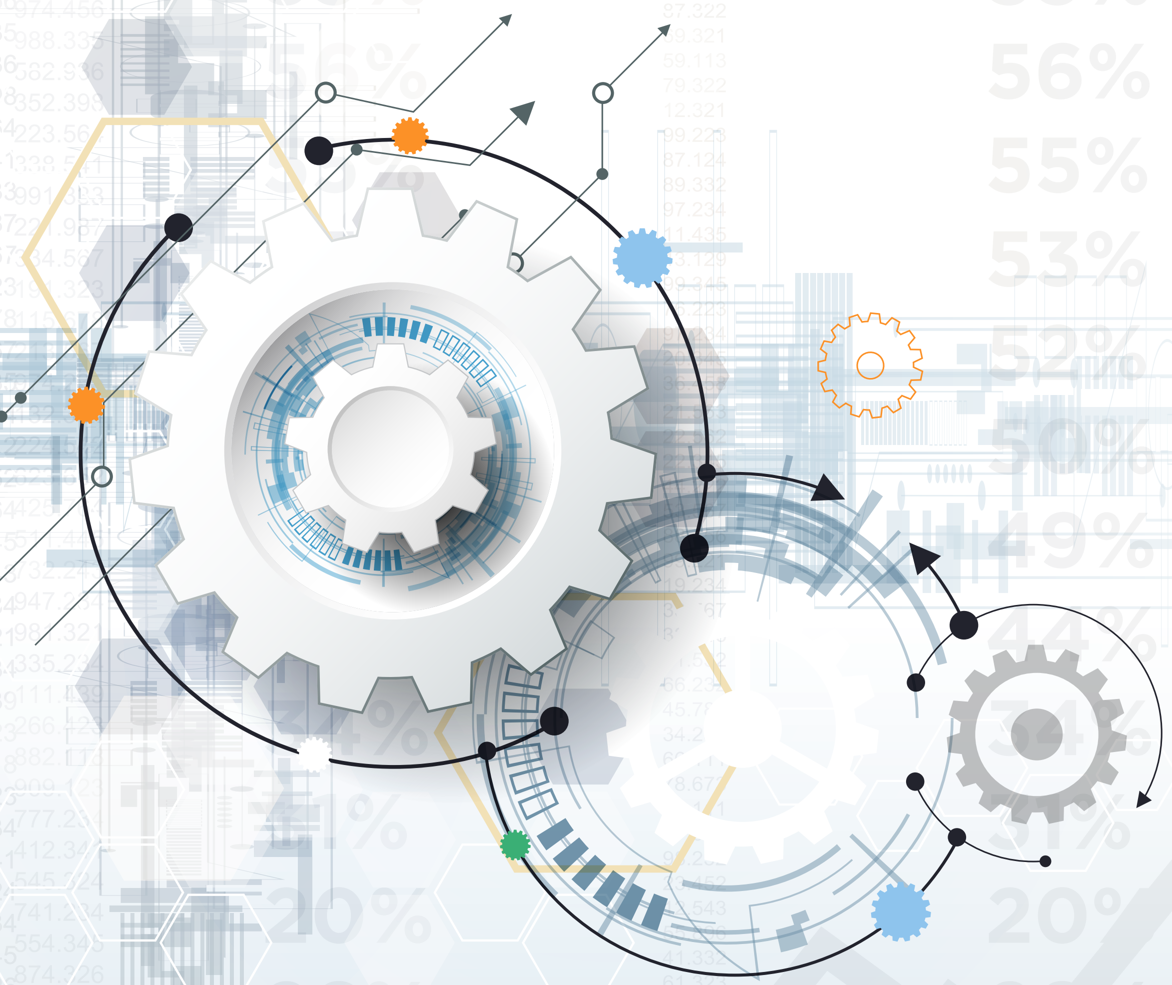
Fidelity

2015 Annual Report

Fidelity Bank Plc 2015 Annual Report & Accounts

The Refining Process

Our internal systems and processes work in perfect harmony, grinding out results to the benefit of our stakeholders. We work in teams and walk with our customers, hand in hand and together we achieve great feats.



