of the structure to mainstream E&S issues in our lending processes, Fidelity Bank maintains a dedicated Sustainability Banking Unit that operates out of the Bank's Head Office within its Risk Management Directorate. The Sustainability Banking Unit 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/assessed 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 to E&S requirements. In the course of our monitoring/inspection visits, the Bank endeavours to provide client education on approaches to achieving long term sustainability of their businesses through effective environmental and social risk management.

As part of its routine roles, the Sustainability Banking Unit organizes capacity building programmes across the Bank. The Unit circulates quarterly bank-wide internal communication to promote environmental and social risk management awareness among staff. The Unit also delivers Environmental and Social Risk Management training modules at all staff induction programmes, Bank's Thursday lecture series and e-learning portal assignments and quizzes.

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 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 in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
- **Category C**: Projects with minimal or no social or environmental impacts.

In line with Equator Principle III disclosure requirements, we report that Fidelity Bank did not reach financial close in any Project Finance, Project Finance Related Advisory Services, Project Related Corporate Loans or Bridge Financing for the period, January 1 to December 31, 2017.

Fidelity Managed SME As A Vehicle For Poverty Reduction

At Fidelity Bank, our goal is to become the most innovative SME support banking business in Nigeria while helping our clients build sustainable businesses. Our support for the growth and development of SME businesses is premised on our strong conviction that SME businesses are critical agents for economic development, job creation and poverty alleviation. Our experience indicates that SMEs do not only need financing help but also require focused capacity building to grow their businesses. To this end, Fidelity Bank under its Managed SME Division, continues to develop and deliver tailored business management capacity building programmes to SME business owners.

Through these schemes, budding and established entrepreneurs receive training on the potentials of non-oil export markets, business sustainability through effective brand management, leveraging digital technology and business diversification as well as the tailored financing products offered by the Bank to SME businesses with a special focus on women and youths. Through effective use of the electronic media, business icons, captains of industry and leaders in the public sector are sponsored by the Bank to enlighten SME owners on how to identify and optimize sustainable business opportunities in the environment. The Fidelity SME Radio Forum, the Regional SME Conferences and related TV Series remain key platforms for delivery of these capacity building initiatives.

Fidelity Bank also provides sector focused capacity building programmes through its Export Leadership Institute established in partnership with the Lagos Business School (LBS), Pan-Atlantic University and the Nigerian Export Promotions Council (NEPC) to deliver impactful, world-class export management education to existing and potential business leaders. The Fidelity Green Mall, a Fidelity multi-merchant shared web based platform helps MSMEs establish online presence to access new markets and opportunities.

As proof of commitment to the support of SME businesses, the Bank's SME customer footprint as at date is in excess of 300,000 customers across Nigeria.

Contributing to Greenhouse Emissions Reduction

Fidelity recognizes that climate change is a serious global challenge and that climate-related impacts may impede economic and social well-being and development efforts. Fidelity will continue to embrace adaptation measures that promote sustainable investments in its business. In pursuit of greenhouse gas emission reduction, our strategy is geared towards energy efficiency measures at our newly developed branches/facilities, which are fitted with energy efficient lighting facilities. This has reduced our energy requirements for lighting by about 50% and our newly retrofitted lighting facilities are estimated to last 25 times longer than traditional incandescent lighting systems used at the Bank. The Bank has also gone an extra mile to invest in the use of roofing sheet gauge of 0.75mm on new branch buildings thereby reducing energy requirement for ventilation and air conditioning (HVAC) equipment. More so, all glass material fittings used at our new branches are thicker, tinted or reflective.

These initiatives have invariably impacted positively on the use of fossil fuels in powering generators and reduced consumption from the national grid thus contributing to reduction in greenhouse emissions and related global warming.

Fidelity will continue to maintain its fleet of staff buses which offers well over 600 members of staff free home-to-work commuting services every work day. While this gesture serves to promote employee welfare, it also contributes to greenhouse emission reduction.

Guided by The International Bill on Human Rights

Fidelity Bank identifies with the responsibility to respect human rights as set out in the International Bill on Human Rights and the conventions of the International Labour Organization. While dealing with employees, suppliers and third-party contractors, the Bank ensures that business is done in a manner that respects human rights, that everyone is treated fairly and without discrimination. In order to ensure that we always meet this responsibility, we maintain an effective grievance mechanism and whistle blowing platforms that facilitate prompt identification and remediation of grievances. In pursuit of these objectives, the Bank introduced the HR Clinic, an initiative designed to provide an interactive platform between the HR team and employees bank-wide. The HR Clinic Initiative promotes freedom of expression, encourages staff to provide feedback on HR processes and creates opportunity for counselling to staff.

Furthermore, Fidelity employee policies prohibit use of child labour; forced labour and discrimination on grounds of race, tribe, religion, age, gender or economic background.

Health And HIV/AIDS Policies

The Bank recognizes her workforce as one of her most strategic assets; offering a competitive advantage for sustainable business success. For this reason, the Bank is committed to supporting the good health and wellbeing of every employee and continues to adopt best practices that cater for the healthcare needs of all employees including but not limited to access to appropriate medical intervention through an HMO, guidance and counseling, equal opportunity policy structures and workplace inclusiveness.

The Bank periodically runs HIV/AIDS education and awareness programmes to enhance and deepen understanding at least once a year. Staff members are encouraged to voluntarily undergo regular medical check-ups including routine tests to know their HIV/AIDS status. The Bank has adopted a policy of non-discrimination against any employee or customer on the basis of their HIV/AIDS status. Employees living with HIV/AIDS have the right to confidentiality and privacy concerning their HIV status. All medical information regarding employees with HIV/AIDS is kept strictly confidential, except where required by law to be disclosed to specific people or with the expressed consent of the employee. 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 work ability, the Bank's standard incapacity procedures are usually applied.

Empowering And Creating Opportunities For Women

Fidelity Bank believes that women play a crucial role in achieving sound economic growth and poverty reduction. When empowered, they contribute significantly to family income and consequently, poverty reduction. Recognizing that women are often prevented from realizing their economic potentials because of gender inequity, Fidelity is committed to creating opportunities for them in its employment as well as through lending, investment and advisory activities. Through the Fidelity Managed SME Programmes, the Bank empowers women entrepreneurs with know-how and expertise that enables them build successful businesses. In this regard and in compliance with the Central Bank of Nigeria requirement, Fidelity Bank ensures adequate female representation in its workforce and currently has about 44% of female staff. The Bank also expects its clients to minimize gender-related risks from business activities and unintended gender differentiated impacts.

Timely Reporting And Transparent Disclosures

Fidelity Bank seeks to provide accurate and timely information regarding its lending, investment and advisory activities as well as more 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. 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 prides itself in its long standing good professional and ethical reputation. This is sustained through a combination of policies, systems and cultural practices. The Bank has in place a very effective Code of Conduct and Ethics Policy which clearly communicates the Bank's zero tolerance for corruption, bribery, money laundering, abuse of office and similar misdemeanors. In collaboration with the professional firm of KPMG, the Bank since 2007 put in place a robust Whistle Blowing Policy which enables staff anonymously report unethical activities affecting any aspect of its operations. The Bank's Insider Trading Policy defines clear boundaries and consequences for associated infractions. The Bank's anti-corruption policies and procedures are regularly communicated to employees and management in the Bank. These systems work in concert to strengthen staff integrity, confidence and ensure a more disciplined work force.

Collaborating With Partners

Fidelity acknowledges that it can do more working together with others than it can, 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. Fidelity participates actively in sector-wide efforts and international initiatives to promote sustainable development. Fidelity is a signatory to the United Nations Environmental Programme-Finance Initiative (UNEP-FI), United Nations Global Compact and Equator Principles. The Bank also partners with the Nigerian Conservation Foundation (NCF) on environmental advocacy initiatives.

Leading By Example In E&S Footprints Management

Fidelity Bank believes that the commitment to E&S risk management requires leading by example. We therefore manage the E&S footprints associated with our internal operations and undertakings by making sustainability considerations an integral part of everyday work in our offices wherever located. This commitment includes pursuing best practices in environmental and social management with the objective of achieving carbon neutrality and conservation of nature in our business operations. We do this by continually seeking innovative ways for efficient use of materials and resources such as energy, fuel and water consumption and efficient management of paper and electronic waste in our banking operations.

In this regard, the Bank has since 2008 embraced the environmental management concepts of reduce, reuse and recycle. Strategies to realize our commitment to these concepts led to our use of recycled biodegradable paper cash bags as against the common practice among our peers who use polyethylene cash bags. We have equally implemented paperless computing concepts which ensure that most internally generated communication within the Bank are handled electronically without recourse to paper printing. Our cashless banking concepts have eliminated the use of paper and cheque books for certain categories of transactions resulting in huge paper savings. Likewise, about 95 per cent of our customer statements are delivered electronically.

In pursuit of our nature conservation and environmental beautification strategies, the Bank works with State and Local Governments to create and maintain green parks in key locations across Nigeria. In 2017, the Bank continued to maintain its environmental advocacy programme through financial sponsorship and physical participation in the Nigerian Conservation Foundation / Lagos State Government organized Walk-for-Nature programme.

As part of E&S footprints management, Fidelity aligns its community investing programmes with its overall goals for economic and social development within communities in which the Bank operates. The Bank strives for positive social contributions in these communities by providing basic needs, reducing poverty, supporting education, improving health and increasing long-term employment through its internal community help initiative tagged ''Fidelity Helping Hands Project (FHHP)''. Fidelity also raises staff awareness regarding this commitment.

In 2017, key projects completed and handed over to beneficiary communities under the scheme include renovation of health care centres, construction of ultra-modern bus stops, drilling and repair of boreholes, donation of healthcare materials to hospitals, educational materials to schools and relief materials to Internally Displaced Persons (IDP) camps and orphanages/special children's centres, etc.

The major highlight of the Banks 2017 Corporate Social Responsibility initiatives/activities was its partnership with African Youth Entrepreneur Empowerment of Nigeria (AYEEN), the largest network in Africa to air its 2nd Reality show called AYE Reality Show 2017 which showcased about 100,000 young and aspiring entrepreneurs with the purpose of empowering the winners. The Bank's Youth Empowerment Academy (YEA) which is aimed at educating, engaging and empowering undergraduates of Nigerian tertiary institutions with entrepreneurial skills in order to become financially independent upon graduation held biannual workshop at Federal Polytechnic, Oko, Anambra State and the River State University, Port Harcourt, River State where over 500 youths were directly impacted in 2017.

Corporate Social Responsibility (CSR)

'Doing Good' is deeply ingrained in our corporate and personal lives at Fidelity Bank Plc. This is predicated on our strong belief that people, organisations and the communities are entwined in a symbiotic relationship. Our passion for Corporate Social Responsibility is exemplified by the commitment by all our stakeholders to make positive social impact in societies where we find ourselves whilst creating enduring partnerships for sustainable development.

In open communities, every man chooses the acreage to till. Our focus areas enshrined in our CSR Policy, rests on three tripods;

Environment ***Education*** ***Health/Social Welfare***.

Consequently, a significant part of the Bank's annual earnings is committed towards supporting structures, initiatives and life-transforming projects in these focus areas. Specifically, the choice of the initiatives is driven by the following factors;

- *Reinforcing strong and healthy Community Relations by identifying and executing strategic projects in host communities.*
- *Maintaining high standards of integrity in our engagements both with the Government and Community.*
- *Playing lead roles by ascertaining and seeking solutions to societal problems, especially those in our immediate operating environments*

A Staff kitting one of the pupils of **Salvation Army Primary School, Ebute Metta, Lagos.**

Our CSR Tripod

The Environment

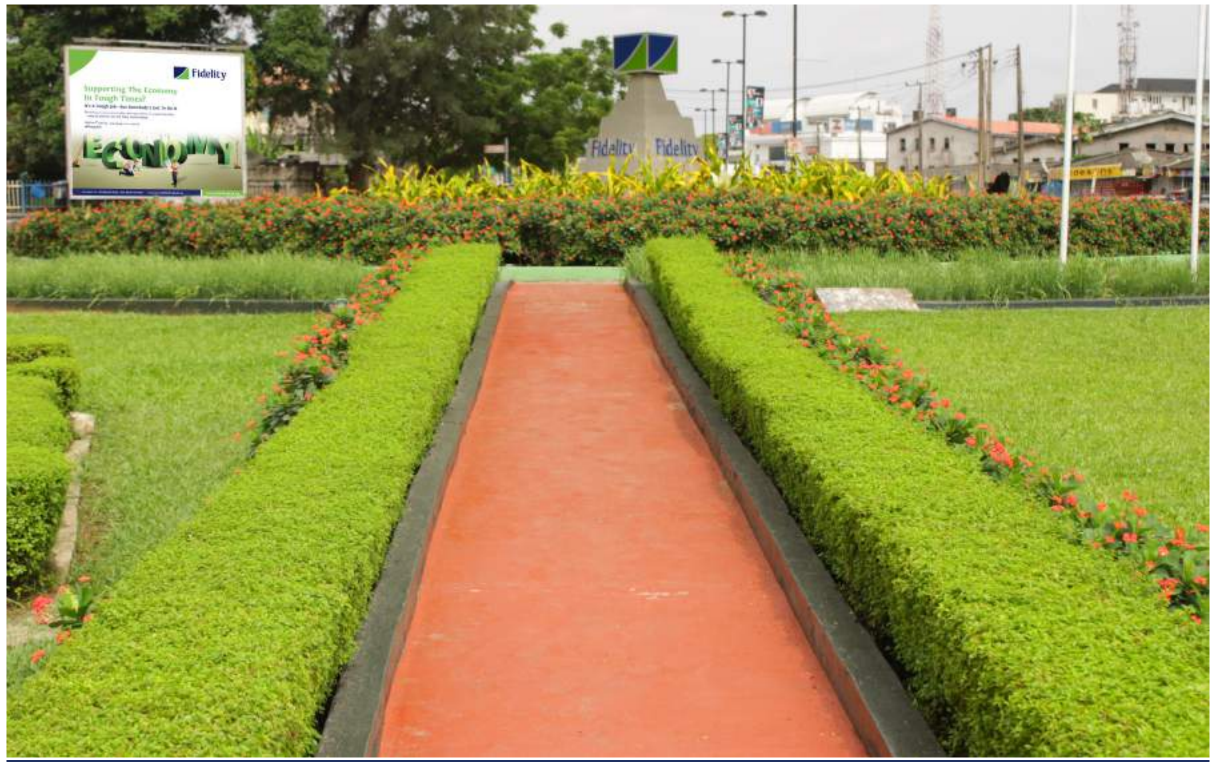
On Environment, the Bank supports efforts aimed at identifying and promoting the preservation, protection and beautification of the environment. This is executed on two fronts:

Environmental Beautification:

Working in collaboration with public institutions - state and local governments, we create and maintain green parks in chosen locations. The Falomo Roundabout in Lagos State, in partnership with the Lagos State Government, is a good example of what the Bank seeks to achieve in this area. Other locations across the country - Lagos State (Onikan, Eko Court, Apapa, BBA); Enugu; Krika Sama Roundabout, Kano, Maiduguri; Ibadan; Anambra State (Amawbia, Kwata and Aroma, all in Awka) amongst others.

Environmental Protection and Renewal:

The Bank annually partners with the *Nigerian Conservation Foundation (NCF)* and actively participates in its annual **"Walk for Nature"** an advocacy programme organized to create awareness on nature conservation and good environmental practices. Other remarkable green initiatives of the Bank include the use of recycled biodegradable cash bags to dispense cash instead of polyethylene bags, in compliance with relevant international Accords and Protocols aimed at promoting sustainability, like the Equator Accord (Equator Principles).



Beautification of **Falomo Round About, Ikoyi, Lagos**

Education

Education is key to development and in realization of this, Fidelity Bank supports efforts to encourage education at all levels through several projects nationwide. In 2017, the Bank provided educational materials, furniture, sporting materials and renovated 11 schools across the country. We also actively participated in Financial Literacy enlightenment programmes. Staff of the bank visited 30 schools and taught financial literacy to 6638 number of students across the country during the year.

Fidelity Bank constructed a Water Tank Scafold at the **Pacelli School of the Blind and Partially Sighted, Surulere, Lagos.**

Mentoring on **Financial Literacy (2017)**

Side view of the constructed **Bus Shelter at the Federal University Gusau (2017)**

Health/Social Welfare

The Bank continued to support causes aimed at improving the health and social welfare of the less-privileged and most vulnerable members of the society.

In 2017, our activities in these areas included renovation and furnishing of 5 hospitals, the provision and renovation of boreholes to provide water, visits and the provision of food and other essentials to orphanages.

The Bank also organised **Skills Acquisition Programmes** through the **Fidelity Youth Academy (YEA)** where close to **2,000 undergraduates** of tertiary institutions have been trained and duly empowered towards financial independence across the country.

A significant part of our health and social welfare interventions was executed through our staff volunteer programme, called the **Fidelity Helping Hands Programme (FHHP)**. Under the FHHP, we challenge every location where we do business to identify and support a project that is relevant to their community. This unique approach to CSR promotes personal buy-in and commitment to doing good. It also challenges all our staff to be responsible and supportive to communities where we operate, thereby helping to build a huge generation of Corporate Leaders, who recognize and value the importance of community service. Virtually every member of staff is a **Fidelity Helping Hands Ambassador** as it has become a way of life for us.

Some of the projects undertaken through the FHHP for the year under review include:

- Provision of sports facilities and essential items to special education secondary school, Big Qua Calabar by Calabar Branch
- Donation of equipment (generating set and coloured printer) and other materials such as food and sanitary wares to Special Correctional Centre for Boys, Oregun, Lagos by Operations Staff of Ikeja Region
- Donation of essential materials and food stuff to the lagos state motherless and abandoned babies home established by the Red Cross Society, Makoko, Lagos by the Phoenix Graduate Trainee Class of April, 2017
- Donation of essential materials and food stuff to inmates of the Nigerian Prisons Service, Ikoyi, Lagos by the Team Tenacious' Induction Class of April, 2017
- Donation of essential materials and food stuff to Modupe Cole Orphanage Home, Akoka, Lagos by Crest Royale Induction Class of May, 2017
- Donation of essential materials and food stuff to Guardian Angel Motherless Babies Mome, Enugu by Distinct' Induction Class of July, 2017
- Donation of provisions and food stuff and toiletries to the Diocesan Special Education Centre, Nnewi by Staff of Nnewi 2, Branch
- Drilling a new borehole and purchasing a new submersible pumping machine, refurbishment of furniture, provision of essential items and food stuff to Sought After Children Orphanage, Ajah, Lagos by Brand & Communications Division and MD's Office
- Provision of educational and other essential materials and livelihood support for widows and children of Fofure IDP Camp, Yola by Staff of Yola Branch
- Donation of essential materials to Vigilant Heart Charitable Society, Lekki, Lagos by Acers and the Ivory Induction Classes of August, 2017
- Construction and furnishing of Urban Maternity and Child Welfare Clinic, Kofar Ran, Bauchi by Staff of Bauchi Branch
- Donation of relief materials to Victims of the flood disaster at the Internally Displaced Persons (IDP) Camp in Makurdi by Staff of Makurdi Branch.
- Construction of Ultra-Modern Bus Shelter For Federal University, Gusau by Staff of Gusau Branch.
- Provision of Water Tank Scaffolding for Pacelli School for the Blind by Staff of Retail Banking Division
- Sinking of Borehole, Renovation of the Clinic Building And Provision of Equipment to Bukan Sidi Clinic, Lafia Local Govt Council, Lafia by Staff of Lafia Branch
- Donation of Sanitary Wares And Essential Materials To Al-Ansar Home at Kuje, Abuja by Staff of Abuja Regional Bank 2
- Provision of Furniture and Repainting of the Building of Arrow of God Orphanage, Ajah by Managed SME & Export Division
- Provision of food and sanitary items to the Anawim Home, Abuja by Finacle Inductees Class of 2016
- Provision of Home Appliances, Food Items and Payment of School Fees for the Chosen Child Orphanage and Care Center, Apapa, Lagos by Staff of Apapa Region.
- Donation of Back to School Materials to Pupils of Salvation Army Primary School, Ebute Metta, Lagos by Staff of Human Resources Division.

Wig and Shoe Making Class at the Fidelity Youth Empowerment Academy, Rivers State University.

Our CSR is not only externally driven, we are committed also to a number of internal initiatives including annual free medical checks for staff and FIT2BOND (an annual exercise, health, fitness and bonding programme). These initiatives help to promote healthy work-life balance among staff.

Team Fidelity participates in the **2017 NCF Walk for Nature**

Fidelity Helping Hands Programme (FHHP)

- **Serving Our Communities**
- **Finding Purpose Through Service**

Presenting Back To School Items To IDPs In Fofure Camp, Yola.

Offering Relief Materials To Flood Victims In Makurdi, Benue State.

Abuja Regional Bank 2 Donates Food Stuff, Sanitary Wares And Other House Hold Items To Al-Ansar Orphanage Home, Kuje, Abuja.

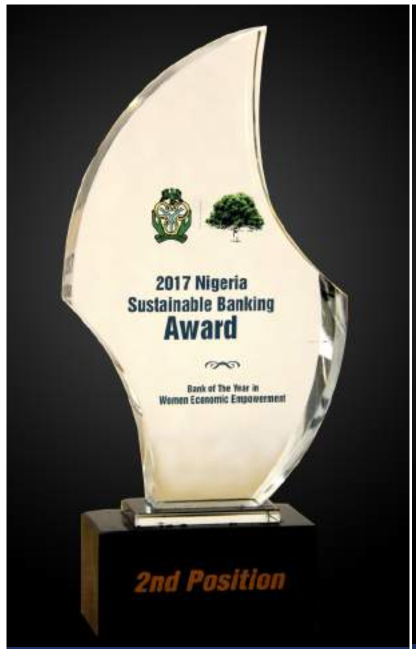
Inductees Donate Essential Items To Ikoyi Prison, Alagbon, Lagos

Wife Of The Executive Governor Of Cross River State Commisioned Sports Equipment Donated To Special Education Centre, Calabar

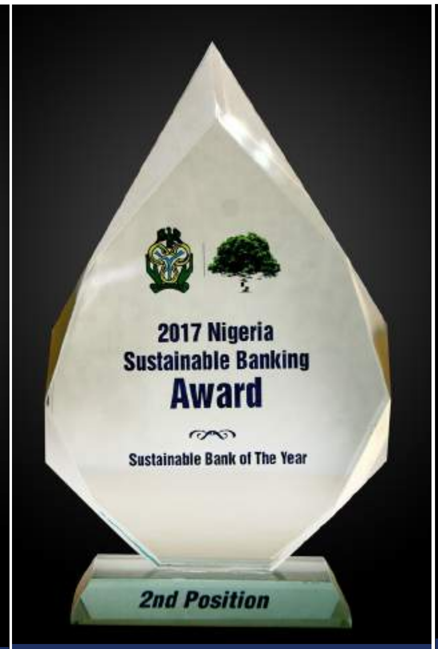
The Renovated And Furnished Hostel For Boys At Arrows Of God Orphanage Home, Ajah, Lagos

CSR/Sustainability Awards

Getting worthy recognitions through service



2017 Nigeria Sustainable Banking Awards



2017 Nigeria Sustainable Banking Awards

The Majestic Falcon Award For Quality & Excellence 2017

Laspark Awards

2017 Nigeria Sustainable Banking Award

Businessday Banking Awards 2017

Green Era Awards

SERAs CSR Awards

REPORTS

Compliance Report

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 practice. The following philosophy governs the compliance management function in Fidelity Bank Plc:

- There is 'tone-at-the-top'. The Board supported by Management sets the right tone by creating an enabling environment where regulatory compliance thrives and is embedded into the overall corporate and strategic imperatives as well as operations.
- Compliance is a collective responsibility in the bank therefore, every staff member has a role to play.

Regulatory Pressure

With an increasing Anti Money Laundering (AML) Sanctions regime, regulators across jurisdictions are sending a clear message of zero tolerance for Money Laundering and Terrorist Financing infractions, thereby demanding for 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 and terrorist financing risks they face and adopt measures that are commensurate with the said risks but also to ensure that their 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.

Despite these increasing and tightening regulatory obligations, the Bank is poised to look inwards with a view to revalidating the compliance risk management processes and procedures to withstand the emerging pressures and is committed to continuously educate 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 (CFT), Know Your Customer (KYC) and related programmes of the bank. The bank leverages relevant technology to enable it cope with the ever evolving regulatory compliance environment and requirements that ensures that we deliver excellent services to our customers.

The Bank implemented a Compliance Risk Framework in order to strengthen Corporate Governance and achieve associated compliance management expectations. This framework which assists the Bank in the management of regulatory compliance risks includes the following;

- Instituting an independent Compliance Division and appointing a Chief Compliance Officer (CCO) at senior management level and an Executive Compliance Officer 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.
- Adequate designation of Compliance Officers in Head Office, regional offices and branches of the Bank through our clustering arrangements.
- Compliance risk profiling of customers, products and services is conducted as part of the compliance function and based on the outcome, a compliance risk grid of high, medium and low risks for customers, products and services is generated, which determines the application of necessary controls and mitigants.
- The Compliance Division works in harmony with the enterprise risk management processes and procedures in analysing rules, regulations and laws in order to ensure that these are incorporated into the bank's processes and procedures in a continuous manner.
- There are well-defined compliance communication processes and feed-back mechanisms for identified compliance risks to ensure effective management of the processes in order to ensure corrective actions are promptly, effectively and efficiently taken.
- The Bank has designed and implemented an effective and robust whistle-blowing framework which encourages concerned persons to report genuine matters confidentially through active and dedicated media.
- Our Code of Business Conduct and Ethics Policy is made available to every staff to read and understand, and they are required to sign an annual attestation to ensure compliance.

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework

Fidelity Bank implemented an Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework that is constantly reviewed to ensure compliance with the provisions of the Money Laundering (Prohibition) Act 2011 (as amended); the Terrorism (Prevention) (Amendment) Act 2013; the Central Bank of Nigeria AML/CFT Regulations 2013, the Terrorism Prevention Regulations 2013, the Financial Action Task Force (FATF) recommendations and other relevant local and international principles and regulations guiding AML/CFT.

Our AML/CFT 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 activities.

We have implemented an AML solution (RADAR) that enables us conduct risk rating of our customers both at the point of on-boarding and continuously during the relationship, carry out continuous monitoring of transactions and render all the relevant regulatory and supervisory reports.

We have a properly documented Operations Policy and Procedural Manual (OPPM), 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 activities. These documents cover the following:

- Scope of the AML/CFT framework.
- Board and Management roles and responsibilities.
- Reports to Board and Senior Management.
- Customer Due Diligence(CDD)/Know Your Customer (KYC) and Risk Categorization.
- Transaction Monitoring.
- Basic Statutory Reports.
- Politically Exposed Persons (PEPs).
- Sanctions Compliance Management (Sanctions screening and filtering of sanctions lists/ watchlists).

- Employee training.
- Correspondent Banks.
- 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. However, the Board has delegated this function to the Board Audit Committee (BAC).

The BAC provides supporting oversight on the management of compliance within the Bank. The Committee has the responsibility of ensuring the implementation of the approved compliance risk policies, procedures, processes and tool-sets. The Committee receives quarterly AML/CFT 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 framework, by ensuring the AML/CFT framework is properly documented and approved. It also ensures constant review of the framework to incorporate new laws and guidelines. Management ensures that all resources needed for achievement of the goals set by the AML/CFT framework are provided and 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 reports are submitted to the Board and Management:

- Monthly report on AML/CFT and other compliance related issues are submitted to the Bank's Operational Risk & Service Measurement Committee.
- Quarterly AML/CFT report submitted to the Board Audit Committee meeting.
- Routine reports to the Managing Director/Chief Executive and other Executive Committee members on contemporary AML/CFT issues or regulations, Guidelines and Circulars as may be released from time to time.

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

Fidelity 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 has been used as a conduit for 'dirty' money. Our AML/CFT/KYC policy stipulates that an effective procedure is put in place to identify customers, decline and promptly report suspicious transactions to regulatory authorities and cooperate with law enforcement agencies. In addition, the policy ensures that:

- Due diligence and KYC requirements are carried out on all new relationships (real and legal persons) before on-boarding them. This includes obtaining proof of identity (name), verification of the identity using reliable independent source documents 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 (Prohibition) Act 2011.

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 2, 6 and 10 of the Money Laundering Act 2011 (as amended), the bank renders the following reports to the NFIU.

- Section 2 of the Act requires all financial Institutions to submit a report of all international transfer of funds and securities exceeding ten thousand dollars ($10,000) or its equivalent in other foreign currencies.
- Section 6 of the Act requires all financial institutions to submit a report on all unusual or suspicious transactions within 48hours of the transactions.
- Section 10 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)

Where the Bank is in a business relationship with a PEP, it is required to conduct **enhanced ongoing monitoring** of that relationship to avoid being used for fraudulent activities, money laundering and financing of terrorism.

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

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 activities of PEPs to both the Central Bank of Nigeria and the Nigerian Financial Intelligence Unit (NFIU).

Sanctions Compliance Management (Sanctions Screening and filtering of sanctions lists/ watchlists)

Fidelity ensures that all accounts, customers' relationships on-boarding and transactions are filtered through several watch-lists or sanctions lists before they are completed. This is a continuous exercise that ensures that we mitigate against maintaining relationships with blacklisted persons or entities.

Apart from keeping and regularly updating the list of watch listed persons and entities, we also subscribe to the use of international screening systems like the SWIFT sanctions screening for screening inbound and outbound wire transfers and Accuity (by Bankers Almanac) for screening local transactions against all lists including private and public lists provided by recognized third party list providers and PEPs.

Sanction Lists

Fidelity Bank's watchlist includes the following:

- US Treasury Office of Foreign Assets - OFAC-SDN (Specially Designated Nationals) and FSE (Foreign Asset Evaders) - These are the main sanction lists 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 Training

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

Our training program is a combination of structured in-plant, classroom and online learning arrangements. We also ensure that new intakes get first-hand information on this during their induction.

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

- AML regulations and offences.
- The nature of money laundering.
- Money laundering 'red flags' and suspicious transactions, including trade-based money laundering typologies.
- Reporting requirements.
- Customer due diligence.
- Risk-based approach to AML/CFT.
- Record keeping and retention policy.

Correspondent Banks – AML/CFT Due Diligence

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

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

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

Customer records

Although the Statutes of Limitation and Money Laundering Prohibition Act 2011 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 ten (10) years after closure of the account or severance of the relationship with the customer.

Individual financial transaction records are kept for at least ten (10) years after the transaction has taken place.

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

In accordance with the Money Laundering (ML) Act and in line with best practice, the AML/CFT process and function is subjected to a quarterly review by the Internal Audit Department of the Bank. Their report of findings is sent to the Board and Management and the Chief Compliance Officer 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 risks the bank is exposed to.

The AML/CFT framework is also reviewed by both the external auditors of the bank as well as regulators during their routine examination of the bank.

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 ML Act 2011.

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.

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:

Operations Objectives—these pertain to effectiveness and efficiency of operations, including operational and financial performance goals, and safeguarding assets against loss.

Reporting Objectives—These 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.

Compliance Objectives—these 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 Audit Committee oversees the activities of the control function. During its quarterly meetings, it obtain reports that enables it review and assess the adequacy of the Bank's internal controls. Also, 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.

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 defence 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 2017. These include:

1. Hedging against internal/external fraud with adequate insurance cover for cash in premises/transit and the Fidelity Guarantee insurance.
2. A robust disciplinary process that ensures that employees' disciplinary issues are promptly dealt with.
3. Effective Fraud Risk Assessment programme that ensures fraud risks are adequately managed and mitigated including bankwide anti-fraud training and awareness sessions.
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 e-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 transactions.

(iii) Use of Scorebridge, an electronic transactions fraud monitoring solution, to build behaviour-based rules and to monitor and block suspicious electronic transactions.

(iv) Establishment of 24/7 Electronic-Banking transactions monitoring desks that monitor, and take immediate action on suspicious transaction patterns and also resolve customer complaints.

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 the 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, 2017 are provided in the schedule below:

S/N	Description	Number		Amount Claimed		Amount Refunded	
		2017	2016	2017 (million)	2016 (million)	2017 (million)	2016 (million)
1	Pending Complaints B/F	48	45	1,320	876	N/A	N/A
2	Received Complaints	1079	865	11,249	2,204	N/A	N/A
3	Resolved Complaints	1052	862	7,979	1,760	408	382
4	Unresolved complaints escalated to CBN for intervention	0	0	0	0	N/A	N/A
5	Unresolved complaints pending with the Bank	75	48	4,590	1,320	N/A	N/A

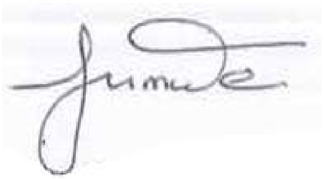
Report Of The Independent Consultant On The Appraisal Of The Board Of Directors Of Fidelity Bank Plc

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code") and the Securities and Exchange Commission (SEC) Code of Corporate Governance ("the SEC Code"), 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 2017. 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.

Corporate governance is the system by which business corporations are directed and controlled to enhance performance and shareholder value. It is a system of checks and balances within the Board, management, and investors to produce a sustainable corporation geared towards delivering long-term value.

Our approach to the appraisal of the Board involved a review of the Bank's key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during one-on-one interviews with the members of the Board and management. We also reviewed the Bank's Corporate Governance report prepared by the Board and included in the Annual Report for the year ended 31 December 2017, and assessed the level of compliance of the Board with the CBN and SEC Codes.

On the basis of our review, except as noted below, the Bank's corporate governance practices are largely in compliance with the key provisions of the CBN and SEC Codes. Specific recommendations for further improving the Bank's governance practices have been articulated and included in our detailed report to the Board. The key areas identified include the continuous oversight of the succession planning process and monitoring of internal risk limits.



Olumide Olayinka
Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
29 March, 2018

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

For the year ended 31 December 2017

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Sections 24 and 28 of the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Bank, and of the financial performance for the year. The responsibilities include ensuring that:

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

(b) the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with the requirements of International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, 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 annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of

Nigeria 2004, 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 of the financial performance for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

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

Signed on behalf of the Directors by:

Ernest Ebi, MFR, FCIB
Chairman
FRC/2017/CIBN/00000016317
April 19, 2018

Nnamdi J. Okonkwo
Managing Director/Chief Executive Officer
FRC/2013/ICANI/00000006963
April 19, 2018

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Independent Auditors' Report To The Members Of Fidelity Bank Plc

Opinion

We have audited the financial statements of Fidelity Bank PLC ("the Bank") which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and CBN 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), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 (CAMA) and other independence requirements applicable to performing audits of financial statements of Fidelity Bank PLC. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and CAMA applicable to performing the audits of Fidelity Bank PLC. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
1. Loans and advances - Impairment The appropriateness of allowance for loan impairment is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and expected future cash flows. The use of different techniques and assumptions could produce significantly different estimates of loan loss impairment. Associated risk management disclosure is complex and dependent on high quality data. There is significant measurement uncertainty involved in this assessment, which makes it a key audit matter. The Bank's accounting policy on impairment, related disclosures on credit risk and allowance for loan impairment are shown in Notes 2.11, 3.2 and 21 to the financial statement's respectively.	For allowance for impairment calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. For loan allowance for impairment calculated on a collective basis, we tested the underlying techniques and assumptions including the approval and validation process of these techniques and assumptions. We also tested the appropriateness and accuracy of the inputs to the model adopted, such as recovery rates, probabiliy of default (PDs) and loss given default (LGDs).

Other Information

The Directors are responsible for the other information. The other information comprises the Statement of Value added tax, the Five year Financial Summary and the Directors' Report as required by Section 342 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We also provide the Directors with a statement that we have compiled 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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were neccessary for the purpose of our audit;

(ii) In our opinion proper books of account have been kept by the Company, 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.

In compliance with the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 and circulars issued by Central Bank of Nigeria, we confirm that:

(i) Related party transactions and balances are disclosed in note 35 of the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

(ii) ATM customer complaints are disclosed in note 38.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.

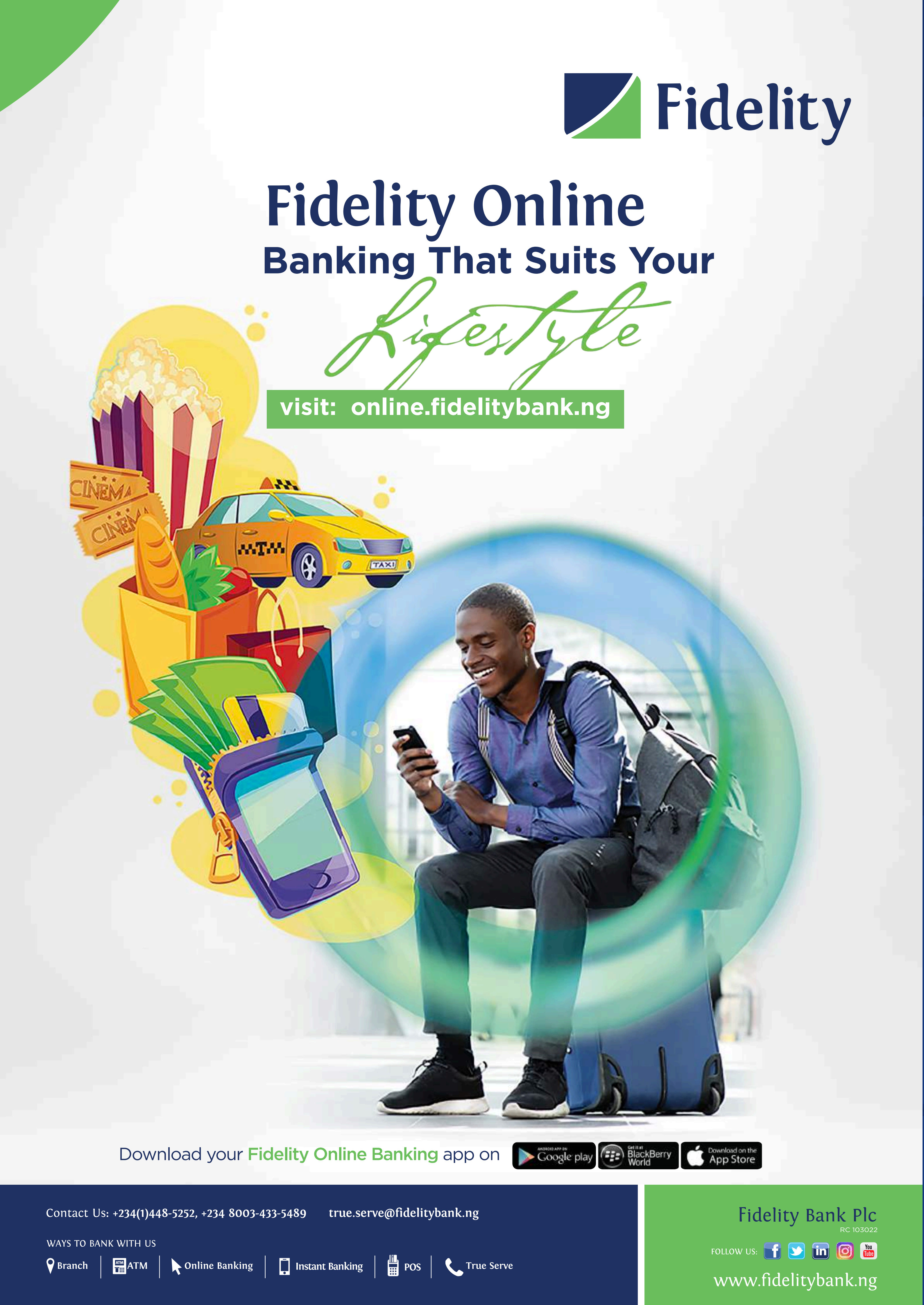
(iii) As stated in Note 38.1 to the finanical statements, the Bank paid penalties for contraventions of certain sections of the Banks and Other Financial Institutions Act CAP B3, Laws of the Federation of Nigeria 2004 and relevant Central Bank of Nigeria Circulars during the year ended 31 December 2017.