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Corporate Information

Head Office

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

Vision

To be No. 1 in every market we serve and for every branded product we offer.

Mission

To make financial services easy and accessible to our customers.

Shared Values
CREST

C - Customer First
R - Respect
E - Excellence
S - Shared Ambition
T - Tenacity

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 the outcome of the merger with the former FSB International Bank Plc and Manny Bank Plc (under the Fidelity brand name) in December 2005. The Bank is today ranked amongst the top 10 in the Nigerian banking industry, with presence in major cities and commercial centres of Nigeria.

Fidelity Bank also enjoys the partnership of a network of off-shore institutions with which it has correspondent banking, confirmation line, credit and other relationships. These include ANZ, London; Afri-EXIM Bank, Cairo, Egypt; ABSA, South Africa; Commerz Bank, Frankfurt, Germany; Citibank N.A., London and New York; FBN Bank Ltd, UK; SCB, London; HSBC; US EX-IM Bank; and USAID.

Over the years, the Bank has been reputed for integrity, professionalism and the quality and stability of its management. Fidelity staff are also respected in the Nigerian banking industry for the quality of training they receive on the job, as well as in good Business Schools both in Nigeria and overseas. The Management is particular about the quality of people that join the system. To qualify as a member of Team Fidelity, a candidate is expected to possess three vital attributes with the acronym TAC:

- Talent (an innate mental aptitude)
- Ambition (a desire to succeed)
- Character (a total quality of integrity which will guide the talent and ambition to productive ends).

The Management is focused on building and maintaining a virile and well-respected brand that caters to the needs of its growing corporate, commercial and consumer banking clientele. For this purpose, the Bank is leveraging its pedigree in investment banking (having been a merchant bank for 11 years) and its structures and service offerings for a retail populace.

Performance Highlights

Revenue and Efficiency Ratio

- Total Interest Income up by 16.2% to N121.2 billion in 2015 FY (2014 FY: N104.3 billion)
- Net Fee Income down by 20.8% to N23.3 billion in 2015 FY (2014 FY: N29.4 billion)
- Net Interest Margin at 6.9% in 2015 FY (NIM for the 2014 FY: 6.0%)
- PAT up by 0.8% to N13.9 billion in 2015 FY (2014 FY: 13.8 billion)

Asset Quality

- Cost of Risk increased to 1.0% in 2015 FY, compared to 0.8% in 2014 FY
- NPL Ratio remained unchanged at 4.4% in 2015 FY (2014 FY: 4.4%)
- Coverage Ratio improved to 79.5% in 2015 FY from 71.6% in 2014 FY
- FCY Loans accounts for 40.4% of Total Loan Book from 41.9% in 2014 FY

Capital Adequacy and Liquidity

- Capital Adequacy Ratio of 19%, based on Basel II computation
- Liquidity Ratio of 36.0% compared to regulatory minimum of 30.0%
- Net Loans to Customer Deposits of 75.1% from 66.1% (2014 FY)
- Total Equity of N183.5 billion from N173.1 billion (2014 FY)

Notice Of Annual General Meeting

Notice Is Hereby Given that the 28th Annual General Meeting of Fidelity Bank Plc will be held at the Banquet Hall, Lagoon Restaurant, No 1c, Ozumba Mbadiwe Road, Victoria Island, Lagos State on the 5th day of May, 2016 at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2015 and the Reports of the Directors, Joint Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To approve the appointment of Mr. Adeyeye O. Adepegba and Mrs. Nneka C. Onyeali-Ikpe as Executive Directors.
4. To re-elect the following retiring Non-Executive Directors: Mr. Kayode Olowoniyi, Ichie (Dr.) Nnaeto Orazulike, and Chief (Dr.) Christopher I. Ezeh, MFR.

   Pursuant to Section 256 of the Companies and Allied Matters Act L.F.N. 2004, Special Notice is hereby given for the re-election of Chief Christopher I. Ezeh, MFR as a Non-Executive Director of the Company, notwithstanding that he is over 70 years old.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. 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 State, not later than 48 hours before the time fixed for the meeting.