Signed:
Kayode A. Famutimi, FCA,
FRC/2012/ICAN/00000000155
For: Ernst & Young
Lagos, Nigeria

Date: April 19, 2018

Signed:
Najeeb A. Abdus-salaam, FCA
FRC/2013/ICAN/00000000753
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Date: April 19, 2018



FINANCIAL STATEMENTS

Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2017

	Note	2017 N'million	2016 N'million
Gross Earnings		**179,896**	**152,021**
Interest and similar income	6	150,742	123,153
Interest and similar expense	7	(79,278)	(61,225)
Net interest income		**71,464**	**61,928**
Impairment charge	8	(11,315)	(8,671)
Net interest income after impairment charge		**60,149**	**53,257**
Fee and commission income	9	18,229	20,557
Fee and commission expense	9	(3,674)	(3,238)
Other operating income	10	10,925	8,311
Net losses from financial instruments classified as held for trading	11	348	(625)
Personnel expenses	12	(24,535)	(27,231)
Depreciation and amortisation	13	(4,373)	(4,308)
Other operating expenses	14	(36,767)	(35,662)
Profit before income tax		**20,302**	**11,061**
Income tax expense	15	(1,445)	(1,327)
Profit For The Year		**18,857**	**9,734**
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Net gains/(losses) on available-for-sale financial assets*:			
-Unrealised net gains/(losses) arising during the year		3,732	(2,308)
-Net reclassification adjustments for realised net (gains)	16	(622)	(906)
Net other comprehensive income/(losses) to be reclassified to profit or loss in subsequent period		**3,110**	**(3,214)**
Other comprehensive income / (loss) for the year		**3,110**	**(3,214)**
Total Comprehensive Income For The Year		**21,967**	**6,520**
* Income from these instruments is exempted from tax except equity instruments that are subject to tax			
Earnings per share			
Basic and diluted (in kobo)	17	**65**	**34**

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

Statement Of Financial Position As At 31 December 2017

	Note	31 Dec 2017 N'million	31 Dec 2016 N'million
ASSETS			
Cash and balances with central bank	18	269,625	207,061
Due from banks	20	52,287	49,200
Loans and advances to customers	21	768,737	718,401
Investments:			
• Held for trading (fair value through profit or loss)	22.1	20,639	18,098
• Available for sale	22.2	76,815	88,586
• Held to maturity	22.3	108,784	138,134
Other assets	26	43,194	37,510
Property, Plant and Equipment	23	38,504	40,356
Intangible assets	24	629	795
Deferred tax assets	25	-	-
TOTAL ASSETS		**1,379,214**	**1,298,141**
LIABILITIES			
Deposits from customers	27	775,276	792,971
Current income tax liability	15	1,445	1,327
Other liabilities	28	183,200	157,860
Provisions	29	2,745	1,546
Debts issued and other borrowed funds	30	213,233	159,035
TOTAL LIABILITIES		**1,175,899**	**1,112,739**
EQUITY			
Share capital	31	14,481	14,481
Share premium	32	101,272	101,272
Retained earnings	32	25,326	25,918
Other equity reserves:			
• Statutory reserve	32	27,305	24,476
• Small scale investment reserve (SSI)	32	764	764
• Non-distributable regulatory reserve (NDR)	32	28,837	16,271
• Available-for-sale (AFS) reserve	32	5,330	2,220
Total equity		**203,315**	**185,402**
TOTAL LIABILITIES AND EQUITY		**1,379,214**	**1,298,141**

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 April 19, 2018 and signed on its behalf by:

Ernest Ebi
Chairman
FRC/2017/CIBN/00000016317

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

Nnamdi Okonkwo
Managing Director/ Chief Executive Officer
FRC/2013/ICANI/00000006963

Statement Of Changes In Equity For The Year Ended 31 December 2017

	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Available-for-sale reserve	Re-measurement reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2016	**14,481**	**101,272**	**8,797**	**23,016**	**764**	**33,480**	**5,434**	**(3,728)**	**173,111**
Profit for the year	-	-	9,734	-	-	-	-	-	9,734
Other comprehensive income									
Unrealised net losses arising during the year	-	-	-	-	-	-	(2,308)	-	(2,308)
Net reclassification adjustment for realised net gains	-	-	-	-	-	-	(906)	-	(906)
Total comprehensive income/ (loss)	-	-	**9,734**	-	-	-	**(3,214)**	-	**6,520**
Dividends paid	-	-	(4,634)	-	-	-	-	-	(4,634)
Transfers between reserves (Note 32)	-	-	12,021	1,460	-	(17,209)	-	-	(3,728)
At 31 December 2016	**14,481**	**101,272**	**25,918**	**24,476**	**764**	**16,271**	**2,220**	-	**185,402**
Profit for the year	-	-	18,857	-	-	-	-	-	18,857
Other comprehensive income								-	-
Unrealised net losses arising during the year	-	-	-	-	-	-	3,732	-	3,732
Net reclassification adjustment for realised net (gains)	-	-	-	-	-	-	(622)	-	(622)
Total comprehensive income	**-**	**-**	**18,481**	**-**	**-**	**-**	**3,110**	**-**	**21,967**
Dividends paid	-	-	(4,055)	-	-	-	-	-	(4,055)
Transfers between reserves (Note 32)	-	-	(15,395)	2,829	-	12,566	-	-	-
At 31 December 2017	**14,481**	**101,272**	**25,326**	**27,305**	**764**	**28,837**	**5,330**	**-**	**203,314**

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 2017

	Note	2017 N'million	2016 N'million
Operating Activities			
Cash flows (used in)/ from operations	**33**	(95,553)	(157,848)
Interest received		139,724	105,595
Interest paid		(77,083)	(59,746)
Retirement benefits paid			(10,839)
Paid to staff in respect of Staff gratuity	**28.2**	(4,118)	
Income taxes paid	**15c**	(996)	(2,332)
Net cash flow (used in)/ from operating activities		**(38,026)**	**(125,170)**
Investing activities			
Purchase of property, plant and equipment	**23**	(2,057)	(4,502)
Proceeds from sale of property and equipment		154	180
Purchase of intangible assets	**24**	(369)	(143)
Purchase of AFS and HTM financial assets		(187,625)	(114,625)
Redemption of HTM financial assets at maturity		87,975	18,637
Proceeds from sale of AFS financial assets		144,504	159,765
Dividends received		891	68
Net cash flows used in investing activities		**43,473**	**59,380**
Financing activities			
Dividends paid		(4,055)	(4,634)
Proceeds of debts issued and other borrowed funds	**30**	135,128	40,645
Repayment of long term borrowings	**30**	(87,318)	(2,502)
Net cash flows from financing activities		**43,755**	**33,509)**
Net decrease in cash and cash equivalents		**49,202**	**(32,281)**
Net foreign exchange difference on cash and cash equivalents		5,678	4,161
Cash and cash equivalents at 1 January		**86,015**	**114,135**
Cash and cash equivalents at 31 December	**19**	**140,895**	**86,015**

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

Notes To The Financial Statements

1. General Information

These financial statements are the financial statements of 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.

The financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 19 April 2018.

2. Summary Of Significant Accounting Policies

2.1 Introduction to summary of significant accounting policies

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

2.1.1 Basis of preparation

Statement of Compliance

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards

("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cashflows 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 which includes the Held for trading investment securities.

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 and they are rounded up to the nearest million.

2.1.2 Significant 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 could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

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

Estimates And Assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Bank based its 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.

Impairment Of Loans And Advances

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy Note 2.11.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Committee.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

Fair Value Of Financial Instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy Note 2.5. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Determination Of Impairment Of Property, Plant And Equipment, And Intangible Assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Determination Of Collateral Value

Management monitors fair 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.

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 to the financial statements.

2.2A Standards/ Ammendments Issued But Not Yet Effective

The 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 standards, if applicable, when they become effective.

The nature and the impact of each new standard/amendment are described below:

IFRS 15 - Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces the previous revenue standard IAS 18 Revenue, and the related Interpretations on revenue recognition. The standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards and provides a single principle based framework to be applied to all contracts with customers that are in scope of the standard. Under the new standard revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The standard introduces a new five step model to recognize revenue as performance obligations in a contract are satisfied. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments, and as such will impact the businesses that earn fee and commission revenue. On April 12, 2016, the IASB issued amendments to IFRS 15 Revenue from Contracts with Customers. The amendments provide additional clarification on the identification of a performance obligation in a contract, determining the principal and agent in an agreement, and determining whether licensing revenues should be recognized at a point in time or over a specific period. The amendments also provide additional practical expedients that can be used on transition to the standard. The Bank will adopt the standard and its amendments in the financial year beginning on 1 January, 2018 and plans to use the modified retrospective approach. Under this approach, the Bank will recognize the cumulative effect of initially applying the standard as an adjustment to the opening balances of retained earnings as of 1 January 2018, without restating comparative periods.

Additional disclosures will be required in order to explain any significant changes between reported results and results had the previous revenue standard been applied. The standard does not apply to revenue associated with financial instruments, and therefore, will not impact the majority of the Bank's revenue, including interest income, trading revenue and securities gains which are covered under IFRS 9 Financial Instruments. The implementation of the standard is being led by the Financial Control and Strategy Department in coordination with the business segments. The areas of focus for the Bank's assessment of impact are card fees. The Bank has concluded review of the customer contracts within the scope of the new standard. The Bank posits that the timing of the Bank's revenue recognition of fees and commissions within the scope of this standard is not expected to materially change. The Bank is also evaluating the additional disclosures that may be relevant and required.

IFRS 16 - Leases

IFRS 16 – Leases was issued in January 2016 and will replace IAS 17 – Leases. The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The accounting treatment of leases by lessees will change fundamentally based on the new standard. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

The Bank plans to adopt IFRS 16 on the required effective date, as the Bank has leases that qualify to be treated in line with this standard. The Bank is currently assessing the impact of this standard.

IFRS 17 Insurance Contracts

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

IFRS 17 is effective for reporting periods starting on or after 1 January 2021, 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.

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that the policyholder will always receive, 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 will have no impact on the Bank, as it does not have Insurance contract.

IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduced new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Debt instruments

Under IAS 39, the Bank has the following debt instruments:

- Cash and balances with central bank
- Due from banks
- Loans and advances to customers
- Investment securities: Held for trading
- Investment securities: Available for sale
- Investment securities: Held to maturity

The standard requires that we classify debt instruments based on our business model for managing the assets and the contractual cash flow characteristics of those assets. The debt instruments of the Bank has been classified based on the cash flow characteristics of the asset. The business model test determines the classification based on the business purpose for holding the asset. The Bank's Debt instruments are being measured at fair value through profit or loss unless certain conditions are met that permit measurement at fair value through other comprehensive income (FVOCI) or amortized cost. Debt instruments that have contractual cash flows representing only payments of principal and interest are eligible for classification as FVOCI or amortized cost. Gains and losses recorded in other comprehensive income for debt instruments are recognized in profit or loss only on disposal.

The Bank analyzed the contractual cash flow characteristics of cash and balances with central bank, due from banks and loans and advances to customers and Investment securities held to maturity and concluded that they meet the criteria for amortised cost measurement under IFRS 9. The contractual cashflow characteristics of held for trading instruments meet the criteria for fair value through profit or loss. Lastly the Bank cosnsidered the the contractual cashflow characteristics investment securities available for sales and concluded that they meet the criteria for fair value through OCI. The measurement basis for these debt instruments will continue to be based on the business model for managing the assets and the contractual cashflow characteristics.

Under IAS 39, the Bank's Equity instruments are classified as either held for trading or available for sale, while some were carried at cost where there is no active market for these equity instruments.

Under IFRS 9, the Bank has decided to maintain the fair value through OCI category for its unlisted equity instruments not held for trading. This means that on the sale of the equity investments, the Bank will not be able to recycle previous gains or losses from equity to profit or loss.

IFRS 9 specifies that the fair value through OCI option is only available for equity instruments that are not traded or acquired as part of a business combination. The Bank's equity securities that are classified as available for sale are not traded. Therefore, the fair value through OCI classification can be adopted.

The Bank measures some of its unquoted equity instruments at fair value and others at cost. IFRS 9 requires that all investments in equity instruments must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value – for example, where more recent available information is insufficient to determine the fair value or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Under IFRS 9, investments in equity instruments are outside the scope of the impairment requirements as they are measured at fair value. It is expected that the fair valuation process automatically incorporates an impairment review with any change in fair value taken to other comprehensive income. A separate impairment computation is therefore not permitted.

On transition to IFRS 9, the Bank is required to retrospectively adopt IFRS 9 adjustments. As such, the impairment allowance initially recognised on these equities will be reversed and the fair value of these assets will then be determined using the most suitable valuation model. There is no difference in the application of the standard and the requirement of IFRS 9.

Impairment of Financial Assets, Loan Commitments and Financial Guarantee Contracts

IFRS 9 introduces a new expected credit loss (ECL) impairment framework for all financial assets and certain off-balance sheet loan commitments and guarantees.

The new ECL framework will result in an allowance for expected credit losses being recorded on financial assets regardless of whether there has been an actual loss event. This differs from the current approach where the allowance recorded on performing loans is designed to capture only losses that have been incurred, whether or not they have been specifically identified.

The new impairment model applies to the following financial instruments that are not measured at fair value through profit or loss: - financial assets that are debt instruments; - lease receivables; and - loan commitments and financial guarantee contracts issued. Under IFRS 9, no impairment loss is recognized on equity investments. IFRS 9 Impairment model uses a three stage approach based on the extent of credit deterioration since origination: Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SIR) since origination and are not credit impaired.

The ECL is computed using a 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity. This Stage 1 approach is different from the current approach which estimates a collective allowance to recognize losses that have been incurred but not reported on performing loans.

Stage 2 – When a financial asset experiences a SIR subsequent to origination but is not credit impaired, it is considered to be in Stage 2.

This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1. Stage 3 – Financial assets that have an objective evidence of impairment are included in this stage.

Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

There is no difference in the application of the standard and the requirement of IFRS 9.

The impairment requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the areas of assessing whether the credit risk of an instrument has increased significantly since initial recognition and incorporating forward-looking information into the measurement of ECLs. Definition of default Under IFRS 9, the Bank will consider a financial asset to be in default when: - the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing collaterals (if any is held); or the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered past dues once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding. This definition is largely consistent with the definition that is used for regulatory purposes.

Significant increase in credit risk Under IFRS 9, when determining whether the credit risk (i.e., risk of default) on a financial instrument has increased significantly since initial recognition, the Bank will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information. The Bank will primarily identify whether a significant increase in credit risk has occurred for an exposure by comparing: - the remaining lifetime probability of default (PD) as at the reporting date; with - the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure. Forward-looking information IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and FLI are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

Hedge Accounting IFRS 9 introduces a new hedge accounting model that expands the scope of hedged items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. The new model no longer specifies quantitative measures for effectiveness testing and does not permit hedge de-designation. The Bank does not apply hedge accounting and therefore does not expect any changes to the financial statements in respect of the new requirements on hedge accounting.

Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs.

Transition Impact

The Bank will record an adjustment to its opening 1 January 2018 retained earnings to reflect the application of the new requirements at the adoption date and will not restate comparative periods. The Bank estimates the IFRS 9 transition amount will reduce shareholders' equity by approximately N28.23 billion before tax. Capital Adequacy Ratio will not be significantly impacted as at 1 January 2018. The estimated impact relates primarily to the implementation of the ECL requirements. The Bank continues to revise, refine and validate the impairment models and related process controls.

Impacts on Governance and Controls

The Bank has applied its existing governance framework to ensure that appropriate controls and validations are in place over key processes and judgments to determine the ECL.

As part of the implementation, we are in the process of refining existing internal controls and implementing new controls where required in areas that are impacted by IFRS 9, including controls over the development and probability weighting of macroeconomic scenarios, credit risk data and systems, and the determination of a significant increase in credit risk. Impacts on Capital Planning IFRS 9 will impact our reported capital as a result of the adjustment recorded in shareholders' equity on adoption of the standard; this impact is not expected to be significant. During 2017, the Basel Committee on Banking Supervision (BCBS) released its standard on Regulatory treatment of accounting provisions – interim approach and transitional arrangements. The BCBS clarified it will retain its current treatment of provisions under both Standardized Approach and Advanced Internal Ratings Based frameworks at this time. Further, the BCBS allows local jurisdictions the option to choose whether to apply a transitional arrangement for the impact of IFRS 9 on regulatory capital. The Bank's regulator, CBN, has not established a transitional arrangement for regulatory capital purposes.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

The overlay approach

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income.

Transition

The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

Impact

The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4. This ammendment does not have an impact on the Bank.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2.

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions.

The amendments address three main areas:

• The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share- based payments also applies to cash-settled share-based payments.

• The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the Sharebased payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.

• The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

Transition

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

Impact

The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. The Bank has assessed the impact, and this is not applicable to the Bank as it has no sharepayment arrangement.

• *Transfers of Investment Property (Amendments to IAS 40)*
Effective for annual periods beginning on or after 1 January 2018.

Key requirements

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Transition

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed.

Impact

The amendments will eliminate diversity in practice. This standard is not applicable to the Bank as it has not invested in Investment property.

• *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. This ammendment is not applicable to the Bank.

• *Amendments to IAS 19: Plan amendment, curtailment or settlement*

On 7 February 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. This standard is not applicable to the Bank.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Effective for annual periods beginning on or after 1 January 2019

Key requirements

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Transition

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation

Or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Early application of interpretation is permitted and must be disclosed.

First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

Impact

The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency. The Bank will adopt the standard when it becomes effective.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
Effective for annual periods beginning on or after 1 January 2019

Scope

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key Requirement

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Transition

The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Impact

Applying the Interpretation could be challenging for entities, particularly those that operate in more complex multinational tax environments. Entities may also need to evaluate whether they have established appropriate processes and procedures to obtain information on a timely basis that is necessary to apply the requirements in the Interpretation and make the required disclosures. The Management is currently evaluating the impact of this interpretation on the Bank.

Annual improvement 2014-2016 cycle (issued in December 2016)

IFRS 1 First-time Adoption of International Financial Reporting Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018.

Impact

This ammendment does not have impact on the Bank, as the Bank is not a first time adopter of IFRS 9.

IAS 28 Investments in Associates and Joint Ventures.

The amendments clarifies that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

- The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

Impact

This ammendment does not have an impact on the Bank, because the Bank has no investment in an Associate or a Joint Venture.

2.2B New standards, interpretations and amendments issued and effective.

The accounting policies adopted in the preparation of the 2016 financial statements are consistent with those followed in the preparation of the Bank's 31 December 2017 financial statements. The new standards and improvement did not have any impact on the financial statements of the Bank.

The following new standards and amendments became effective as of 1 January 2017:

IAS 7 Disclosure Initiative – Amendments to IAS 7

In 2017, the Bank adopted the amendments to IAS 7 that were issued as a part of the IASB's Disclosure Initiative. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this requirement, an entity discloses the following changes in liabilities arising from financing activities:

- Changes from financing cash flows
- Changes arising from obtaining or losing control of subsidiaries or other businesses
- The effect of changes in foreign exchange rates
- Changes in fair values
- Other changes

The Bank disclosed information about its interest-bearing loans and borrowings that will affect financing cash flows. The amendments suggest that the disclosure requirement may be met by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it must provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

The Bank decided to provide information in a reconciliation format. The major changes in the Bank's liabilities arising from financing activities are due to financing cash flows. The Bank did not acquire any liabilities arising from financing activities during business combinations effected in the current period or comparative period.

Although, on initial application of the amendment, entities are not required to provide comparative information for the preceding period, the Bank decided to provide comparative financial information. See note 30 for disclosure.

Amendments to IAS 12- Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide guidance on the existence of deductible differences, which depend solely on a comparison of the carrying amount of the asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected recovery of the asset. The amendment also provide additional guidance on the methods used to calculate future taxable profit to establish whether the deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealized losses are not assessed separately for recognition. These are assessed on combined basis, unless a tax law restricts the use of losses to deduction against income of a specific type. The adoption of these amendments did not have any material impact on the Bank's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 requires an entity to disclose all significant judgements and estimates made in determining the nature of its interest in another entity or arrangement, and in determining the type of joint arrangement in which it has an interest.

The standard requires that an entity disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:

- That it has control of another entity
- That is has joint control of an arrangement or significant influence over another entity
- The type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle.
- The adoption of these ammendments did not have any material impact on the Bank's financial statements.

2.3 Foreign currency translation

(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") which is Naira.

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 using the closing rate as at the reporting date. Non- monetary items measured at historical cost denominated in a foreign currency are translated using 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 year-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 available-for sale, 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 available-for-sale financial assets, are included in other comprehensive income.

2.4 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities - which include derivative financial instruments - have to be recognised in the statement of financial position and measured in accordance with their assigned category.

(A) Initial recognition and measurement

Financial instruments at fair value through profit or loss are initially recognised at fair value while transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, are recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

(B) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost depending on their classification.

(C) Classification and related measurement

Management determines the classification of its financial instruments at initial recognition. Reclassification of financial assets are permitted in certain instances as discussed below.

(i) Financial assets

The Bank classifies its financial assets in terms of the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as fair value through profit or loss upon initial recognition (the so-called "fair value option"). At the reporting dates covered by these financial statements, financial assets at fair value through profit or loss comprise financial assets classified as held for trading only. Management did not apply the fair value option to any financial assets existing at these dates.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial instruments included in this category are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in 'Net gains / (losses) from financial instruments at fair value' in profit or loss. Interest income and dividend income on financial assets held for trading are included in 'Interest income' and 'Other operating income' respectively.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;
- those that the Bank upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. Interest income is included in 'Interest & similar income' in the profit or loss. Refer to accounting policy 2.11 for the impairment of financial assets.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity, other than:

- those that the Bank upon initial recognition designates as fair value through profit or loss;
- those that the Bank upon initial recognition designates as available-for-sale; or
- those that meet the definition of loans and receivables.

These financial assets are subsequently measured at amortised cost using the effective interest rate method. Interest income is included in 'Interest & similar income' in profit or loss. Refer to accounting policy **2.11** for the impairment of financial assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Available-for-sale financial assets are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in 'Interest and similar income', with dividend income included in 'Other operating income' When available-for-sale financial assets are sold or impaired, the cumulative gain or loss recognised in a separate reserve in equity are reclassified to profit or loss.

(ii) Financial liabilities

Financial liabilities are classified as at fair value through profit or loss (including financial liabilities held for trading and those designated at fair value through profit or loss) and financial liabilities at amortised cost. The Bank only has financial liabilities at amortised cost.

(a) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'Interest & similar expense' in the profit or loss.

(D) Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the fair value through profit or loss category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

(E) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

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

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the Statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.5 Determination of fair value

The Bank measures financial instruments such as investments in bonds, treasury bills and unquoted equities at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

(i) Diclosure for valuation method, significant estimates and assumptions are in Note 2.1.2

(ii) Fair value of financial instruments (including those carried at amortised cost) are in note 3.5(a)

(iii) Quantitative disclosures of fair value measurement hierachy are in note 3.5(b)

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

Or

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

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 of unobservable inputs.

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 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 directly or indirectly observable

For assets and liabilities that are recognised in the financial statements 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.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Bank, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or if there are few recent transactions.

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

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

2.8 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within Cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Bank reclassifies those securities in its statement of financial position to Financial assets held for trading pledged as collateral or to Financial investments available-for-sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within Cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the EIR. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within Financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income.

2.9 Collateral repossessed

The Bank's policy is to determine whether a repossessed asset is 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 that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy

2.10 Revenue recognition

Interest income and expense

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.
Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss,

interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. 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.

Dividend income

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

2.11 Impairment of financial assets

(i) Assets carried at amortised cost

The Bank assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;
- Downgrading below investment grade level;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- Observable data indicating that there is an measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets although the decrease cannot yet be identified with the individual financial assets in the portfolio, including: adverse changes in the payment status of borrowers in the portfolio; and national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for group of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for group of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Impairment charges on financial assets are included in profit or loss within 'Impairment charges '.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred.

Where an available- for-sale asset, which has been re-measured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the profit or loss, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

2.12 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 of disposal 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 of disposal or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.13 Statement of cash flows

The Statement of cash flows shows the changes in cash and cash equivalents arising during the year 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 cash flows from investing and financing activities are determined by using the direct method. The Bank's assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach). Interest and dividends received and interest paid are classified as operating cash flows, while dividends paid are included in financing activities.

2.14 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.

2.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are divided into finance leases and operating leases.

(a) The Bank is the lessee

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Leases of assets where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in 'Deposits from banks' or 'Deposits from customers' depending on the counter party. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

(b) The Bank is the lessor

(i) Operating lease

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

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

2.16 Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Bank are 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 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:

- Buildings: 50 years
- Leasehold improvements: The lower of useful life and lease period
- Office equipment: 5 years
- Furniture, fittings & equipment: 4 years
- Computer equipment: 3 years
- Motor vehicles: 4 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'Other operating expenses' in profit or loss.

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

2.17 Intangible assets

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

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

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

Direct computer software development 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.

2.18 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.

(a) 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.

(b) Deferred tax

Deferred 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 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 tax asset is realised or the deferred tax liability is settled.

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 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.

Tax assessments are recognized when assessed and agreed to by the Bank with the Tax authorities, or when appealed, upon receipt of the results of the appeal.

2.19 Employee benefits

Defined contribution scheme

For defined contribution plans, the Bank pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The Bank contributes 10% of basic salary, rent and transport allowances, with the employee contributing a further 8% under the provisions of the Pension Reform Act of 2014. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.20 Provisions

Provisions for 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.

2.21 Financial guarantee contracts

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, 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 best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the profit or loss in Credit loss expense. The premium received is recognised in the profit or loss in Net fees and commission income on a straight line basis over the life of the guarantee.

2.22 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction 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 year that are declared after the date of the Statement of financial position 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.

2.23 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.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the Executive Committee as its chief operating decision maker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Bank has three (2016: four) reportable segments, as follows:

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. This segment covers the Power and Infrastructure, Oil and Gas Upstream and downstream, Real Estate, Agro-Allied and other industries.

Investment banking

The Banks investment Banking segment is involved in the funding and management of the Banks securities, trading and investment decisions on asset management with a view of maximising the banks shareholders returns.

Public sector

Public sector was a segment as at 31 December 2016, but is no longer a segment in 2017. The Public sector offers a wide variety of services to governments of various levels including parastatals,ministries, departments and other agencies.

Refer to Note 5 for the segment report.

3. Financial Risk Management And Fair Value Measurement And Disclosure

3.1 Introduction and overview

IFRS 7 par 31: 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.

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.

Risk Management Governance Structure

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

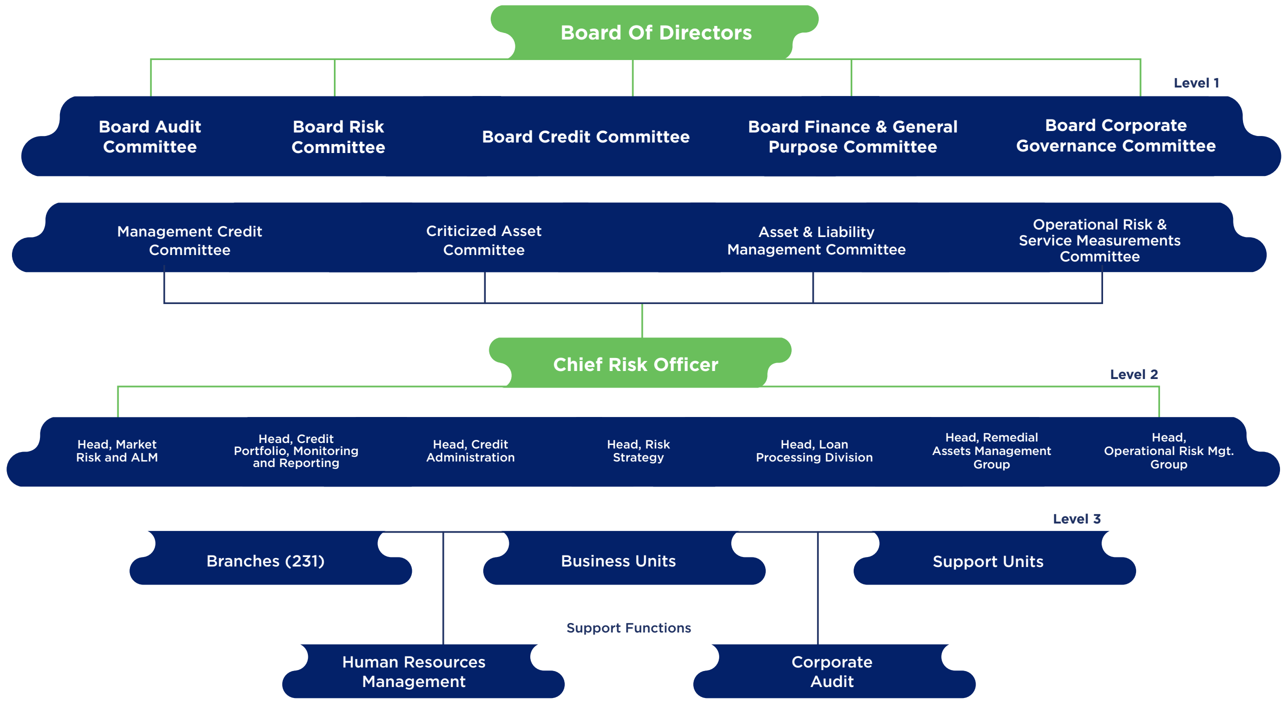
Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit Committee (BAC), Board Risk Committee (BRC), Board Credit Committee (BCC), Board Finance & General Purpose Committee (BFGPC), Board Corporate Governance Committee (BCGC) and Executive Committee (EXCO).

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

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

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

The Risk Management Organogram of the Bank is as follows:



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

The Bank's Enterprise Risk Mission is to proactively anticipate and stem enterprise-wide losses that may occur in the execution of its mission of making financial services easy and accessible.

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 its 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 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.

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 limits
Executive Directors	N50 million and below
Managing Director/CEO	Above N50 million but below N100 million
Management Credit Committee	Up to N100 million but below N500 million
Board Credit Committee	Up to 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" includes 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 and Reporting departments regularly undertake independent audit and credit quality reviews of credit portfolios held by business units.

3.2.2 Credit risk ratings

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

The Bank has its own in-house assessment methodologies and rating scale for evaluating the creditworthiness of its counter-parties. The Bank's programmed 9-grade rating model was developed in collaboration with Agusto & Company, a foremost rating agency in Nigeria, to enable comparison between the Bank's internal ratings and the common market practice, which ensures comparability between different portfolios of the Bank. We generally rate all the Bank's credit exposures individually. The rating scale and its mapping to the Standard and Poor's agency rating scale is as follows:

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

3.2.3 Credit Limits

Portfolio concentration limits are set by the 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.

3.2.4 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.

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

The Bank's maximum exposure to credit risk as at 31st December 2017 and 31st December 2016 is represented by the net carrying amounts of the financial assets set out below:

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	31 December 2017			
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	242,091	-	-	242,091
Due from banks	52,287	-	-	52,287
Loans and advances to customers	768,737	3,477,099	2,708,362	-
Investments:				-
• Held for trading(Fair value through profit or loss)	20,639	-	-	20,639
• Available for sale	70,441	-	-	70,441
• Held to maturity	108,784	-	-	108,784
Other assets	33,955	-	-	33,955
Financial guarantee contracts:				
Performance bonds and guarantees	231,014	-	-	231,014
Letters of credit	138,975	-	-	138,975
	1,666,923	**3,477,099**	**2,708,362**	**898,186**

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	31 December 2016			
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	172,200	-	-	172,200
Due from banks	49,200	-	-	49,200
Loans and advances to customers	718,401	3,270,056	2,551,655	-
Investments:				
• Held for trading (Fair value through profit or loss)	18,098	-	-	18,098
• Available for sale	82,569	-	-	82,569
• Held to maturity	138,134	-	-	138,134
Other assets	32,658	-	-	32,658
Financial guarantee contracts:				
Performance bonds and guarantees	169,337	-	-	169,337
Letters of credit	44,038	-	-	44,038
	1,424,635	**3,270,056**	**2,551,655**	**706,234**

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 2017, is set out below:

31 Dec 2017					
	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	**242,091**	**52,287**	**768,737**	**199,864**	**33,955**
Concentration by sector					
Agriculture	-	-	12,657	-	-
Oil and Gas	-	-	177,253	-	-
Consumer credit	-	-	44,751	-	-
Manufacturing	-	-	77,368	-	-
Mining and Quarrying	-	-	1,152	-	-
Real estate and construction	-	-	24,506	-	-
Construction	-	-	27,979	-	-
Finance and Insurance	242,091	52,287	3,915		33,955
Goverment	-	-	107,489	199,864	-
Power	-	-	102,727	-	-
Other public utilities	-	-	5,256	-	-
Transportation	-	-	72,301	-	-
Communication	-	-	37,874	-	-
Education	-	-	3,548	-	-
Other	-	-	69,959	-	-
Total gross amount	**242,091**	**52,287**	**768,737**	**199,864**	**33,955**
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	52,287	-	-	-
Nigeria:					
North East	-	-	9,094	-	-
North Central	242,091	-	71,471	-	-
North West	-	-	22,510	-	-
South East	-	-	38,332	-	-
South South	-	-	73,789	-	-
South West	-	-	553,541	199,864	33,995
Total gross amount	**242,091**	**52,287**	**768,737**	**199,864**	**33,995**

31 Dec 2016					
	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	**172,200**	**49,200**	**718,401**	**238,801**	**32,658**
Concentration by sector					
Agriculture	-	-	9,481	-	-
Oil and Gas	-	-	184,796	-	-
Consumer credit	-	-	56,064	-	-
Manufacturing	-	-	74,203	-	-
Mining and Quarrying	-	-	4	-	-
Real estate and construction	-	-	22,587	-	-
Construction	-	-	22,474	-	-
Finance and Insurance	172,200	49,200	6,198	238,801	32,658
Goverment	-	-	100,104	-	-
Power	-	-	87,058	-	-
Other public utilities	-	-	1	-	-
Transportation	-	-	64,868	-	-
Communication	-	-	42,125	-	-
Education	-	-	3,320	-	-
Other	-	-	45,120	-	-
Total gross amount	**172,200**	**49,200**	**718,401**	**238,801**	**32,658**
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	49,200	-	-	-
Nigeria:					
North East	-	-	9,405	-	-
North Central	172,200	-	70,207	-	-
North West	-	-	22,254	-	-
South East	-	-	36,732	-	-
South South	-	-	62,265	-	-
South West	-	-	517,537	238,801	32,658
Total gross amount	**172,200**	**49,200**	**718,401**	**238,801**	**32,658**

3.2.7 Credit quality

31 Dec 2017					
	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
Collective Impairment	242,091	52,287	751,983	199,864	33,955
Individual Impairment	-	-	43,332	-	-
Gross	**242,091**	**52,287**	**795,315**	**199,864**	**33,955**
Impairment allowance					
Collective Impairment			(10,501)	-	-
Individual impairment	-	-	(16,077)	-	-
Net	**242,091**	**52,287**	**768,737**	**199,864**	**33,955**

31 Dec 2016					
	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
Collective Impairment	172,200	49,200	709,876	238,801	32,658
Individual Impairment	-	-	33,244	-	-
Gross	**172,200**	**49,200**	**743,120**	**238,801**	**32,658**
Impairment allowance					
Collective Impairment			(9,692)	-	-
Individual impairment	-	-	(15,027)	-	-
Net	**172,200**	**49,200**	**718,401**	**238,801**	**32,658**

(a) Financial assets collectively impaired

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.

		To Customers					
	Due from Banks	**Overdrafts**	**Term loans**	**Finance lease**	**Others**	**Total loan**	**Other assets**
31 December 2017	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Grades:							
1. AAA to AA	52,287	164	-	251	-	415	-
2. A+ to A-	-	2,221	52,370	-	-	54,590	-
3. BBB+ to BB-	-	11,250	100,200	1,524	-	112,973	-
4. Below BB-	-	14,990	77,226	12,523	-	104,739	-
5. Unrated	-	18,052	459,678	1,536	-	479,266	33,955
	52,287	**46,676**	**689,474**	**15,833**	**-**	**751,983**	**33,955**
Collective Impairment	-	(4,360)	(5,941)	-200	-	-10,501	-
Net	**52,287**	**42,316**	**683,533**	**15,633**	**-**	**741,482**	**33,955**

31 December 2016		N'million	N'million	N'million	N'million	N'million	N'million
Grades:							
1. AAA to AA	49,200	378	6,512	271	-	7,161	-
2. A+ to A-	-	2,033	46,032	747	-	48,812	-
3. BBB+ to BB-	-	11,796	102,607	13,251	-	127,654	-
4. Below BB-	-	8,830	37,792	630	9	47,261	-
5. Unrated	-	24,422	445,857	7,387	1,322	478,988	32,658
	49,200	**47,459**	**638,800**	**22,286**	**1,331**	**709,876**	32,658
Collective Impairment	-	(1,339)	(7,910)	(443)	-	(9,692)	-
Net	**49,200**	**46,120**	**630,890**	**21,843**	**1,331**	**700,184**	**32,658**

(b) Financial assets individually impaired

	To customers			
	Overdrafts	**Term loans**	**Finance lease**	**Total**
31 December 2017	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	-	-	-	-
3. BBB+ to BB-	-	-	-	-
4. Below BB-	9,651	26,050	7,021	42,722
5. Unrated	610	-	-	610
	10,261	26,050	7,021	43,332
Individual impairment	(3,553)	(8,784)	(3,740)	(16,077)
Net amount	**6,708**	**17,266**	**3,281**	**27,255**

	To customers			
	Overdrafts	**Term loans**	**Finance lease**	**Total**
31 December 2016	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	123	-	-	123
3. BBB+ to BB-	-	736	-	736
4. Below BB-	13,454	7,878	5,506	26,838
5. Unrated	156	5,115	276	5,547
	13,733	13,729	5,782	33,244
Individual impairment	(4,822)	(7,497)	(2,708)	(15,027)
Net amount	**8,911**	**6,232**	**3,074**	**18,217**

The credit quality of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 December 2017 and 31 December 2016:

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Total**
31 December 2017	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	242,091	90,223	89,270	10,359	10,012	441,955
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	242,091	**90,223**	**89,270**	**10,359**	**10,012**	**441,955**

	Investments in Government Securities					
	Cash & cash equivalents	**Treasury bills**	**Federal Govt bonds**	**State bonds**	**Corporate bonds**	**Other Assets**
31 December 2016	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	172,200	126,823	79,771	13,299	18,908	411,001
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	172,200	**126,823**	**79,771**	**13,299**	**18,908**	**411,001**

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.

Key Collateral Management Policies

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

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

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

The Bank believes that the requirement for collateral is not a substitute for the ability to pay, which is a primary consideration in the Bank's lending decisions. Although the Bank will usually collaterise its credit exposure to a customer, such an obligor is expected to repay the loan in the ordinary course of its 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 inspection 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 following table indicates the Bank's credit exposures by class and value of collaterals:

	31 December 2017		31 December 2016	
	Exposure	**Collateral Value**	**Exposure**	**Collateral Value**
	N'million	N'million	N'million	N'million
Secured against real estate	503,293	2,905,383	337,214	2,520,484
Secured by shares of quoted companies	158,718	299,269	114	215
Secured by Others	133,304	272,447	405,374	749,357
Unsecured	-	-	418	-
Gross loans and advances to customers	**795,315**	**3,477,099**	**743,120**	**3,270,056**

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 it holds sufficient liquid reserves to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the bank to meet all payment obligations as they fall due. The Bank's liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile during the 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 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 the Bank's cash flows from transactions on the Bank's balance sheet, as well as liquidity risks resulting from off-balance sheet transactions. The Bank takes account of products that have no specific contractual maturities by extrapolating from their historical behaviour of their cash flows.

Asset Liquidity

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

Funding Diversification

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

Stress Testing

As a result of volatilities 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 2017	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	89,094	-	-	181,017	-	270,111
Due from banks	52,287	-	-	-	-	52,287
Loans and advances to customers	54,140	34,862	101,589	456,370	224,415	871,377
Investment securities						
- Held for trading	456	1,434	11,013	1,995	6,743	21,640
- Available for sale	2,901	11,542	30,706	11,847	16,236	73,232
- Held to maturity	4,088	14,000	30,397	39,617	26,001	114,104
Other assets	4,021	6,089	23,845	-	-	33,955
Total financial assets	**206,987**	**67,927**	**197,551**	**690,847**	**273,394**	**1,436,707**
Financial liabilities						
Customer deposits	186,804	175,392	71,541	375,693	-	809,430
Other liabilities	59,312	9,968	6,064	-	112,295	187,639
Provision	2,200	-	-	-	545	2,745
Debt issued and other borrowed funds	-	-	14,954	56,479	220,736	302,209
Total financial liabilities	**248,316**	**185,360**	**92,559**	**432,172**	**333,576**	**1,291,983**
Gap (assets-liabilities)	**(41,329)**	**(117,433)**	**104,992**	**258,675**	**(60,181)**	
Cumulative liquidity gap	**(41,329)**	**(158,762)**	**(53,770)**	**204,905**	**144,724**	
Financial guarantee contract:						
Performance bonds and guarantees	11,340	10,513	73,935	88,637	46,588.75	231,014
Letters of credit	21,617	23,721	93,637	-	-	138,975
Total	**32,958**	**34,234**	**167,572**	**88,637**	**46,589**	**369,989**

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2016	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	42,831	30,582	79,618	54,824	-	207,855
Due from banks	49,200	-	-	-	-	49,200
Loans and advances to customers	71,794	62,896	138,919	410,224	96,581	780,414
Investment securities						
- Held for trading	778	4,161	11,351	2,290	550	19,130
- Available for sale	0	9,890	61,805	8,699	8,647	89,041
- Held to maturity	4,909	14,516	53,704	49,091	25,543	147,763
Other assets	3,600	9,752	8,506	10,800	-	32,658
Total financial assets	**173,111**	**131,797**	**353,902**	**535,928**	**131,321**	**1,326,059**
Financial liabilities						
Customer deposits	160,398	114,525	298,165	228,678	-	801,767
Other liabilities	14,422	38,980	20,181	12,024	72,254	157,860
Provision	1,001	-	-	-	545	1,546
Debt issued and other borrowed funds	-	-	-	154,092	34,767	188,859
Total financial liabilities	**175,821**	**153,505**	**318,346**	**394,794**	**107,566**	**1,150,032**
Gap (assets-liabilities)	**(2,710)**	**(21,708)**	**35,556**	**141,134**	**23,755**	
Cumulative liquidity gap	**(2,710)**	**(24,418)**	**11,138**	**152,272**	**176,027**	
Financial guarantee contract:						
Performance bonds and guarantees	21,423	36,331	35,479	21,762	54,342	169,337
Letters of credit	20,128	17,368	6,543	-	-	44,039
Total	**41,551**	**53,699**	**42,022**	**21,762**	**54,342**	**213,376**

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 price.