Notes

(A) Dividend

If the proposed dividend is approved, dividend warrants will be posted on May 5, 2016 to Shareholders whose names appear in the Register of Members at the close of business on April 15, 2016, while Shareholders who have mandated their dividend to their bank accounts will be credited on the date of the Annual General Meeting.

(B) Closure Of Register Of Members

The Register of Members and Transfer Books of the Company will be closed from April 18, 2016 to April 22, 2016 (both days inclusive) to enable the Registrar prepare for dividend payment.

(C) Audit Committee

As stipulated by 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 Central Bank of Nigeria, in its Code of Corporate Governance for Banks, stipulates that some members of the Audit Committee should be knowledgeable in internal control processes, accounting and financial matters. Consequently, a detailed curriculum vitae should be submitted with each nomination.

(D) Unclaimed Dividend Warrants And Share Certificates

A number of dividend warrants and share certificates have remained unclaimed or are yet to be presented for payment or returned to the Company for revalidation. Affected Shareholders are advised to contact the Registrar, First Registrars & Investor Services Limited.

(E) E-Dividend/Bonus

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 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 Bank's website at www.fidelitybank.ng or from the Registrars website at www.firstregistrarsnigeria.com. The completed forms should be returned to First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos State, or to the nearest Fidelity Bank Plc Branch.

(F) Election/Re-Election Of Directors

i. Election of Directors:

(a) Mr. Adeyeye O. Adepegba was appointed as an Executive Director of the Bank on July 1, 2015. His appointment was approved by the Central Bank of Nigeria on September 3, 2015 and will be presented for Shareholders' approval at the 28th Annual General Meeting.

(b) Mrs. Nneka C. Onyeali-Ikpe was appointed as an Executive Director of the Bank on July 2, 2015. Her appointment was approved by the Central Bank of Nigeria on September 3, 2015 and will be presented for Shareholders' approval at the 28th Annual General Meeting.

ii. 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. Kayode Olowoniyi, Ichie (Dr.) Nnaeto Orazulike,** and **Chief (Dr.) Christopher I. Ezeh, MFR.** The retiring Directors, being eligible, will offer themselves for re-election at the 28th Annual General Meeting.

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

(G) Right of Securities' Holders to Ask Questions

Securities' holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company Secretary on or before Thursday April 21, 2016.

March 31, 2016

By Order Of The Board

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

Chairman's Statement

After years of showing signs of healthy recovery, economic activities in many economies in the world receded in the second half of 2015. This was due to the gradual slowdown of the Chinese economy and low energy and commodity prices which constrained the fiscal deliverables of most oil exporting economies.

Chief (Dr.) Christopher I. Ezeh, MFR
Chairman

Distinguished Shareholders, Ladies and Gentlemen.

It is my pleasure to welcome you to another Annual General Meeting and to once again present the annual report of our Bank, Fidelity Bank Plc, for the 2015 financial year.

2015 was an eventful year for us as a bank but before going into the changes that occurred on the Board of your Bank during the year, I would like to give you an insight into the key events that transpired within the global and domestic business environment and how they shaped the performance of our Bank in 2015.

Events That Shaped Our Business Environment In 2015

After years of showing signs of healthy recovery, economic activities in many economies in the world receded in the second half of 2015. This was due to the gradual slowdown of the Chinese economy and low energy and commodity prices which constrained the fiscal deliverables of most oil exporting economies. The household consumption profile of most crude oil dependent economies and some emerging market and developing economies also suffered a significant drop, as countries like Nigeria and Venezuela, grappled with the twin effects of reduced foreign exchange earnings and intense pressure on their local currencies. In Nigeria, regulatory restrictions on foreign exchange supply and speculation drove the exchange rate at the parallel market to a record high of N321.39/US$ in December 2015, leading to a significant gap between the value of the Naira at the official market and the parallel market.