3.4.1 Management of market risk

Essentially, the banking business in which the Bank is engaged is subject to the risk that financial market prices and rates will move and result in profits or losses for the Bank. 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 and ALM group manages the Bank's market risk in line with established risk limits, which are measured, monitored and reported on, periodically. Established risk limits, which are monitored on a daily basis by the Bank's Market Risk group, include intraday, daily devaluation for currency positions, net open position, dealers' deposit placement, stop loss, duration and management action trigger limits. Daily positions of the Bank's trading books are marked-to-market to enable the Bank obtain an accurate view of its trading portfolio exposures. Financial market prices used in the mark-to-market exercise are independently verified by the Market Risk Group with regular reports prepared at different levels to reflect volatility of the Bank's earnings.

3.4.2 Measurement of Market Risk

The Bank's major measurement technique used to measure and control market risk is outlined below.

Value at Risk (VaR)

VaR measures the worst expected loss in the fair value of a financial instrument over a defined period of time (horizon) under normal market conditions at a stated confidence level.

Delta Normal approach to VaR is adopted to measure the potential loss in financial instruments over a one business day horizon at 99% confidence level (1% probability) and a defeasance (holding) period of 10 business days. The 1% probability measure implies that the VaR amount may be exceeded three times in a year for 250 business days.

The risk factors used to calculate the VaR numbers are foreign exchange rate and interest rate and both impacted the positions held being very volatile during the year.

The VaR approach adopted were under assumptions of normally distributed returns and effect of correlations in calculating the potential losses.

However, the VaR figures may not accurately capture potential losses, to the extent that there are deviations from normal distribution and abnormally large number of extreme events. The table below shows the VaR of the trading position of the Bank.

	31 December 2017			31 December 2016		
	Average	**High**	**Low**	**Average**	**High**	**Low**
	N'000	N'000	N'000	N'000	N'000	N'000
Foreign exchange risk	471,926	1,011,389	170,786	2,845	28,706	242
Interest rate risk	825,830	4,366,093	247,749	15,064	271,155	5,321
Total VAR	**1,297,755**	**5,377,482**	**418,535**	**17,909**	**299,861**	**5,563**

3.4.3 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 as at 31 December 2017.

	31 December 2017				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	-	-	-	269,625	269,625
Due from banks	40,954	2,041	818	8,475	52,287
Loans and advances to customers	352,928	463	398	414,948	768,737
Investment securities:					
- Financial assets held for trading	-	-	-	20,639	20,639
- Available for sale	-	-	-	70,441	70,441
- Held to maturity	13,857	-	-	94,927	108,784
Other financial assets	1,784	0	-	32,171	33,955
	409,523	**2,503**	**1,216**	**911,226**	**1,324,468**
Financial liabilities					
Customer deposits	90,756	2,312	2,501	679,707	775,276
Other liabilities	66,837	543	3,608	119,424	183,200
Provision	-	-	-	2,745	2,745
Debt issued and other borrowed funds	179,515	**-**	**-**	29,878	209,393
	337,108	**2,855**	**6,109**	**831,754**	**1,170,614**

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	34,195	(1,674)	(5,117)
Closing Exchange Rate (Naira/Currency)	333.17	450.57	399.56
1% Currency Depreciation (+)	336.50	455.08	403.56
Net effect of depreciation on Profit or loss	342	(17)	(51)
1% Currency Appreciation (-)	329.84	446.06	395.56
Net effect of appreciation on Profit or loss	(342)	17	51

31 December 2016

	USD	GBP	Euro	Naira	Total
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	16,963	-	-	190,098	207,061
Due from banks	39,547	897	2,645	6,111	49,200
Loans and advances to customers	318,143	530	334	399,394	718,401
Investment securities:					
- Financial assets held for trading	-	-	-	18,098	18,098
- Available for sale	-	-	-	82,569	82,569
- Held to maturity	22,186	-	-	115,948	138,134
Other financial assets	-	-	-	32,658	32,658
	396,839	**1,427**	**2,979**	**856,064**	**1,246,122**
Financial liabilities					
Customer deposits	187,986	2,925	2,878	599,182	792,971
Other liabilities	-	-	-	157,860	157,860
Provision	-	-	-	1,546	1,546
Debt issued and other borrowed funds	130,159	-	-	28,876	159,035
	318,145	**2,925**	**2,878**	**787,464**	**1,111,412**

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	78,694	(1,498)	101
Closing Exchange Rate (Naira/Currency)	305.00	380.36	325.08
1% Currency Depreciation (+)	308.05	384.16	328.33
Net effect of depreciation on Profit or loss	787	(15)	1
1% Currency Appreciation (-)	301.95	376.56	321.83
Net effect of appreciation on Profit or loss	(787)	15	(1)

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

3.4.4 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 2017	**N'million**	**N'million**	**N'million**	**N'million**
Financial assets				
Cash and balances with Central Bank of Nigeria	270,111	-	-	270,111
Due from banks	52,287	-	8,483	43,804
Loans and advances to customers	768,737	284,810	483,927	-
Investment securities				
- Financial assets held for trading	20,639	-	20,639	-
- Available for sale	70,441	-	64,425	6,016
- Held to maturity	108,784	-	108,784	-
Other financial assets	33,955	-	-	33,955
	1,324,954	**284,810**	**686,258**	**353,886**
Financial liabilities				
Customer deposits	775,276	-	356,804	418,472
Other liabilities	187,638	-	112,294	75,344
Provision	2,745	-	-	2,745
Debts issued and other borrowed funds	209,393	31,689	177,704	-
	1,175,052	**31,689**	**646,802**	**496,561**

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2016	**N'million**	**N'million**	**N'million**	**N'million**
Financial assets				
Cash and balances with Central Bank of Nigeria	207,061	-	-	207,061
Due from banks	49,200	-	49,200	-
Loans and advances to customers	718,401	292,395	426,006	-
Investment securities				
- Financial assets held for trading	18,098	-	18,098	-
- Available for sale	82,569	-	82,569	-
- Held to maturity	138,134	-	138,134	-
Other financial assets	32,658	-	-	32,658
	1,246,121	**292,395**	**714,007**	**239,719**
Financial liabilities				
Customer deposits	792,971	-	523,476	269,495
Other liabilities	157,860	-	99,703	58,157
Provision	1,546	-	-	1,546
Debts issued and other borrowed funds	159,035	38,753	120,282	-
	1,111,412	**38,753**	**743,461**	**329,198**

Interest Rate Sensitivity

Total Interest Repricing Gap

The repricing gap details each time the interest rates are expected to change.
- For a fixed rate instrument its on maturity.
- For variable rates linked to prime, its the date prime is next expected to change unless the instrument is expected to mature sooner.
- For non-interest bearing items it is not included in the table.

31 December 2017	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	52,287	-	-	-	-	52,287
Loans and advances to customers	30,679	34,862	101,589	380,309	221,298	768,737
Investment securities						
- Available for sale	2,901	17,253	27,915	11,847	10,525	70,441
- Held to maturity	1,531	14,000	27,634	39,617	26,001	108,784
Total assets	**87,399**	**66,116**	**157,138**	**431,773**	**257,824**	**1,000,249**
Financial liabilities						
Customer deposits	553,320	105,054	25,593	91,309	-	775,276
Debt issued and other borrowed funds	-	-	14,954	56,479	137,960	213,233
Total liabilities	**553,320**	**105,054**	**40,547**	**147,788**	**137,960**	**988,509**
Net financial assets and liabilities	**(465,922)**	**(38,938)**	**116,591**	**283,985**	**119,864**	**11,740**
Net financial assets and liabilities excluding Available for sale	**(468,823)**	**(56,192)**	**88,676**	**272,138**	**109,339**	**(58,701)**

31 December 2016	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	49,200	-	-	-	-	49,200
Loans and advances to customers	110,330	11,823	127,128	371,133	97,987	718,401
Investment securities						
- Available for sale	10,027	12,505	53,105	4,643	2,290	82,570
- Held to maturity	19,196	42,678	7,128	39,417	29,715	138,134
Total assets	**188,753**	**67,006**	**187,360**	**415,193**	**129,992**	**988,305**
Financial liabilities						
Customer deposits	498,655	35,117	17,173	242,027	-	792,971
Debt issued and other borrowed funds	-	-	-	124,298	34,737	159,035
Total liabilities	**498,655**	**35,117**	**17,173**	**366,325**	**34,737**	**952,006**
Net financial assets and liabilities	**(309,902)**	**31,889**	**170,187**	**48,868**	**95,255**	**36,299**
Net financial assets and liabilities excluding Available for sale	**(319,929)**	**19,384**	**117,083**	**44,225**	**92,966**	**(46,271)**

Interest rate sensitivity analysis on variable rates instruments on profit and equity - 31 Dec 2017

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit
		N'million	N'million	N'million
Loans and advances to customers Investment securities	+200bp/-200bp	284,810	5,696	(5,696)
Debts issued and other borrowed funds	+200bp/-200bp	31,689	(634)	634

Interest rate sensitivity analysis on variable rates instruments on profit and equity - 31 Dec 2016

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million
Loans and advances to customers	+200bp/-200bp	292,395	5,848	(5,848)
Debts issued and other borrowed funds	+200bp/-200bp	38,753	(775)	775

3.4.5 Equity Price Risk

The Bank holds a number of investments in unquoted securities some of which are carried at fair value with a market value of N5.125 billion (31 December 2016: N4.846 billion). The significant investment which is carried at fair value is MTN Nigeria Communications Limited (MTN Nigeria) at N3.747billion (cost N4.221 billion).

MTN Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform.

3.5 Fair Value Of Financial Assets And Liabilities

	31 December 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	N'million	N'million	N'million	N'million
Loans and advances to customers	**712,284**	**703,763**	**658,066**	**636,275**
- Term loans	689,817	682,100	633,034	611,288
Advances under finance lease	22,467	21,663	25,032	24,987
Other loans	-	-	1,349	1,321
Held for trading	**20,639**	**20,639**	**18,098**	**18,098**
- Treasury bills	18,337	18,337	17,801	17,801
- Federal Government bonds	2,302	2,302	297	297
Available for sale	**75,566**	**75,566**	**87,415**	**87,415**
- Treasury bills	39,570	39,570	74,599	74,599
- Federal Government bonds	23,538	23,538	29	29
- State Government bonds	7,333	7,333	**7,941**	7,941
- Equity investments	5,125	5,125	4,846	4,846
Held to maturity investment	**108,784**	**112,461**	**138,134**	**136,370**
- Treasury bills	32,316	32,708	34,423	34,467
- Federal Government bonds	63,430	66,828	79,445	78,011
- State Government bonds	3,026	3,017	5,358	5,353
- Corporate Bonds	10,012	9,908	18,908	18,539
Financial liabilities				
Deposit from customers	**267,313**	**235,673**	**792,971**	**641,424**
Term	171,744	153,871	168,599	142,845
Domiciliary	95,569	81,802	138,670	122,877
Debts issued and other borrowed funds	**213,233**	**212,132**	**159,035**	**144,665**

(b) 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 2017	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				
- Treasury bills	-	18,337	-	18,337
- Federal Government bonds	-	2,302	-	2,302
- State Government bonds	-	-	-	-
				-
Available for sale				-
- Treasury bills	-	39,570	-	39,570
- Federal Government bonds	-	23,538	-	23,538
- State Government bonds	-	7,333	-	7,333
- Equity investments	-	-	5,125	5,125
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-		682,100	682,100
- Advances under finance lease	-		21,663	21,663
Held to maturity investment				
- Treasury bills	-	32,708	-	32,708
- Federal Government bonds	-	66,828	-	66,828
- State Government bonds	-	3,017	-	3,017
- Corporate bonds	-	9,908	-	9,908

	Level 1	Level 2	Level 3	Total
Financial liabilities	N'million	N'million	N'million	N'million
Liabilities for which fair value are disclosed				
Borrowings				
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	-	212,132	-	212,132

31 December 2016	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	-	17,801	-	17,801
- Corporate bonds	-	297	-	297
Available for sale				
- Treasury bills	-	74,599	-	74,599
- Federal Government bonds	-	29	-	29
- State Government bonds	-	7,941	-	7,941
- Equity investments	-	-	4,846	4,846
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
- Term loans	-	611,288	-	611,288
- Advances under finance lease	-	24,987	-	24,987
- Other loans	-	1,321	-	1,321
Held to maturity investment				
- Treasury bills	-	34,467	-	34,467
- Federal Government bonds	-	78,011	-	78,011
- State Government bonds	-	5,353	-	5,353
- Corporate bonds	-	18,539	-	18,539

Liabilities for which fair value are disclosed				
Financial Liabilities	Level 1	Level 2	Level 3	Total
Borrowings	N'million	N'million	N'million	N'million
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	**-**	**144,665**	**-**	**144,665**

Reconciliation of Level 3 items	
	Unlisted equity securities N'million
At 1 January 2017	**4,846**
Total gains	279
At 31 December 2017	**5,125**

Total gains or losses for the year is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 31 December 2017.

	Unlisted equity securities N'million
At 1 January 2016	**6,480**
Total gains	(1,634)
At 31 December 2016	**4,846**

Total gains or losses for the year is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 31 December 2017.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2017 and 2016 are as shown below:

AFS financial assets in unquoted equity shares	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Financial services sector	Market / Guideline Company Approach, using P/E multiple derived from selected comparable companies	Earnings of selected comparable companies, minority and liquidity discount.	Weight of 0-1 in arriving at average P/E multiples from selected comparable companies.	5% (2016: 5%) increase (decrease) in the earnings would result in an increase (decrease) in fair value by N85 million (2016: N85 million)
Telecommunications sector	Market approach-Reference to recent market transaction	The price per unit of the shares in the recent transaction	N/A	5% (2016: 5%) increase (decrease) in the price would result in an increase (decrease) in fair value by N175 million (2016: N239 million)

(c) Fair Valuation Methods And Assumptions

(i) Cash And Balances With Central Banks

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

(ii) Due From Other Banks

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

(iii) Treasury Bills And Bonds

Treasury bills represent short term instruments issued by the Central Banks of the jurisdiction where the Bank operates. The fair value of treasury bills are derived from the quoted yields,while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions was marked-to-model at 31 December 2015 and 2016 based on yields for identical assets.

(iv) Equity Securities

The fair value of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for identical instruments. The fair value of unquoted equity securities are determined based on the level of information available. The investment in AFC and similar smaller holdings in various unquoted entities is carried at cost. The investment in MTN Nigeria was valued by reference to recent market transaction price (unadjusted). The investment in Unified Payment Systems Limited (formerly Valuecard Nigeria) is fair valued using the P/E multiple.

(v) 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.

(vi) Overdraft

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

(vii) 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.

(viii) 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.

(ix) Other Liabilities

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

(x) Debt issued and other borrowed funds

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

The own non-performance risk as at 31 December 2017 was assessed to be insignificant.

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.

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 has adopted the Risk and Control Self-Assessment approach for the identification of key risk events within the respective business units. Senior Management and business experts are required to participate in the self-assessment of key operational risks and controls. Required actions to mitigate identified risks are implemented accordingly.

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 KRI database integrates with the Loss Data Collection and Risk & Control Self Assessment models and systems to provide red flags that typically inform initiatives for risk response actions in the Bank.

Business Continuity Management (BCM)

The Bank recognises that adverse incidences such as technology failure, natural and man-made disasters could occur and may affect the Bank's critical resources leading to significant business disruption. To manage this risk, our BCM plans assist us 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.

Information Security Standards Certification

The Bank operates a system for implementing the process of achieving and maintaining compliance with internationally recognized standards for information security management including but not limited to ISO 27001 international standard for Information Security Management and Payment Card Industry Data Security Standard (PCI DSS).

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 operates;

(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 10% for a National Bank.

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all banks and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria.The capital adequacy ratio for the period ended 31 December 2017 and the comparative period 31 December 2016 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II Accord (Interenal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian enviroment.

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

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

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

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

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

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

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

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2017 and as at 31 December 2016. During those two periods, the individual entities within the Bank and the Bank as an entity complied with all of the externally imposed capital requirements to which they are subject to.

	31 December 2017	31 December 2016
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings (less proposed dividend)	22,140	25,918
Statutory reserve	27,305	24,476
Small scale investment reserve	764	764
Tier 1 Deductions - Intangible Assets	-629	-795
Total qualifying Tier 1 capital	165,333	166,116
Excess exposure over single obligor without CBN approval	**(15,224)**	**(19,020)**
Adjusted qualifying Tier 1 capital	150,109	147,096
Tier 2 capital		
Eurobond issue (Discounted to 20%)	-	18,555
Local Bond (Discounted to 80%)	23,902	29,042
Revaluation Reserve	-	-
Available-for-sale (AFS) reserve	5,330	2,220
Total Tier 2 capital	**29,232**	**49,817**
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital	29,232	48,983
Total Tier 1 & Tier 2 Capital	179,341	196,079
Risk-weighted assets:		
Credit Risk Weighted Assets	869,324	914,809
Market Risk Weighted Assets	77,786	62,506
Operational Risk Weighted Assets	171,676	160,943
Total risk-weighted assets	**1,118,786**	**1,138,258**
Capital Adequacy Ratio (CAR)	**16.03%**	**17.23%**
Minimum Capital Adequacy Ratio	**15.00%**	**15.00%**

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 2017, 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.

The public sector segment of the Bank was shut down during the year due to the Treasury Single Account (TSA) directive from the Federal Government of Nigeria in 2016, that all Ministries, Departments and Agencies (MDAs) start paying all government revenues, incomes and other receipts into a unified pool of single account with the Central Bank of Nigeria (CBN). Bank where directed to return all MDAs funds to the CBN, hence the Asset and liabilities from the public sector segment shrunk significantly, staff and other resources in the segment where re-assigned to the retail banking segment. Management ceases to have a public sector segment for decision making purposes.

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

Segment result of operations - IFRS 8.23

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2017 is as follows:

	Retail banking	Corporate banking	Investment banking	Public sector	Combined
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2017					
Revenue derived from external customers	75,320	66,093	38,483	-	179,896
Revenues from other segments				-	-
Total	**75,320**	66,093	38,483	**-**	179,896
Interest income	53,499	60,623	36,621	-	150,742
Interest expense	**(18,483)**	**(42,802)**	**(17,993)**	**-**	**(79,278)**
Profit before tax	14,192	2,569	3,541	-	20,302
Income tax expense	(781)	(484)	(179)	-	(1,445)
Profit for the year	13,411	2,084	3,362	**-**	18,858
At 31 December 2017					
Total segment assets	673,514	447,675	**258,025**	-	1,379,214
Total segment liabilities	869,209	97,297	209,393	-	1,175,899
Other segment information					
Depreciation/Amortization	**(3,877)**	**(91)**	**(405)**	**-**	**(4,373)**

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2016 is as follows:

	Retail banking	Corporate banking	Investment banking	Public sector	Combined
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2016					
Revenue derived from external customers	64,998	51,111	35,029	883	152,021
Revenues from other segments	-	-	-	-	-
Total	**65,062**	**51,111**	**35,029**	**819**	**152,021**
Interest income	35,129	47,234	39,913	877	123,153
Interest expense	**(22,193)**	**(5,214)**	**(33,668)**	**(150)**	**(61,225)**
Profit before tax	2,730	6,812	1,260	259	11,061
Income tax expense	(328)	(790)	(151)	(58)	(1,327)
Profit for the year	**2,402**	**6,022**	**1,109**	**201**	**9,734**
At 31 December 2017					
Total segment assets	**703,531**	**281,984**	**311,387**	**1,238**	**1,298,141**
Total segment liabilities	**578,637**	**247,893**	**284,982**	**1,227**	**1,112,739**
Other segment information					
Depreciation/Amortization	**(2,821)**	**(1,187)**	**(287)**	**(13)**	**(4,308)**

6. Interest And Similar Income

	2017	2016
	N'million	N'million
Loans and advances to customers (see note 6.1)	109,388	88,065
Treasury bills and other investment securities:		
- Held for trading	3,323	2,685
- Available for sale	17,066	12,014
- Held to maturity	16,107	15,537
Advances under finance lease	4,703	4,650
Placements and short term funds	155	202
	150,742	**123,153**

6.1 Interest And Similar Income On Loans And Advances To Customers

Interest income on loans and advances to customers of N108.59 billion (2016: N88.06 billion) includes interest income on impaired financial assets of N1.05 billion (2016: N2.1 billion), recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

7. Interest And Similar Expense

	2017	2016
	N'million	N'million
Term deposits	52,230	38,491
Debt issued and other borrowed funds	16,819	15,262
Savings deposits	5,688	5,297
Current Accounts	3,368	1,687
Inter-bank takings	1,173	488
	79,278	**61,225**

8. Impairment Charge

	2017	2016
	N'million	N'million
Impairment reversal/(charge) on loans and advances (Note 21):		
• Overdrafts	(9,689)	1,148
• Term loans	(700)	(7,175)
• Finance leases	(924)	(1,321)
• Others	16	12
Impairment charge on other assets (Note 26)	(18)	(469)
Write off on Overdraft during the year	-	(866)
	(11,315)	**(8,671)**