The pass-through effect of the challenge in foreign exchange earnings faced by emerging market and developing economies impacted negatively on the export businesses of advanced economies in 2015. An analysis showed that the United States economy slumped at an adjusted annualized rate of 0.7 percent in the last quarter of 2015. This figure, which was below the 2.0 percent growth in Q3, reflected the fragile recovery transition of the United States economy, as a strong US dollar affected the export market while low crude oil prices curtailed expansion investments in the energy industry, forcing high cost shale oil producers to shut down production. However, private sector consumption spend was resilient with other impediments to growth like the labour market strengthening in the period, translating to an improved overall annual growth of 2.5 percent compared to 2.4 percent in 2014. In the same vein, France, Spain and Italy, each recorded improved annual growth in 2015.

Though the growth figures in many advanced economies were not as phenomenal as they were a year ago, critical macroeconomic indicators were nonetheless positive and better than the figures reported by emerging market and developing economies. According to data released by the International Monetary Fund (IMF) in January 2016, advanced economies grew from 1.8 percent to 1.9 percent, while emerging market and developing economies regressed for the fifth consecutive year to 4.0 percent from 4.6 percent, causing the global economy to recede to 3.1 percent in 2015 from the 3.4 percent annual growth figure in 2014. The improved growth reported by advanced economies stemmed from varied fiscal policies employed by western economies to stimulate domestic consumption and manufacturing activities.

The year also witnessed a cross-section of monetary adjustments targeted at achieving broad based financial stability and sustainable growth especially in advanced economies. First to embark on the journey was the European Central Bank (ECB) with the start of its € 1.1 trillion (an equivalent of US$1.2 trillion) assets-purchase program in March 2015, five months after the United States discontinued its Quantitative Easing Program (QEP) that quadrupled its federation balance sheet size from less than US$1 trillion in 2008 to US$4.5 trillion in 2014. No doubt, the ECB's program was targeted at saving the fragile recovery of some of the European Union (EU) member states. However, the program was argued to have reduced the competitiveness of local markets and incentives for Governments to stop overspending.

Nonetheless, the financial crisis that engulfed some of its member states necessitated another round of bailouts which also injected fresh uncertainty in the political space of the affected states.

In Greece, the unpopular third bailout deal valued at €86 billion met strong criticism from the citizens on the ground that the country should have resisted pressure from EU members and risked the consequences of defaulting on its sovereign debt obligations. The deal came at a heavy political price to the Greek Prime Minister, Alexis Tsipras, forcing him to resign and seek re-election in September 2015 as well as a fresh political coalition.

For the Asia Pacific economies, growth was relatively stable, however, the region was adversely affected by weak external demand from advanced economies and Africa as well as the slower growth of the biggest economy in that region - China. In Japan, the economy seems unable to return to a sustainable growth path after 3 years of inaugurating the Abenomics program targeted at stimulating domestic consumption and the export market through monetary easing, fiscal stimulus and a far-reaching structural reform. The economy contracted in Q4 after it struggled to snap out of another recession in Q2 and a weak export market for finished goods that crippled investments in the manufacturing sector. Biting hard on the Japanese export market, was the slower growth in China, a situation worsened by the deliberate boycott of products manufactured in Japan by Chinese citizens as a demonstration of their displeasure with Japan's ownership claim on the disputed Diaoyu/Senkaku Islands located in the East China Sea.

The faster-than-expected slowdown in China was not just bad for the overall performance of its domestic economy, it was also bad for its trade partners. The spillover impact of weaker Chinese manufacturing activities and demand for raw materials did not only lower aggregate trade volumes with Africa, it also impacted negatively on the investment flow from China.

In Sub-Saharan Africa, aggregate growth figures fell sharply from 5.0 percent in 2014 to 3.5 percent in 2015 against the background of declining capital inflows and the volatility in commodity prices experienced in the second half of the year. South Africa remained particularly vulnerable as a result of its high level of exposure to the global financial market and declining consumer disposable income in Botswana, Namibia, Congo, Lesotho and other members of the Southern African Development Community (SADC) that constitute a large chunk of its export market. Other economies within the Sub-Saharan Africa region, particularly commodity exporters such as Nigeria, Angola, Cameroon and Ghana also showed signs of stress in their income portfolios in view of the declining fortunes of their exports in the world market relative to the preceding year.