9. Net Fee And Commission Income

	2017	2016
	N'million	N'million
ATM charges	3,474	2,588
Accounts Maintenance Charge	2,602	1,737
Commission on travelers cheques and foreign bills	1,919	1,662
Commission on E-banking activities	1,764	6,661
Commission on Fidelity Connect	1,524	1,441
Letters of credit commissions and fees	1,451	852
Other fees and commissions	987	1,124
Commission and fees on banking services	706	924
Commission and fees on NXP	633	560
Credit related fees	753	987
Commissions on off balance sheet transactions	839	623
Collection fees	748	590
Telex fees	546	384
Cheque issue fees	194	204
Remittance fees	89	220
Total fees and commissions income	**18,229**	**20,557**
Fee and Commission Expense	(3,674)	(3,238)
Net fee and commission income	**14,555**	**17,319**

10. Other Operating Income

	2017	2016
	N'million	N'million
Net foreign exchange gains	9,490	7,772
Dividend income	891	68
Profit on disposal of property, plant and equipment	83	-
Profit on disposal of unquoted securities	-	2
Other income	461	469
	10,925	**8,311**

11. Net Losses From Financial Instruments Classified As Held For Trading

	2017	2016
	N'million	N'million
Net gains/losses arising from:		
Bonds	425	47
Treasury bills	(77)	(672)
	348	**(625)**

12. Personnel Expenses

	2017	2016
	N'million	N'million
Wages and salaries	21,817	19,125
End of the year bonus (see note 29)	2,200	1,001
Pension costs		
• Staff Retirement benefit plan	-	1,534
• Staff Gratuity Plan	-	5,010
• Pension contribution	518	561
	24,535	**27,231**

13. Depreciation and Amortisation

	2017	2016
	N'million	N'million
Property, plant and equipment (Note 23)	3,838	4,015
Intangible-computer software (Note 24)	535	293
	4,373	**4,308**

14. Other Operating Expenses

	2017	2016
	N'million	N'million
Marketing, communication & entertainment	8,173	9,579
Banking sector resolution cost	6,502	6,159
Deposit insurance premium	3,627	3,220
Outsourced cost	3,522	3,428
Repairs and maintenance	2,583	2,563
Computer expenses	2,407	1,565
Security expenses	1,256	1,345
Rent and rates	861	285
Consultancy expenses	695	577
Traveling and accommodation	695	621
Cash movement expenses	711	601
Electricity	440	399
Office expenses	390	382
Insurance expenses	396	348
Corporate finance expenses	474	402
Stationery expenses	269	256
Directors' emoluments	370	249
Training expenses	221	407
Auditors' remuneration	200	150
Legal expenses	202	253
Bank charges	188	308
Telephone expenses	108	307
Postage and courier expenses	78	97
Litigations and claims	-	185
Loss on disposal of property, plant and equipments	-	64
Other expenses	2,399	1,912
	36,767	**35,662**

14.1

Included in consultancy fees are services rendered during the year by Auditors:	$	N'000
Issuance of Comfort letter in respect of Eurobond*	110,000	36,648
Enterprise Architecture review		11,779
TOGAF certification exam		1,782
Nigeria Deposit Insurance Certification		6,000
	110,000	56,209

** The amount of $110,000 being fees for issuance of confort letter in respect of the Eurobond issued during the year, has been converted to naira for reporting purposes.*

15. Taxation

(a) Current taxes on income for the reporting period	2017	2016
	N'million	N'million
Current taxes on income for the reporting period	1,242	1,216
Technology levy	203	111
Current income tax expense	**1,445**	**1,327**
Deferred tax expense	-	-
Income tax expense	**1,445**	**1,327**

(b) Total Income Tax Expense In Profit Or Loss	2017	2016
	N'million	N'million
Profit before income tax	20,302	11,061
Income tax using the domestic corporation tax rate of 30%	**6,091**	**3,318**
Non-deductible expenses	1,250	385
Tax exempt income	(7,341)	(3,703)
Income Tax expense based on minimum tax (note 15d)	1,242	1,216
Technology levy (note 15e)	203	111
	1,445	**1,327**
The effective income tax rate is 7% for 31 December 2017 (2016:12%)		

(c) The Movement In The Current Income Tax Liability Is As Follows:	2017	2016
	N'million	N'million
At 1 January	1,327	2,332
Income Tax paid	(996)	(2,332)
WHT recovered	(331)	-
Current Income tax expense	1,445	1,327
At 31 December	**1,445**	**1,327**

(d) Reconciliation Of Effective Tax Rate

The basis of income tax is based on minimum tax assessment as there is no taxable profit to charge tax. (2016: The basis of income tax is minimum tax assessment).

(e) 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 year.

16. Net Reclassification Adjustments For Realised Net (Gains)/ Losses

The net reclassification adjustments for realised net (gains)/ losses from other comprehensive income to profit or loss are in respect of available for sale financial assets which were sold during the year.

17. Earnings Per Share (EPS)

Basic and Diluted

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

	2017	2016
	N'million	N'million
Profit attributable to equity holders of the Bank	18,857	9,734
	million	million
Weighted average number of ordinary shares in issue	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	**65**	**34**

18. Cash And Balances With Central Bank

	2017	2016
	N'million	N'million
Cash	27,534	34,861
Balances with Central Bank other than mandatory reserve deposits	61,074	1,954
Included in cash and cash equivalents *(Note 19)*	**88,608**	**36,815**
Mandatory reserve deposits with Central Bank *(See note 18.1 below)*	150,789	140,018
Special cash reserve *(see note 18.2 below)*	30,228	30,228
Carrying amount	**269,625**	**207,061**

18.1 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.

18.2 Special cash reserve represents a 5% special intervention reserve held with Central Bank of Nigeria as a regulatory requirement.

19. 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 other banks and other short-term highly liquid investments with original maturities of less than three months.

	2017	2016
	N'million	N'million
Cash and balances with Central Bank (Note 18)	88,608	36,815
Due from banks	52,287	49,200
Total cash and cash equivalents	**140,895**	**86,015**

20. Due From Banks

	2017	2016
	N'million	N'million
Current accounts with foreign banks	43,812	36,189
Placements with other banks and discount houses	8,475	13,011
Carrying amount	**52,287**	**49,200**

21. Loans And Advances To Customers

	Gross amount	Individual impairment	Collective impairment	Total impairment	Carrying amount
	N'million	N'million	N'million	N'million	N'million
31 December 2017					
Overdrafts	64,964	(3,550)	(4,961)	(8,511)	56,453
Term loans	704,024	(8,776)	(5,431)	(14,207)	689,817
Advances under finance lease	26,327	(3,751)	(109)	(3,860)	22,467
	795,315	**(16,077)**	**(10,501)**	**(26,578)**	**768,737**
31 December 2016					
Overdrafts	67,246	(4,822)	(3,438)	(8,260)	58,986
Term loans	646,541	(7,497)	(6,010)	(13,507)	633,034
Advances under finance lease	27,968	(2,708)	(228)	(2,936)	25,032
Other loans	1,365	-	(16)	(16)	1,349
	743,120	**(15,027)**	**(9,692)**	**(24,719)**	**718,401**

21.1 Reconciliation Of Impairment Allowance On Loans And Advances To Customers:

	Overdrafts	Term loans	Finance lease	Others	Total
	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2017					
Individual impairment	4,822	7,497	2,708	-	15,027
Collective impairment	3,438	6,010	228	16	9,692
	8,260	**13,507**	**2,936**	**16**	**24,719**
Impairment charge/(reversal) for the year					
Individual impairment	3,071	1,279	1,043	-	5,393
Collective impairment	6,559	(638)	(119)	16	5,786
Total charge to profit or loss	**9,630**	**641**	**924**	**16**	**11,179**
Write off during the year					
Individual impairment	(4,343)		-	-	(4,343)
Collective impairment	(4,977)	-	-	-	(4,977)
	(9,320)	**-**	**-**	**-**	**(9,320)**
Individual impairment	3,550	8,776	3,751	-	16,077
Collective impairment	4,961	5,431	109	-	10,501
Balance at 31 December 2017	**8,511**	**14,207**	**3,860**	**-**	**26,578**

	Overdrafts	Term loans	Finance lease	Others	Total
	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2016					
Individual impairment	8,835	3,493	1,112	-	13,440
Collective impairment	3,966	2,839	503	28	7,336
	12,801	**6,332**	**1,615**	**28**	**20,776**
Impairment charge/(reversal) for the year					
Individual impairment	(620)	4,004	1,596	-	4,980
Collective impairment	(528)	3,171	(275)	(12)	2,356
Total charge to profit or loss	**(1,148)**	**7,175**	**1,321**	**(12)**	**7,336**
Write off during the year					
Individual impairment	(3,393)	-	-	-	(3,393)
Collective impairment	-	-	-	-	-
	(3,393)	**-**	**-**	**-**	**(3,393)**
Individual impairment	4,822	7,497	2,708	-	15,027
Collective impairment	3,438	6,010	228	16	9,692
Balance at 31 December 2016	**8,260**	**13,507**	**2,936**	**16**	**24,719**

21.2 Advances Under Finance Lease May Be Analysed As Follows:

	2017	2016
Gross investment	N'million	N'million
• No later than 1 year	3,219	2,910
• Later than 1 year and no later than 5 years	21,713	22,567
• Later than 5 years	1,770	3,988
	26,702	29,465
Unearned future finance income on finance leases	-375	(1,497)
Net investment	26,327	**27,968**
The net investment may be analysed as follows:		
• No later than 1 year	3,115	3,256
• Later than 1 year and no later than 5 years	21,529	22,190
• Later than 5 years	1,684	2,522
	26,327	**27,968**

21.3 Nature Of Security In Respect Of Loans And Advances:

	2017	2016
	N'million	N'million
Secured against real estate	503,293	337,214
Secured by shares of quoted companies	158,718	114
Secured Others	111,791	382,479
Advances under finance lease	21,513	22,895
Unsecured	-	418
Gross loans and advances to customers	**795,315**	**743,120**

22. Investments

22.1

	2017	2016
	N'million	N'million
Debt and equity securities		
Fair value through profit and loss		
Federal Government bonds	2,302	297
Treasury bills	18,337	17,801
	20,639	**18,098**

22.2

	2017	2016
	N'million	N'million
Available for sale		
Treasury bills	39,570	74,599
Federal Government bonds	23,538	29
State bonds	7,333	7,941
Unquoted equity investments at cost (see note 22.2a)	1,646	1,579
Unquoted equity investments at fair value	5,125	4,846
	77,211	**88,994**
Impairment on unquoted equity investment at cost	**(396)**	**(408)**
	76,815	**88,586**

Reconciliation Of Allowance For Impairment

At beginning of year	408	408
Write offs during the year	(12)	-
At the end of the year	396	408

22.2a Unquoted Equity Investments At Cost

These are investments in AFC (African Finance Corporation) and other small scale enterprises which are carried at cost because their fair value cannot be reliably measured. The carrying cost of investments in AFC is N763 million (31 December 2016: N763 million). The fair value of these investments cannot be reliably benchmarked because there is no active market. The Bank does not intend to dispose the investment.

22.3

	2017	2016
	N'million	N'million
Held to maturity		
Treasury bills	32,316	34,423
Federal Government bonds	63,430	79,445
State Government bonds	3,026	5,358
Corporate bonds	10,012	18,908
	108,784	**138,134**
Total investments	**206,238**	**244,818**

22.4 Pledged assets

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, Bonds and cash balance in its capacity as collection bank for government taxes and Interswitch electronic card transactions. The Bank also pledged Federal Government bonds and Corporate bonds denominated in foreign currency to Renaissance Capital in respect of its short term borrowings.

The nature and carrying amounts of the assets pledged as collaterals are as follows:

	2017	2016
	N'million	N'million
Treasury bills- Held To Maturity	13,374	18,502
Corporate Bonds- Held to maturity	10,012	-
Federal Government bonds- Held to maturity	22,477	9,859

23. Property, Plant And Equipment

Property, plant and equipment	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2017	**14,253**	**15,720**	**7,459**	**7,934**	**2,076**	**12,500**	**6,072**	**3,041**	**69,055**
Additions	177	-	214	478	58	475	414	241	2,057
Reclassifications	636	410	-	-	-	-	-	(1,046)	-
Disposals	-	(2)	(4)	(116)	(6)	(4)	(572)	-	(704)
At 31 December 2017	**15,066**	**16,128**	**7,669**	**8,296**	**2,128**	**12,971**	**5,914**	**2,236**	**70,408**
Accumulated depreciation									
At 1 January 2017	-	**(2,119)**	**(4,671)**	**(6,525)**	**(1,739)**	**(8,799)**	**(4,846)**	-	**(28,699)**
Charge for the year	-	(317)	(220)	(564)	(122)	(1,993)	(622)	-	(3,838
Disposals	-	-	-	113	6	4	510	-	633
At 31 December 2017	-	**(2,436)**	**(4,891)**	**(6,976)**	**(1,855)**	**(10,788)**	**(4,958)**	-	**(31,904)**
Carrying amount at 31 December 2017	**15,066**	**13,692**	**2,778**	**1,320**	**273**	**2,183**	**956**	**2,236**	**38,504**
Cost									
At 1 January 2016	**13,643**	**15,016**	**5,918**	**7,252**	**1,995**	**11,319**	**6,004**	**3,890**	**65,037**
Additions	293	-	1,222	762	123	1,070	421	611	4,502
Reclassifications	321	704	319	-	-	116	-	(1,460)	-
Disposals	(4)	-	-	(80)	(42)	(5)	(353)	-	(484)
At 31 December 2016	**14,253**	**15,720**	**7,459**	**7,934**	**2,076**	**12,500**	**6,072**	**3,041**	**69,055**
Accumulated depreciation									
At 1 January 2016	-	**(1,740)**	**(3,882)**	**(5,993)**	**(1,646)**	**(7,460)**	**(4,331)**	-	**(25,052)**
Charge for the year	-	(379)	(789)	(661)	(132)	(1,344)	(760)	-	(4,015)
Disposals	-	-	-	79	39	5	245	-	368
At 31 December 2016	-	**(2,119)**	**(4,671)**	**(6,525)**	**(1,739)**	**(8,799)**	**(4,846)**	-	**(28,699)**
Carrying amount at 31 December 2016	**14,253**	**13,601**	**2,788**	**1,409**	**337**	**3,701**	**1,226**	**3,041**	**40,356**

Work in progress relates to capital cost incured in settling up new branches. When completed and available for use, they are transfered to the respective property, plant and equipment classes and depreciation commences.

24. Intangible Assets

	2017	2016
	N'million	N'million
Cost		
Balance at beginning of year	2,992	2,849
Additions	369	143
Balance at end of year	**3,361**	**2,992**
Accumulated amortization		
Balance at beginning of year	2,197	1,904
Amortisation for the year	535	293
Balance at end of year	2,732	2,197
Carrying amount	**629**	**795**

These relate to purchased software.
The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N535 million (2016: N293 million).

25. 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 an effective tax rate of 30 % (2016: 30 %).

Deferred tax assets and liabilities are attributable to the following items:

25.1 Deferred tax liabilities

	2017	2016
	N'million	N'million
Accelerated tax depreciation	(3,243)	(3,102)
	(3,243)	(3,102)
Deferred tax assets		
Unutilised capitalised allowance	6,887	5,552
Allowances for loan losses	3,150	2,907
Pension and other post-retirement benefits	-	1,541
Tax loss carried forward	21,583	16,686
	31,620	**26,686**
Unrecognised deferred tax asset	**(28,377)**	**(23,584)**
Net	-	-

25.2 Movements In Temporary Differences During The Year:

Movements in temporary differences during the year:	1 Jan 2017	Recognised in P&L	Recognised in OCI	31 Dec 2017
Accelerated tax depreciation	(3,102)	-141	-	-3,243
Unutilised capitalised allowance	5,552	1,335	-	6,887
Allowances for loan losses	2,907	243	-	3,150
Tax loss carry forward	16,686	4,897	-	21,583
Employee benefits	1,541	(1,541)	-	-
Unrecognised Deferred tax asset	(23,584)	(4,793)	-	(28,377)
	-	**-**	**-**	-

Movements in temporary differences during the year:	1 Jan 2016	Recognised in P&L	Recognised in OCI	31 Dec 2016
Accelerated tax depreciation	(2,728)	(374)	-	(3,102)
Unutilised capitalised allowance	3,891	1,661	-	5,552
Allowances for loan losses	-	2,907	-	2,907
Tax loss carry forward	16,480	206	-	16,686
Employee benefits	2,829	(1,288)	-	1,541
Unrecognised Deferred Tax Asset	(20,472)	(3,112)	-	(23,584)
	-	**-**	**-**	-

25.3

The Bank has unutilised capital allowance of N23.0 billion (2016:N18.5 billion) unused tax losses carried forward of N71.9 billion (2016: N55.6 billion) and deductible temporary differences of N309 million (2016: N4.5 billion) to be offset against future taxable profits. There is no expiry date for the utilisation of these items.

The tax effect on remeasurement gains/(losses) is nil as the deferred tax asset on employee benefit as of 31 December 2017: nil and 2016: N1.5 billion is not recognised.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. The expiry date of the circular will be in the year 2021 and this trend would continue until the expiration of the tax holiday. Thus, the Bank has applied caution by not recognising additional deferred tax which is not considered capable of recovery.

26. Other Assets

	2017	2016
Financial assets	N'million	N'million
Sundry receivables (see note 26.1)	30,535	29,254
Others	3,420	3,404
	33,955	**32,658**
Non financial assets		
Prepayments	10,100	6,381
Other non financial assets	1,008	322
	11,108	6,703
	45,063	39,361
Specific allowance for impairment	**(1,869)**	(1,851)
	43,194	**37,510**

26.1

Included in Sundry receivables is non-proprietory assets amounting to nil (2016: 12.3billion) representing financial instruments bought on behalf of customers in the Bank's name. The corresponding amount is included in Note 28 Account payable.

Reconciliation Of Allowance For Impairment

	2017	2016
	N'million	N'million
At beginning of year	1,851	1,382
Charge for the year	18	469
At end of year	**1,869**	**1,851**

27. Deposits From Customers

	2017	2016
	N'million	N'million
Demand	322,903	314,791
Savings	178,570	155,019
Term	171,744	168,599
Domiciliary	95,569	138,670
Others	6,490	15,892
	775,276	**792,971**
Current	775,276	792,971
Non-current	-	-
	775,276	**792,971**

28 Other Liabilities

	2017	2016
	N'million	N'million
Customer deposits for letters of credit	7,768	-
Accounts payable	44,501	34,837
Manager's cheque	5,516	3,704
CBN bailout fund (see note 28.1)	112,294	99,991
Payable on e-banking transactions	10,749	8,929
Payable to staff in respect of Staff gratuity (see note 28.2)	-	5,137
Other liabilities/credit balances	2,372	5,262
	183,200	**157,860**

28.1

CBN Bailout fund 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 onward transmission to the States. The Bailout fund is for a tenor of 20years at 7% per annum and availed for the same tenor at 9% per annum. Repayments are deducted at source, by the Accountant General of the Federation (AGF), as a first line charge against each beneficiary State's monthly statutory allocation.

28.2 Movement in Provision for staff payable in respect of staff gratuity

	2017	2016
	N'million	N'million
At 1 January	5,137	-
Transfer from Defined benefit obligation	-	5,137
Additional provision during the year	481	-
Set off against staff loan during the year (see note 28.3(i))	**(1,500)**	**-**
Paid during the year	**(4,118)**	**-**
At 31 December	**-**	**5,137**

Included in payable to staff in respect of staff gratuity as at 31 December 2016, is N1.5 billion which was set off against loans availed to the staff of the Bank in 2016.

29. Provision

	2017	2016
	N'million	N'million
Provisions for year end bonus (see note 29.2)	2,200	1,001
Provisions for litigations and claims (see note 33.3)	545	545
	2,745	**1,546**
At 1 January	1,001	1,400
Arising during the year (see note 12)	2,200	1,001
Utilised	(1,001)	(1,400)
At the end of the year	**2,200**	**1,001**

29.1 Current Provision

	2017	2016
	N'million	N'million
Current Provision	2,200	1,001
Non-current provisions	545	545
	2,745	**1,546**

A provision has been recognised in respect of staff year end bonus. The provision has been calculated as a percentage of the profit after tax.

30. Debts Issued And Other Borrowed Funds

	2017	2016
	N'million	N'million
Long term loan from Proparco Paris (see note 30.1)	8,601	10,151
Long term loan from African Development Bank (ADB) (see note 30.2)	18,000	21,539
European Investment Bank Luxembourg (see note 30.3)	5,088	5,529
$300 Million Euro Bond issued (see note 30.4)	14,954	92,774
$400 Million Euro Bond issued (see note 30.5)	132,872	-
Local Bond issued (see note 30.6)	29,878	29,042
Repurchase transaction with Renaisance Capital (see note 30.7)	3,840	-
	213,233	**159,035**

Reconcilation of Borrowings during the year:

	2017	2016
	N'million	N'million
At 1 January	159,035	141,975
Additions during the year	135,128	40,645
Paid during the year	(87,318)	(2,502)
Interest payaable	4,408	2,825
Foreign exchange difference	1,980	(23,908)
At end of year	**213,233**	**159,035**

30.1

The amount of N8.601 billion (31 Dec 2016 : N10.151 billion) represents the amortised cost balance on the syndicated on-lending facility of $40million granted to the Bank by Proparco Paris on 4 April 2016 to mature on 4 April 2021 at an interest rate of Libor plus 4.75% per annum. The initial loan matured on 4 April 2016 and was renewed on the same day. The Principal and Interest are repayed semi-annually. The borrowing is an unsecured borrowing.

30.2

The amount of N18.000 billion (31 Dec 2016 : N21.539 billion) represents the amortised cost balance in the on-lending facility of $75million granted to the Bank by ADB on 6 October 2014. The first tranche of $40million was disbursed on 6 October 2014 while the second tranche of $35million was disbursed 15 July, 2015 both to mature 6 October 2021 at an interest rate of Libor plus 4.75% per annum. Interest is repaid semi-annually, with principal repayment at maturity.The borrowing is an unsecured borrowing.

30.3

The amount of N5.088 billion (31 Dec 2016 : N5.529 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.

30.4

During the year Fidelity Bank PLC repurchased $256 million of of its existing $300 million, 5 year, 6.875% Eurobond issued at 99.48% in May 2013 maturing May 2018. The amount of N14.954 billion, (31 Dec 2016 : N92.774 billion) represents the amortised cost of the $4 million outstanding after the repurchase. The principal amount is repayable in May 2018, while the coupon is paid semi annually. The purpose of the debt issuance is to finance foreign currency lending to the Power and Oil sectors of the economy of Nigeria.

30.5

On 11 October 2017, Fidelity Bank PLC issued a $400 million five year Eurobond at a 10.50 percent coupon. The Bond was used to finance the existing bondholders who subscribed to the tender offer of $256 million, while the balance (net of issuance costs) will be used to support the trade finance business of Fidelity Bank. The issuance of the Bond was part of a strategic liability management exercise designed to extend, Fidelity Bank's debt maturity profile and proactively refinance the maturing 2018 Eurobond. The amount of N132.872 billion (31 Dec 2016 : nil) represents the amortised cost of $400 million, 5- year, 10.50% Eurobond issued at 99.48% in October 2017. The principal amount is repayable in October 2022, while the coupon is paid semi annually.

30.6

The amount of N29.878 billion, (31 Dec 2016: N29.042 billion) represents the amortised cost of a N30 billion, 7-year, 16.48% Local bond issued at 96.5% in May 2015. The principal amount for the Local bonds is repayable in May 2022. The coupon is paid semi annually. The purpose of the Local bond issuance is to finance the SME business of the economy of Nigeria.

30.7

The amount of N3.840 billion, (31 Dec 2016: nil) represents a $33million dollar borrowing under a repurchase agreement from Renaissance Capital, with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

31. Share Capital

	2017	2016
Authorised	N'million	N'million
32 billion ordinary shares of 50k each (2016: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2016: 28,963 million ordinary shares)	14,481	14,481

32. 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.

Statutory reserve

This represents regulatory appropriation to statutory reserves 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 guidelines is booked to a non-distributable regulatory reserve.

Available-for-sale reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Remeasurement reserve

The remeasurement reserve shows the effect of actuarial gains/losses arising from actuarial valuation of defined benefit plan using projected unit credit method (PUCM). The reserve will be nil at the point where the gratuity and retirement benefit scheme no longer exist.

33. Cash Flows Generated From Operations

	2017	2016
	N'million	N'million
Profit before income tax	20,302	11,061
Adjustments for:		
– Depreciation and amortisation	4,373	4,308
– (Profit)/loss from disposal of property and equipment	(83)	64
– Foreign exchange gains on operating activities	(5,678)	(4,161)
– Profit/(loss) from disposal of investment securities		
–Foreign exchange losses/(gains) on debts issued and other borowed fund	1,980	(23,908)
–Foreign exchange gains on loans and advances to customers	(29,454)	(124,525)
–Foreign exchange (gains)/losses on deposits from customers	(10,994)	75,071
– Net (gains)/losses from financial assets classified as held for trading	348	(625)
– Impairment charge on loans and advances	11,297	7,336
– Impairment charge on other assets	18	469
– Write off of loans and advances	(9,438)	(3,393)
– Defined benefit charge	-	6,544
– Dividend income	(891)	(68)
– Net interest income	(71,464)	(61,928)
– Gain on available for sale financial assets reclassified from equity	(622)	(906)
	(90,307)	**(114,661)**
Changes in operating assets		
– Cash and balances with the Central Bank (restricted cash)	(10,771)	(19,083)
– Loans and advances to customers	(13,917)	(1,580)
– Financial assets held for trading	(2,889)	(13,403)
– Other assets	(5,702)	7,920
Changes in operating liabilities		
– Deposits from customers	(6,701)	(53,561)
– Other liabilities	25,340	33,686
Current Income Tax Payable	(331)	-
Provisions	5,317	9
– Interest payable on debts issued and other borrowed funds	4,408	2,825
Cash flows from operations	**(95,533)**	**(157,848)**

34. Contingent Liabilities And Commitments

34.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N270,151 million (31 Dec 2016: N317,751 million).

34.2 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:

	2017	2016
	N'million	N'million
Performance bonds and guarantees	231,014	169,337
Letters of credit	138,975	44,038
Unsettled transactions	3,691	6,664
	373,680	**220,039**

Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transaction.

34.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N4.22 billion at at 31 December 2017 (31 Dec 2016: N3.96 billion). Based on the estimates of the Bank's legal team and the case facts, the Bank estimates a potential loss of N544.72 million (31 Dec 2016: 544.72 million) upon conclusion of the cases. A provision for the potential loss of N544.72 million is shown in Note 29.

35. Related Party Transactions With Key Management Personnel

35.1 Deposits/ Interest Expense From Related Parties

Entity Controlled by key Management Personnel	Related party	Deposits at 31 Dec 2017	Interest expense 2017	Deposits at 31 Dec 2016	Interest expense 2016
		N	N	N	N
Geoelis and Co Nig Ltd	Insider Related	63,779	-	72,267,963	5,772,152
Cy Incorporated Nig Ltd	Insider Related	23,501	-	265	-
Equipment Solutions and Logistics Services Limited	Insider Related	48,548	-	51,610	-
The Genesis Restaurant Limited	Insider Related	1,802,850	-	56,225,216	907
Next International	Insider Related	2,402,084	98,094	762,638,131	-
Namjid. Com Limited	Insider Related	54,632	-	818,925	30
John Holt Plc	Insider Related	12,060,739	-	-	-
A-Z Petroleum Products Limited	Insider Related	2,643,014	-	-	-
Transcorp Power Limited	Insider Related	470,949,975	9,418,999	-	-
Tower Aluminium Nigeria Plc	Insider Related	1,549,013	-	-	-
Rosies Textile Mill Ltd	Insider Related	-	-	3,382,637	-
SUB-TOTAL		**491,598,135**	**9,517,093**	**895,384,748**	**5,773,088**
Transactions with Key Management Personnel	Insider Related	792,418,921	7,746,615	757,657,588	6,229,930
TOTAL		**1,284,017,057**	**17,263,709**	**1,653,042,336**	**12,003,018**

35.2 Loans and Advances/ Interest Income from Related parties

Entity Controlled by key Management Personnel	Related party	Loan amount Outstanding	Interest Income	Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
		2017	2017	2016	2016			
		N	N	N	N			
Cy Incorporated Nig Ltd	Mrs. Onome Adewuyi *(Former Director)*	277,045,706	-	269,547,033	45,016,735	Finance Lease/ Overdraft	Lost	Perfected
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu *(Former Director)*	572,086,856	-	397,486,834	35,867,117	Term Loan/ Overdraft	Performing	Perfected
The Genesis Restaurant Ltd	Ichie (Dr.) Nnaeto Orazulike *(Former Director)*	286,014,732	175,887,157	227,496,672	37,339,930	Term Loan/ Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie (Dr.) Nnaeto Orazulike *(Former Director)*	227,777,778	72,000,000	294,444,444	34,292,694	Term Loan	Performing	Perfected
Genesis Hub Ltd	Ichie (Dr.) Nnaeto Orazulike *(Former Director)*	416,109,649	173,760,000	313,704,324	60,351,350	Term Loan/ Overdraft	Performing	Perfected
John Holt Plc	Chief (Dr.) Christopher Ezeh *(Former Director)*	161,045,681	26,545,562	666,479,020	85,680,637	Term Loan	Performing	Perfected
A-Z Petroleum Products Ltd	Mr. Alex Ojukwu *(Director)*	22,444,888	5,170,736	60,280,870	14,720,324	Term Loan/ Overdraft	Performing	Perfected
Congregation Of The Holy Spirit	Ichie (Dr.) Nnaeto Orazulike *(Former Director)* /Mrs. Aku Odinkemelu *(Director)*	-	-	250,000,000	863,014	Term Loan	Performing	Perfected
Dangote Industries Ltd	Mr. Ernest Ebi *(Director)*	35,482,975,137	2,976,406,155	35,852,468,769	889,201,634	Term Loan	Performing	Perfected
Tenderville Ltd	Chief (Dr.) Christopher Ezeh *(Former Director)*	10,000,000	3,600,000	15,942,864	2,753,199	Term Loan/ Overdraft	Performing	Perfected
Tower Aluminium Nigeria Plc	Otunba Seni Adetu *(Director)*	1,189,751,700	220,444,080	1,209,603,478	61,653,932	Term Loan/ Overdraft	Performing	Perfected
CHIS Stores Limited	Chijioke Ugochukwu *(Director)*	3,055,308	5,712,000	7,850,205	2,526,036	Term Loan	Performing	Perfected
Transcorp Ughelli Power Limited	Dr. Stanley Lawson *(Former Director)*	4,442,200,022	666,329,997	4,575,000,000	432,952,380	Term Loan	Performing	Perfected
Neconde Energy Limited	Pastor Kings C. Akuma *(Director)*	9,318,926,121	1,169,409,150			Term Loan	Performing	Perfected
SUB-TOTAL		**52,409,433,579**	**5,495,264,837**	**44,140,304,513**	**1,703,218,982**			

Entity Controlled by key Management Personnel	Related party	Loan amount Outstanding	Interest Income	Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
		2017	2017	2016	2016			
		N	N	N	N			
Okonkwo Nnamdi John	Managing Director	160,531,171	4,793,127	174,295,531	6,415,961	Term Loan	Performing	Perfected
Chijioke Ugochukwu	Executive Director	90,700,351	2,577,353	96,589,743	3,617,055	Term Loan	Performing	Perfected
Mohammed Balarabe	Deputy Managing Director	97,413,781	2,922,351	106,017,326	3,758,219	Term Loan	Performing	Perfected
Odinkemelu Aku	Executive Director	125,407,348	3,762,220	135,054,067	3,537,973	Term Loan	Performing	Perfected
Onyeali - Ikpe Nneka Chinwe	Executive Director	1,311,255	-	27,020,000	4,574,144	Term Loan	Performing	Perfected
Adepegba Adeyeye Olawale	Former Executive Director	32,551,540	950,943	34,339,622	1,216,382	Term Loan	Performing	Perfected
Ichie Nnaeto Orazulike	Former Non Executive Director	21,313,181	-	40,000,000	10,573,413	Term Loan	Performing	Perfected
Kayode Gabriel Olowoniyi	Former Non Executive Director	355,888	-	1,177,695	156,577	Overdraft	Performing	Perfected
Nnamdi I. Oji	Former Non Executive Director	65,853	-	2,264,461	273,834	Overdraft	Performing	Perfected
Bashari M. Gumel	Former Non Executive Director	7,265	-	-	-	Overdraft	Performing	Perfected
SUB-TOTAL		**529,657,634**	**15,005,995**	**616,758,445**	**34,123,559**			
TOTAL		**52,939,091,213**	**5,510,270,832**	**44,757,062,958**	**1,737,342,541**			

35.3 Bank Guarantees in favour of Directors/Related Parties

2017

Beneficiary Name	Related Entity	Name Of Related Bank Director/ Related Party	Position In Bank	Amount (N)
BANK OF INDUSTRY	TOWER ALUMINIUM NIGERIA PLC	OTUNBA SENI ADETU	DIRECTOR	2,981,487,000
NATIONAL UNIVERSITIES COMMISSION	CHRISTOPHER EZEH	CHIEF (DR.) CHRISTOPHER EZEH	FORMER DIRECTOR	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVERSITY NNEOCHI)	ICHIE (DR.) NNAETO ORAZULIKE/ MRS. AKU ODINKEMELU	FORMER DIRECTOR / EXECUTIVE DIRECTOR	200,000,000
BOI	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	250,000,000
				3,532,487,000

2016

Beneficiary Name	Related Entity	Name Of Related Bank Director/ Related Party	Position In Bank	Amount (N)
BORKIR INTERNATIONAL COMPANY LIMITED	DANGOTE CEMENT PLC (HEAD OFFICE)	ERNEST EBI	CHAIRMAN	100,000,000
NATIONAL UNIVERSITIES COMMISSION	CHRISTOPHER EZEH	CHIEF (DR.) CHRISTOPHER EZEH	FORMER DIRECTOR	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVERSITY NNEOCHI)	ICHIE (DR.) NNAETO ORAZULIKE/ MRS. AKU ODINKEMELU	FORMER DIRECTOR/ EXECUTIVE DIRECTOR	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVERSITY NNEOCHI)	ICHIE (DR.) NNAETO ORAZULIKE/ MRS. AKU ODINKEMELU	FORMER DIRECTOR/ EXECUTIVE DIRECTOR	200,000,000
DELTA MALL DEV CO.	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	36,780
CEDDI CORPORATION LTD	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	54,320
BOI	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	250,000,000
FLOUR MILLS OF NIG. PLC	THE GENESIS RESTAURANT LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000
HONEYWELL FLOUR MILLS PLC	THE GENESIS RESTAURANT LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000
CROWN FLOUR MILLS LTD	THE GENESIS RESTAURANT LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	50,000,000
BANK OF INDUSTRY	TOWER ALUMINIUM NIGERIA PLC	OTUNBA SENI ADETU	DIRECTOR	2,981,487,000
UNITED INTERNATIONAL PIC (SOUTH AFRICA)	GENESIS DELUXE CINEMAS	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	34,160,000
				4,065,738,100

35.4 Key management compensation

	2017	2016
	N'million	N'million
Salaries and other short-term employee benefits (Executive Directors only)	468	273
Pension cost	19	10
Post-employment benefits paid- Gratuity	-	85
Post-employment benefits paid- Retirement	-	296
Other employment benefits paid	392	376
	879	**1,040**

36. Employees

The number of persons employed by the Bank during the year was as follows:

	Number	Number
	2017	2016
Executive Directors	6	6
Management	183	497
Non-management	3,018	2,917
	3,207	**3,420**

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Number 2017	Number 2016
N300,000 - N2,000,000	104	116
N2,000,001 - N2,800,000	427	453
N2,800,001 - N3,500,000	781	771
N3,500,001 - N6,500,000	854	923
N6,500,001 - N7,800,000	510	373
N7,800,001 - N10,000,000	218	450
N10,000,001 and above	313	334
	3,207	**3,420**

37. Directors' Emoluments

Remuneration paid to the Bank's executive and non-executive directors (excluding certain allowances) was:

	Number 2017 N'million	Number 2016 N'million
Fees and sitting allowances	66	78
Executive compensation	273	273
Other director expenses	129	113
	468	**464**
Fees and other emoluments disclosed above include amounts paid to:		
Chairman	15	18
Highest Paid Director	102	102

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number 2017	Number 2016
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N3,000,001 - and above	14	15
	14	**15**

38. Compliance With Banking Regulations

38.1

The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions Act, 2012 CAP B3 LFN 2004 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the year.

	Fine/Penalties 2017	Fine/Penalties 2016
Nature Of Contravention	**(N'000)**	**(N'000)**
Penalty for contravening the Real Sector guidelines	8,047	-
Penalty for multiple accounts to a BVN	40,000	-
Penalty for untimely and non rendition of STRS	10,000	-
Penalty from routine examination	4,000	-
Penalty for KYC Non-Compliance	2,000	-
SEC Penalty for late submission of 2016 Annual Report	1,225	-
NSE Penalty for late submission of 2016 FYE	700	-
Penalty for diaspora mortgage product	2,000	-
Penalty for exposure above SOL	2,000	-
Penalty for error in RBS information	2,000	-
Penalty for contravention of BSD/09/2004	2,000	-
Delayed payment of penalty	2,000	-
Penalty for operation of surrogate account	-	74,000
Penalty for international money transfer issues	-	60,000
Penalty for contravening policy circulars	-	12,000
CBN-Commencing branch operations without approval	-	12,000
Penalty on FOREX related issues	-	8,000
Penalty on Risk Assessment Report issues	-	4,000
Penalty in respect of dismissed staff template	-	4,000
Penalty payment on CBN FINA returns	-	475
Penalty in respect of NOTAP issues	-	150
	75,972	**174,625**

38.2

In line with circular FDR/DIR/CIR/GEN/01/020, the returns on customers' complaints for the year ended 31 December 2017 is set as below:

S/N	Description	Number 2017	Number 2016	Amount Claimed 2017 Million	Amount Claimed 2016 Million	Amount Refunded 2017 Million	Amount Refunded 2016 Million
1	Pending complaints b/f	48	45	1,320	876	N/A	N/A
2	Received complaints	1,079	865	11,249	2,204	N/A	N/A
3	Resolved complaints	1,052	862	7,979	1,760	408	382
4	Unresolved complaints escalated to CBN for intervention	-	-	-	-	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	75	48	4,590	1,320	N/A	N/A

38.3 Whistle Blowing policy

The Bank complied with the CBN circular 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 2017.

39. Gender Diversity

31 December 2017					
	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	19%	11	81%	14
Management staff (AGM & Above)	9	21%	34	79%	43
Total	**12**		**47**		**59**
December 2016					
	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	11	23%	36	77%	47
Total	**14**		**47**		**61**

40. Statement Of Prudential Adjustments

Transfer to regulatory risk reserve

The regulatory body Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (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.

	2017	2016
	N'million	N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	22,851	19,184
General provision	32,564	21,806
Provision for other assets	1,869	1,851
Provision for litigations and claims	545	545
Provision for investments	396	408
Total prudential provision (A)	**58,225**	**43,794**
IFRS provision:		
Specific impairment (see note 21)	16,077	15,027
Collective impairment (see note 21)	10,501	9,692
Provision for other assets (see note 26)	1,869	1,851
Provision for litigations and claims (see note 29)	545	545
Provision for investments (see note 22.2)	396	408
Total IFRS provision (B)	**29,388**	**27,523**
Non-distributable regulatory reserve	29,837	16,271

41. 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 2017			
	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and balances with Central Bank	89,094	180,531	269,625
Due from banks	52,287	-	52,287
Loans and advances to customers	190,591	578,146	768,737
Investments:	-		
• Held for trading (fair value through profit or loss)	20,639	-	20,639
• Available for sale	45,150	31,665	76,815
• Held to maturity	48,486	60,298	108,784
Other assets	33,955	9,239	43,194
Property, Plant and equipment	-	38,504	38,504
Intangible assets	-	629	629
TOTAL ASSETS	**480,203**	**899,012**	**1,379,214**

LIABILITIES			
Deposits from customers	433,737	341,539	775,276
Current income tax liability	1,445	-	1,445
Other liabilities	75,344	107,856	183,200
Provision	2,745	-	2,745
Debt issued and other borrowed funds	14,954	63,731	213,233
TOTAL LIABILITIES	**528,225**	**513,126**	**1,175,899**

As at 31 December 2016			
	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and balances with central bank	152,237	54,824	207,061
Due from banks	49,200	-	49,200
Loans and advances to customers	248,889	469,512	718,401
Investments:			
• Held for trading (fair value through profit or loss)	18,098	-	18,098
• Available for sale	72,605	15,981	88,586
• Held to maturity	67,500	70,634	138,134
Other assets	13,653	23,857	37,510
Property, Plant and equipment	-	40,356	40,356
Intangible assets	27	768	795
TOTAL ASSETS	**622,208**	**675,932**	**1,298,141**
	Maturing within 12 months	Maturing after 12 months	Total
LIABILITIES	N'million	N'million	N'million
Deposits from customers	573,088	219,883	792,971
Current income tax liability	1,327	-	1,327
Other liabilities	73,583	85,823	159,406
Provision	1,546	-	1,546
Debt issued and other borrowed funds	-	159,035	159,035
TOTAL LIABILITIES	**647,998**	**464,741**	**1,112,739**

42. Events After Reporting Period

There are no significant events after the reporting year which could have had a material effect on the financial position of the Bank as at 31 December 2017 and on the profit and other comprehensive income for the year then ended, which have not been adequately provided for or disclosed.