In Nigeria, both State and Federal Government fiscal outlays were challenged by falling receipts from crude oil sales as revenue generation suffered severely from declining oil production and low oil prices. The depressed crude oil demand from China and increased shale oil production in the United States culminated in a global supply glut, forcing the price of Brent Crude to drop by over 46 percent from its peak of US$115.06 per barrel in May 2014 to US$62.01 per barrel in June 2015. By August 2015, 10 Nigerian State Governments had become financially distressed and needed the Federal Government bailout to pay salaries and meet their debt obligations. The inability of these States to pay salaries worsened the risk exposure of banks, especially to the consumer market space.

The situation was made worse by the continued drop in crude oil prices in December 2015 to US$36.11 per barrel, representing an additional loss of about 42 percent, a situation that could have been arrested if OPEC members especially Saudi Arabia had agreed to use a supply-cut approach to push up the crude oil prices. The challenged revenue profile of the Nigerian economy affected trade transactions significantly, shrinking the revenue sources of banks in the later part of the year.

According to the provisional trade data released by the Nigerian Bureau of Statistics (NBS), Nigeria's total trade bills dropped by 30.6 percent to N16.4 trillion from N23.7 trillion reported in 2014. Annual growth rate dropped to 2.79 percent from 6.22 percent in 2014. Headline inflation rate rose to 9.6 percent in December 2015, the highest since 2013, exceeding the Central Bank of Nigeria's (CBN) target band of 6 to 9 percent by 60 basis points.

On account of the revenue challenges facing the Government, the Treasury Single Account (TSA) was implemented in September 2015 to curb abuse of public funds and also consolidate the internally generated revenue of the Federal Government in a single account in the Central Bank of Nigeria for ease of planning and accountability. The implementation of the TSA pulled out over N2.0 trillion from the banking sector which affected the industry's liquidity, creating a temporary hike in cost of deposits as banks competed for private sector customer deposits.

Notwithstanding the challenges that confronted the Nigerian economy, Nigerian citizens were at the polls to elect their leaders and representatives in general elections that were largely peaceful across the country. The smooth transition from a Federal Government led by the Peoples Democratic Party (PDP) to a new administration led by the All Progressives Congress (APC) and the peaceful inauguration of President Muhammadu Buhari on May 29th, 2015 marked a point of reference in the history of democracy in Nigeria.

Fidelity Bank's Financial Performance In 2015

Once again, it is my pleasure to present the financial results of your Bank for the year ended December 31, 2015. The financial performance reflects the disciplined execution of your Bank's medium term strategy and the resilience of its evolving business model despite the extremely challenging business environment in 2015. Total earnings grew by 7.9 percent to N146.9 billion from N136.1 billion. The growth in total earnings came from interest income which grew by 16.2 percent to N121.2 billion from N104.3 billion in 2014. The tough business environment reflected more on the fees and commission income of your Bank which dropped by 20.8 percent to N23.3 billion from N29.4 billion due to regulatory restrictions on foreign exchange transactions and the 50 percent reduction in commission on turnover from N2 per mill to N1 per mill.

Despite the drop in fees and commission income, profit after tax (PAT) grew by 0.8 percent to N13.9 billion from N13.8 billion which shows the resilience of the earnings base of your Bank.

Changes On The Board During The Year

Since the last Annual General Meeting, three Executive Directors (Mrs. Onome Olaolu, Executive Director, Risk Management; Mr. John Obi, Executive Director, Corporate Banking; and Mr. IK Mbagwu, Executive Director, Lagos and South West) retired from the Board, having attained retirement age in accordance with the Bank's Human Capital Policy.

It is important to mention that the retired Executive Directors served on the Board of the Bank with dedication and diligence. They worked hard to fulfil the aspirations of the founding fathers of the Bank. I wish them well in all their future endeavours.

In line with the Bank's policy on succession planning, Mr. Adeyeye Olawale Adepegba was appointed Executive Director Corporate Banking, while Mrs. Nneka Chinwe Onyeali-Ikpe was appointed Executive Director Lagos and South West. The Board also approved the appointment of a new Chief Risk Officer for the Bank at the level of General Manager. The appointments have all been approved by the Central Bank of Nigeria.