Statement Of Value Added For The Year Ended December 2017

	2017		2016	
	N'million	%	N'million	%
Interest and similar income	150,742	223	123,153	220
Interest and similar expense	(79,278)	(123)	(61,225)	(110)
	71,464	**111**	**61,928**	**111**
Administrative overheads				
• Local	(6,884)	(11)	(6,023)	(11)
Value added	**64,580**	**100**	**55,905**	**100**
Distribution				
Employees:				
Salaries and benefits	24,535	38	27,231	49
Government:				
• Income tax	1,242	2	1,216	2
• IT levy	203	-	111	-
The future:				
• Dividend paid during the year	4,055	6	4,634	8
• Asset replacement (depreciation and amortisation)	4,373	7	4,308	8
• Asset replacement (provision for losses)	11,315	17	8,671	15
• Expansion (transfers to reserves)	18,857	29	9,734	18
	64,580	**100**	**55,905**	**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	As at 31 December **2017**	As at 31 December **2016**	As at 31 December **2015**	As at 31 December **2014**	As at 31 December **2013**
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with Central Bank	269,625	207,061	185,332	258,131	207,834
Due from other banks	52,287	49,200	79,942	68,735	80,875
Loans and advances to customers	768,737	718,401	578,203	541,686	426,076
Investments:					
Held for trading (Fair value through P or L)	20,639	18,098	4,070	83,363	254,909
Available for sale	76,815	88,586	116,607	90,864	21,041
Held to maturity	108,784	138,134	180,736	69,526	45,104
Property, plant and equipment	38,504	40,356	39,985	37,958	37,470
Intangible assets	629	795	945	506	-
Other assets	43,194	37,510	45,902	36,256	7,908
Total Assets	**1,379,214**	**1,298,141**	**1,231,722**	**1,187,025**	**1,081,217**
Financed by:					
Liabilities					
Customer deposits	775,276	792,971	769,636	820,034	806,320
Current income tax payable	1,445	1,327	2,332	1,719	1,307
Deferred income tax liabilities	-	-	-	1,410	1,955
Other liabilities	183,200	157,860	123,295	65,573	29,932
Provisions	2,745	1,546	1,537	657	354
Debts issued and other borrowed funds	213,233	159,035	141,975	117,541	70,328
Retirement benefit obligations	-	-	9,431	6,980	7,566
Total Liabilities	**1,175,899**	**1,112,739**	**1,048,206**	**1,013,914**	**917,762**
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
Statutory reserve	27,305	24,476	23,016	20,930	18,861
Retained earnings	25,326	25,918	8,797	11,721	9,118
Small scale industries reserve	764	764	764	764	764
Non-distributable regulatory reserve	28,837	16,271	33,480	23,950	18,884
AFS/Remeasurement reserve	5,330	2,220	1,706	-7	75
Total Equity	**203,315**	**185,402**	**67,763**	**173,111**	**163,455**

Financial Summary - Contd.

Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013
	N'million	N'million	N'million	N'million	N'million
Operating income					
Net interest income	71,464	61,928	60,864	48,826	30,812
Impairment charge for credit losses	(11,315)	(8,671)	(5,764)	(4,306)	(8,140)
Net interest income after impairment charge for credit losses	60,149	53,257	55,100	44,520	22,672
Commission and other operating income	25,828	25,005	25,442	28,094	40,661
Other operating expenses	(65,675)	(67,201)	(66,518)	(57,099)	(54,305)
Profit before income tax	**20,302**	**11,061**	**14,024**	**15,515**	**9,028**
Income tax expense	(1,445)	(1,327)	(120)	(1,719)	(1,307)
Profit after taxation	**18,857**	**9,734**	**13,904**	**13,796**	**7,721**
Other comprehensive income	3,110	(3,214)	1,713	(82)	363
Total comprehensive income for the year	**21,967**	**6,520**	**15,617**	**13,714**	**8,084**
Per share data in kobo:					
Earnings per share (basic & diluted)	**65k**	**34k**	**48k**	**48k**	**27k**
Net assets per share	**702k**	**640k**	**636k**	**598k**	**564k**

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.

Stakeholders Engagement

Introduction

The Board and Management of Fidelity Bank Plc recognises 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

The Bank's Authorised Share Capital as at December 31, 2017 was N16,000,000,000.00 (Sixteen Billion Naira), divided into 32,000,000,000 (Thirty-two Billion) ordinary shares with a nominal value of 50 kobo each and the shares are quoted on the Nigerian Stock Exchange.

Paid up share capital currently stands at N14,481,292,846 divided into 28,962,585,692 shares. The Bank's shares are held by Nigerian citizens and corporations. The Bank currently has about 402,788 shareholders.

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 Nigerian Stock Exchange, amongst others.

Fidelity believes that the key to positive engagement is for the Board and the 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 to appreciate the perspectives 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**.

Protection of Shareholders' Rights

The Board ensures that shareholders' rights are protected. In particular, the right to attend and vote at general meetings are 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 interests in the Bank such as share certificates, dividend warrants and related instruments 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 our shareholders, investors and all stakeholders.

Investor Presentations which are prepared on a bi-annual basis are published on the Investors 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 1 2700 530; 2700 531; 2700 532
Email: info.investorrelations@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, 2017

Payt. No	Amount Of Dividend Declared N	Total Div. Paid (July - Dec. 2017) N	Total Div. Paid Up To June, 2017 (Accum.) N	Total Div. Paid Up To December, 2017 N	Date Of Payment	Unclaimed Dividend N	Total Amount Returned To Coy After 15 Months
1	1,629,904,972.14	1,339,326.45	1,550,627,797.77	1,551,967,124.22	12/20/06	2,837,163.43	75,100,684.49
2	2,372,523,026.54	2,213,693.73	2,228,893,557.00	2,231,107,250.73	12/17/07	2,421,810.03	138,993,965.78
3	7,819,898,220.00	6,135,033.69	7,572,551,733.19	7,578,686,766.88	11/13/08	2,189,960.27	239,021,492.85
4	1,303,865,866.04	2,007,764.53	1,216,594,085.25	1,218,601,849.78	1/4/10	1,983,224.63	83,280,791.63
5	651,932,933.02	1,411,844.61	574,357,938.92	575,769,783.53	8/13/10	638,564.43	75,524,585.06
6	3,649,285,797.30	81,175.85	3,510,463,027.81	3,510,544,203.66	4/29/11	507,206.74	138,234,386.90
7	3,649,285,796.40	136,319.91	3,518,977,770.91	3,519,114,090.82	5/9/12	924,464.82	129,247,240.76
8	5,492,037,855.15	1,368,599.51	5,297,811,469.16	5,299,180,068.67	5/21/13	2,587,919.52	190,269,866.96
9	3,661,087,989.94	3,790,586.97	3,292,317,497.91	3,296,108,084.88	5/2/14	4,058,063.85	360,921,841.21
10	4,722,504,209.50	12,024,405.29	4,314,905,974.09	4,326,930,379.38	5/7/15	16,143,436.21	379,430,393.91
11	4,197,866,869.25	154,675,470.52	3,656,783,050.69	3,811,458,521.21	5/5/16	31,684,813.52	354,723,534.52
12	3,671,368,473.32	150,233,394.49	2,937,378,783.60	3,087,612,178.09	5/4/17	583,756,295.23	NIL
						649,732,922.68	**2,164,748,784.08**

NOTES:
Shareholders are advised to update their records and/or open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend payments and e-bonus. Detachable application forms for change of address, unclaimed dividend and e-bonus are the Bank's website for the convenience of all shareholders. The list of unclaimed dividends is also on the Bank's website.

Recommendations And Explanatory Notes Relating To The Business To Be Conducted At The 30Th Annual General Meeting On 25th May, 2018

Resolution 1

To receive the Audited Financial Statements for the year ended December 31, 2017, and the Reports of the Directors, Joint Auditors and Audit Committee thereon.

Rationale:

Section 345(1) of the Companies and Allied Matters Act, L.F.N. 2004 (CAMA) 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 334 of CAMA.

The Financial Statements include the Balance Sheet, Profit & Loss Account, Statement of Accounting Policies, 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 to be prepared in compliance with specific regulatory requirements and accounting standards issued from time to time by the Nigerian Accounting Standards Board and should 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 Audited Financial Statements of the Company for the year ended December 31, 2017 before the Members at the Annual General Meeting.

During the meeting, representatives of the independent Joint External Auditors, the Board appraisal consultants and the Statutory Audit Committee will also read their respective Reports and recommendations to Shareholders, as these form part of the Financial Statements.

Request:

Shareholders are requested to receive the Financial Statements and accompanying Reports as laid before them at the Annual General Meeting.

Resolution 2

To declare a Dividend of 11 kobo per ordinary share.

Rationale:

The Directors recommend payment of a dividend of 11 kobo per ordinary share entitled thereto for the year ended December 31, 2017.

Section 379 of CAMA stipulates that the General Meeting has the power to approve or decrease the amount of dividend recommended by the Directors, but not to increase the said sum.

If approval of the recommended dividend is obtained at the Annual General Meeting, dividend will be paid on May 25, 2018 to Shareholders whose names are recorded in the Company's Register of Members at the close of business on May 11, 2018. Shareholders who have mandated their dividend to their bank accounts will be credited on the same date.

Request:

Shareholders are requested to vote in favour of the Resolution to declare a dividend of 11 Kobo per ordinary share, to enable the Directors pay the recommended dividend.

Resolution 3

Re-election of Mr. Robert Nnana-Kalu and Otunba Seni Adetu as Non-Executive Directors.

Rationale:

In accordance with Section 259 of CAMA 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, Mr. Robert Nnana-Kalu and Otunba Seni Adetu shall retire by rotation at the 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 the retiring Non-Executive Directors.

The profiles of the Non-Executive Directors standing for re-election are detailed below and also available on the Bank's website at **www.fidelitybank.ng**.

Profile of Mr. Robert Nnana-Kalu: Non-Executive Director

Nnana-Kalu holds a Master of Arts degree in International Relations as well as Bachelor of Laws from University of Kent, at Canterbury, Kent, England. He also obtained a Master of Laws from the Kings College, University of London, England.

He practiced law in the firm of Chief K. K. Ogba Chambers, Owerri, before joining Star Paper Mills Limited as Manager, Legal Services & Corporate Affairs. He rose to the position of Executive Director in the Company in 1996, a position he holds till date.

From 2001 to 2005, Mr Nnana-Kalu was the Chairman of Manufacturers Association of Nigeria (MAN) Imo/Abia Chapter and a National Council Member of the Association. He joined the Board of Fidelity Bank in July 2012.

Profile of Otunba Seni Adetu: Non-Executive Director

Seni Adetu brings to the Board, over 30 years of quality private sector experience garnered at the highest levels with JohnHolt Plc, Coca-Cola International and Diageo/Guinness Plc in different countries within and outside Africa. He holds a B. Sc in Chemical Engineering and Masters in Business Administration (with specialization in Marketing), both from the University of Lagos.

He was at various times Managing Director of Coca-Cola English West Africa based in Ghana and became the first African Managing Director/Chief Executive Officer and Executive Vice Chairman of Guinness Ghana Plc. He was Group MD/CEO Diageo East Africa based in Kenya and until December 2014, was the MD/CEO of Guinness Nigeria Plc and Executive Chairman Diageo Brands Nigeria.

He has considerable expertise in commercial, financial and governance best practices. A great marketer renowned for championing innovation in the Fast Moving Consumer Goods (FMCG) sector, he was named runner-up Forbes/CNBC Business Leader/CEO of the Year 2012 in East Africa.

Adetu is the Founder/Group CEO of First Primus W.A. Limited, an upscale integrated marketing communications company. He is also the Founder and Group CEO of Algorithm Media Limited, a media specialist communications agency in Nigeria and affiliate of GroupM, one of the largest media networks in the world. He is a leadership coach and facilitates on the Chief Executive Program of the Lagos Business School. He joined the Board of Fidelity Bank on April 28, 2016.

Request:

Given their experience, background and contributions thus far, the Board believes that the retiring Directors will continue to add value to the Company and requests that Shareholders vote in favour of the Resolution for their re-election.

Resolution 4

To authorize the Directors to fix the remuneration of the Auditors

Rationale:

The Joint External Auditors, PKF Professional Services and Ernst & Young have indicated their willingness to continue in office as the Bank's Auditors in accordance within Section 357(2) of CAMA.

One of the joint external auditors, PKF Professional Services' (whose appointment was approved by Shareholders at the Annual General Meeting of November 6, 2008), will complete the maximum ten (10) year tenure for external auditors in 2018, in line with the provisions of the Central Bank of Nigeria's Code of Corporate Governance for Bank's and Discount Houses in Nigeria. The firm has indicated its interest to continue in office until the expiration of its tenure on November 5, 2018.

The second external auditor, Ernst & Young, has indicated its willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004.

Consequently, the June 2018 half year audit will be handled by both auditors, while the 2018 financial year audit shall be handled solely by Ernst & Young.

The Audit Committee has, in furtherance of Section 359(6)(e) CAMA, recommended the re-appointment of the External Auditors for the 2018 financial year as indicated in preceding paragraphs.

Section 361(1) CAMA provides that the remuneration of the Auditors should 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 359(6) (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.

Request:

Shareholders are requested to approve the resolution authorizing the Directors to fix the remuneration of the Auditors for the financial year ending 31 December 2017.

Resolution 5

To elect members of the Audit Committee.

Rationale:

By virtue of Section 359 of CAMA, all public limited companies are mandated to establish Audit Committees. The Act also requires that the Committee should be comprised of a maximum of six (6) members, three Shareholders representatives and three Directors.

Section 359(5) 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 (which is required to present its Report to Shareholders at each Annual General Meeting), include the following:

(a) Ascertain whether the Company's accounting and reporting policies are in accordance with legal requirements.

(b) Review the scope of the audit requirements.

(c) Review the findings on the Management Letter.

(d) Review the effectiveness of the Company's system of accounting and internal control.

(e) Make recommendations to the Board on the appointment, removal and remuneration of the External Auditors.

(f) Authorise the Internal Auditor to carry out investigations into any activities of the Company which may be of interest 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 and voting on this resolution conducted strictly by a show of hands in compliance with the provisions of Section 225(3) CAMA or electronically.

Request:

Shareholders are requested to vote on this resolution to elect three (3) representatives to the Audit Committee for the 2018 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 include the Banks and Other Financial Institutions Act (BOFIA), 2004 Companies and Allied Matters Act (CAMA), 2004 and the Codes of Corporate Governance issued by the Central Bank of Nigeria and the Securities and Exchange Commission. 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 Internal Auditor ensures compliance.


FORMS

Notes //

Fidelity

Fidelity Bank Plc

Proxy Form

Thirtieth Annual General Meeting to be held at 10.00 a. m. on the 25th day of May, 2018 at the Orchid and Lantana Hall, Eko Hotels & Suites, 1415, Adetokunbo Ademola Street, Victoria Island, Lagos.

I/We ______________________________ of ______________________________ being

a Shareholder(s) of Fidelity Bank Plc. hereby appoint ______________________ or failing him Mr. Ernest Ebi MFR, FCIB or failing him, Mr. Nnamdi Okonkwo as my/our Proxy to act and vote for me/us on my/our behalf at the 30th Annual General Meeting to be held on the 25th day of May, 2017 and at any adjournment thereof.

Dated this ________ day of ______________ 2018.

Shareholder's Signature ______________________________

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	No	Ordinary Business	For	Against
	1.	To receive the Audited Financial Statement for the year ended December 31, 2017 and the Reports of the Directors, Joint Auditors and Audit Committee thereon.		
	2.	To declare a Dividend.		
	3.	To re-elect Mr. Robert Nnana-Kalu and Otunba Seni Adetu as Non-Executive Directors.		
	4.	To authorize the Directors to fix the remuneration of the Auditors.		
	5.	To elect the members of the 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 company if the Shareholder will be attending the meeting.

Note:

(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

Fidelity Bank Plc

Admission Card

Thirtieth Annual General Meeting to be held at 10.00 a. m. on the 25th day of May, 2018 at the Orchid and Lantana Hall, Eko Hotels & Suites, 1415, Adetokunbo Ademola Street, Victoria Island, Lagos.

Please admit ______________________________ to the 30th 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

Fidelity Bank Plc

Admission Card

Thirtieth Annual General Meeting to be held at 10.00 a. m. on the 25th day of May, 2018 at the Orchid and Lantana Hall, Eko Hotels & Suites, 1415, Adetokunbo Ademola Street, Victoria Island, Lagos.

Please admit ______________________________ to the 30th 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

Change Of Address/Shareholder's Data Update Form

Instructions: Please fill the form and return to the address below

The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692, Lagos, Nigeria.

Request For Change Of Address

Kindly change my/our address in respect of my/our holdings in the company indicated below:

(I) Fidelity Bank Plc

Shareholder's Account Number (If Known)

Shareholder's Account Information

Last Name

Other Names

Previous Address

City

State

Present/New Address

City

State

Mobile Telephone

Email Address

Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) Signature
& Company Seal

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) Please note that this request would not be processed if the signature(s) herein differ(s) from that which appears in the Registrar's records.
d) Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.

The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria,

Affix A Recent Passport Photograph (individual)

Fidelity

Mandate For E-Dividend Payment

I/We hereby request that from now on, all Dividend Warrant(s) due to me/us from my/our holdings in Fidelity Bank Plc should be paid directly to my/our Bank below:

Date (DD/MM/YY)

D	D	M	M	Y	Y	Y	Y

Item

Shareholder's Account Number (If Known)

(1) Fidelity Bank Plc

(2)*Surname/Company's Name (whichever is applicable)

(2.2) *Other Names

(2.3)* City

State

(2.4) Email Address

(2.5) Mobile (GSM) Phone Number

(3)*Bank Name

(3.1)*Branch Address

(3.2)*Bank Account Number (10 Digit NUBAN Number)

(3.3)*Bank Sort Code (very Important)

(4)*

Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) /Company Signatures

Company Seal/Incorporation Number (Corporate Shareholder)

(5)*

Authorised Signatures and Stamp of Banker

The branch stamp and signatures of the authorised signatories of your bank are required to confirm that the signature(s) in box 4 is/are that of the shareholder(s) or an authorised signatory.

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) All asterisked fields must be completed.

Affix A Recent
Passport Photograph
(individual)

Fidelity

The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria,

Unclaimed/Stale Dividend Warrant

I/We declare that I/we am/are the registered holder(s) of Fidelity Bank Plc shares. Till date, I/we am/are yet to receive my/our Dividend warrant(s) payments no(s) .... (please specify). In view of this, I/we request and authorise you to cancel the original dividend warrant(s) and issue a replacement dividend warrant(s).

Item

Shareholder's Account Number (If known)

Date (DD/MM/YY)

D	D	M	M	Y	Y	Y	Y

(1) *Surname/Company's Name (whichever is applicable)

(1.1) *Other Names

(1.2) Address

(1.3) *Email Address

(1.4) *Mobile (GSM) Phone Number

(2) *Bank Name And Branch

(2.1) *Bank Account Number (10 digit NUBAN number)

Branch Sort Code

(3) I/We hereby authorise that the re-issued/re-validated dividend(s) be paid into my/our current account as indicated above.

(3.1) I/We hereby indemnify the company and registrar against all losses, actions, proceedings, demands, costs and expenses whatsoever which may be made, incurred or brought against them by reason of compliance with this request.

(4) Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) /Company Signatures

Company Seal/Incorporation Number (Corporate Shareholder)

The branch stamp and signature of the authorized signatories of your bank is required to confirm that the signature(s) in box 4 is/are that of the shareholder(s) or an authorised signatory.

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the shareholders must sign.
c) Please note that this request would not be processed if the signature(s) herein differ(s) from that which appears in the Registrar's records.

Fidelity

For E-Bonus Shares

To:
The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria,

Authority To Credit CSCS A/C With Bonus Shares

Please take this as my/our authority to credit my/our under-mentioned account with Central Securities Clearing Systems (CSCS) Limited with all subsequent allotments and bonuses due on my/our shareholding(s) in Fidelity Bank Plc, from the date hereof.

1. Shareholder's Surname/Company's Name (Whichever is applicable)

Other Names

(First Name) (Other Names)

2. Shareholder's Account Number (If Known)
(As it appears on either your dividend warrant stub or share certificate)

3. Shareholder's CSCS Clearing House Number

4. Shareholder's Stockbroker

5. Shareholder's Mobile Telephone Number

6. Shareholder's E-mail Address:

Signature**
(Individual Shareholder)

Signature**
(Joint/Corporate Shareholders)

Company Seal

Dated this ____________ day of ______________________ 20 _____

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the shareholders must sign.
c) Please note that this request would not be processed if the signature(s) herein differ(s) from that which appears in the Registrar's records.
d) Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.


20th ANNIVERSARY
Fidelity
Private Banking
Wealth Management That Preserves Legacies
Financial Advisory • Wealth Management • Custodial Services • Luxury Lifestyle
For 20 years, our team of thorough-bred experts have helped you create, manage and preserve your wealth for the next generation. Today, as we celebrate two decades of exclusive banking, we reiterate our commitment to giving you only the best in class financial and lifestyle solutions.
privatebanking.fidelitybank.ng
Inclined To Serve You Naturally
Membership by Invitation

www.fidelitybank.ng