Appreciation

Please permit me to take this time to thank our esteemed customers for their loyalty and trust in our Bank. Your patronage is commendable and is what has enabled the Bank get this far. I will also thank my fellow shareholders for their support and all stakeholders for making out time to be here.

To the Management and Staff of our Bank, we understand the challenges you confronted in the last financial year and we appreciate you for staying true to the promises you made to us.

Thank you again for making out time to attend this Annual General Meeting.

God bless you all.

Chief (Dr.) Christopher I. Ezeh, MFR -
Chairman

The CEO's Statement

Discussion on Performance and Business Operations for the 2015 Financial Year

Nnamdi J. Okonkwo
Managing Director & Chief Executive Officer

Distinguished shareholders, ladies and gentlemen, thank you for attending this Annual General Meeting and for giving me another opportunity to present highlights of our performance in the 2015 financial year.

The general business environment witnessed a series of setbacks that shrank the earnings base of most financial institutions in 2015 but I am glad to inform you that the performance of our Bank showed resilience to these challenges. We were able to achieve this through a sustained income stream built on qualitative services, innovative products and a clear understanding of the varying needs of our customers. It is on this note that I present to you, a review of our financial performance and the key corporate initiatives we executed in the 2015 financial year.

The financial year under review was challenging due to a number of factors; the difficult operating environment, the tight monetary policy stance of the Central Bank of Nigeria implementation of the Treasury Single Account (TSA) and currency devaluation concerns which culminated in negative earnings headwinds in the banking industry.

Despite these challenges, we continued with the disciplined execution of our medium term strategy with focus on improving the earnings base of our business segments which helped us to cushion the effect of reduction in our traditional income lines. Total earnings increased by 7.9 percent to N146.9 billion from N136.1 billion on account of 16.2 percent growth in interest income.

Our Financial Performance in 2015

The financial year under review was challenging due to a number of factors; the difficult operating environment, the tight monetary policy stance of the Central Bank of Nigeria, implementation of the Treasury Single Account (TSA) and currency devaluation concerns which culminated in negative earnings headwinds in the banking industry.

Despite these challenges, we continued with the disciplined execution of our medium term strategy with focus on improving the earnings base of our business segments which helped us to cushion the effect of reduction in our traditional income lines. Total earnings increased by 7.9 percent to N146.9 billion from N136.1 billion on account of 16.2 percent growth in interest income. Profit after tax (PAT) increased to N13.9 billion from N13.8 billion despite the additional provision of N1.1 billion made in respect of our exposure to an account in the oil and gas sector. We are pleased with the resilience of our business model which led to an increase in our earnings assets and 0.8 percent growth in our bottom line.

Net interest income increased by 24.7 percent to N60.9 billion on account of loan repricing and balance sheet optimization towards higher yield sectors of the economy.

This is reflected in the observed increase in lending to the retail and consumer market. We continued to increase yields on earning assets faster than the growth in funding costs, which improved our net interest margin to 6.9 percent at the end of the financial year. Nonetheless, the constrained business environment was evident in our reported net fee income which dropped by 20.8 percent due to the 50 percent drop in commission on turnover (COT) charge from N2 per mill to N1 per mill and a N10 billion reduction in foreign exchange income on the back of regulatory trading restrictions in the foreign exchange market. Our retail strategy continued to deliver increased revenues as electronic banking income increased by 182.4 percent to N7.6 billion from N2.7 billion, driven by the deployment of a new online banking application, increased migration of customers to our alternate channels and an increase in international card transactions.

Our total operating expenses was high at N64.1 billion, a 17.1 percent increase from the N54.8 billion recorded in 2014. The increase was driven largely by our re-branding and advertisement costs, staff remuneration, depreciation and regulatory charges which included the insurance premium paid to the Nigeria Deposit Insurance Corporation (NDIC) and the banking industry resolution charge. The increased operating cost resulted in a cost-income ratio of 76.4 percent from 74.2 percent in the 2014 financial year.

While we remained cautious in lending, we however increased our lending activities in sectors with historical low default rate and at the same time, pursued recovery of loans that were previously classified. Our net loans and advances grew by 6.7 percent to N578.2 billion while the non-performing loans ratio remained at 4.4 percent despite the poor macro environment and expansion in our loan book.

The implementation of the Treasury Single Account in September 2015 and NLNG dividends withdrawal impacted negatively on our deposit base by about N175 billion during the year, resulting in a 6.1% decline in our total customer deposits to N769.6 billion from N820.0 billion. The liquidity impact of the policy spiked up deposit rates in the inter-bank market, forcing banks to compete on the basis of pricing rather than quality of services which caused a 20 basis points increase in our average cost of deposits to 6.4 percent.

Key Corporate Initiatives

Our corporate initiatives in 2015 were guided by our medium to long term strategic goals and focused on taking advantage of increasing opportunities in the Small and Medium Enterprises (SME) market and the need to reinvigorate our retail business segment. Before we decided to deepen our activities in these markets, we knew we needed a type of funding base that was insulated from market shocks because of the uniqueness of financing needs especially in the SME market. We observed that some of our SME clients were already moving from trading to manufacturing while some had started backward integration, so it was clear to us that we needed a stable funding base to play in that market. In May 2015, we issued a N30 billion 7-year subordinated bond which was fully underwritten at a coupon rate of 200 basis points above the average yield of sovereign bonds which came to 16.48 percent.

On September 3, 2015 we unveiled a new corporate identity that portrays our positive personality with a view to helping us stand-out in a very competitive market. Our new corporate identity is inspired by our past with our eyes set on the future, whilst also staying true to our vision. Our new identity comes with a renewed brand promise, "your aspiration may prove to be a tough job but someone's got to do it". The brand promise has turned into a success mantra used by aspiring entrepreneurs in identifying and collaborating with our Bank.

In addition, we have commenced the upgrade of our core banking platform which is expected to go live in Q3 2016. The upgrade to Finacle 10.2.17 from version 7.0.11, will provide a superior architecture which will enhance our operational efficiency, deepen our electronic banking capabilities and provide management with qualitative information for faster decision making.

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Our new identity comes with a renewed brand promise, "your aspiration may prove to be a tough job but someone's got to do it". The brand promise has turned into a success mantra used by aspiring entrepreneurs in identifying and collaborating with our bank.

Outlook for 2016 Financial Year

In 2016, business activities in Nigeria will be largely shaped by the price of crude oil and the Federal Government's disposition to borrowing which will have a significant impact on fiscal deliverables of both the Federal and State Governments. We expect the current foreign exchange pressure to continue though there has been a gradual increase in oil prices and better collaboration amongst Organization of Petroleum Exporting Countries (OPEC) members which could result in a supply cut targeted at achieving an oil price increase in the medium term.

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, while enhancing our overall risk monitoring capacities to ensure both internal and external risks are identified and mitigated before they crystalize. On the back of 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.

In conclusion, we remain committed to the execution of our medium to long term strategy in the retail business segment, small and medium scale enterprises, electronic banking and niche corporate banking segment and look forward to delivering another positive set of results in the 2016 financial year.

On behalf of the Management and staff, I would like to thank our shareholders for their confidence in our stewardship. My special appreciation goes to our customers for their patronage and loyalty.

Thank you all for coming and God bless you.

Nnamdi J. Okonkwo -
Managing Director
& Chief Executive Officer

Sustainability Banking Report

Fidelity Bank's mission is to make financial services easy and accessible. Execution of this mission connects us with the twin goals of sustainable economic development and poverty reduction. As a Bank, we play key roles in driving long-term economic development which we believe should occur in a manner that is not only economically viable but also environmentally responsible and socially relevant. We understand that our lending and investment activities could, in uncontrolled circumstances, produce negative Environmental and Social (E&S) impacts including air and water pollution; destruction of biodiversity and ecosystems; threats to human health and safety; violations of labour rights; displacement of livelihoods, etc. Consequently, we continually seek ways to carry out our banking activities with the intent to ''do no harm'' to people and the environment. This way we contribute to ensuring 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 commits to observe relevant local and international standards such as the Nigerian Sustainability Banking Principles (NSBP) and the Equator Principles in managing environmental and social risks in its own undertakings as well as that of clients it finances.

Managing Environmental And Social Risks In Clients' Businesses

Fidelity Bank may be exposed to the E&S risks associated with the underlying business activities of its clients. These risks often present as credit, collateral, legal liability and reputational risk. Our standardized E&S systems and processes are being optimized to respond to the nature and scale of client operations, sector, nature of E&S risks and potential impacts. Our decision-making processes incorporate an approach that systematically identifies, assesses and manages E&S risks and their potential impacts. Where avoidance of E&S risk is not possible, the Bank engages with the client to minimise and/or offset identified risks and impacts, as appropriate. In this regard, the Bank has taken steps to automate and integrate E&S procedures into its credit screening, approval, administration, monitoring and reporting processes.

Compliance With Equator Principles

Equator Principles (EPs) are the financial sector's leading voluntary standard for identifying, assessing, and managing social and environmental risks in relation to projects. The Principles are based on the International Finance Corporation's (IFC) Performance Standards 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 released in June, 2013. The latest version of the EPs 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, the new EPs now apply to Project-Related Corporate Loans as well as Bridge Loans. Accordingly, we have updated our lending policies and procedures to reflect the new requirements.

As part of the structure to mainstream E&S issues in lending processes, Fidelity Bank maintains a dedicated Sustainability Banking Desk that operates out of the Bank's Head Office within its Risk Management Division. The Sustainability Banking Unit reviews project related applications above the threshold of US$10m as stipulated by the Equator Principles while also reviewing other applications below this threshold in line with other national and international requirements.

In 2015, the Sustainability Banking Unit in collaboration with the Business Process Automation Division developed an online E&S Screening and Assessment tool and integrated the application with the Bank's automated Credit Appraisal System. Also, as part of its routine roles, the Sustainability Banking Unit organized and facilitated training of Relationship and Risk Management teams across the bank regarding use of the online tool.

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 IFC 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 generally site-specific, largely reversible and readily addressed
- Category C: Projects with minimal or no social or environmental impacts.

Below is a report of our project finance activity, in line with Equator Principle III requirements for the period, January 1 to December 31, 2015. During the review period, Fidelity Bank did not participate in any project finance, project finance related advisory services and bridge financing, as defined in the Equator Principles:

Project Finance - Sector Reporting

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

Project Finance – Regional Reporting

Region	E&S Risk Categories		
	A	B	C
Americas	0	0	0
Europe, Middle East and Africa	2	2	0
Asia Pacific	0	0	0
Total	**2**	**2**	**0**

Project Finance – Country Designation

Designation	E&S Risk Categories		
	A	B	C
Designated Countries	0	0	0
Non-Designated Countries	2	2	0
Total	**2**	**2**	**0**

Project Finance – Independent Review

	E&S Risk Categories		
	A	B	C
Yes	2	0	0
No	0	2	0
Total	2	2	0

At Fidelity Bank, we believe that Small and Medium-Scale Enterprises (SMEs) are engines of economic growth, job creation and poverty reduction. Our experience indicates that SMEs do not only need financing but in addition also require focused capacity building to grow their businesses. To this end, the Bank under its Managed SME Scheme, continued to develop and deliver tailor-made training and capacity enhancements to SME owners in 2015. Through the scheme, budding entrepreneurs receive training in accounting, financial management, human resources management and the use of information technology systems along with an overview of how the Bank works to finance SME businesses.

To further support the programme, business icons and captains of industry in various sectors of the economy and leaders in the public sector are sponsored by the Bank to enlighten SME owners on how to identify and optimize opportunities in the business environment through the electronic media. In addition to the continuation of the Fidelity SME Radio Programme in 2015, the Bank introduced its SME TV Series and the Fidelity Regional SME Conference. The SME TV Series is an initiative that seeks to assist SMEs across all geographical zones in Nigeria to identify economic opportunities offered in their immediate environments.

Contributing to Greenhouse Emissions Reduction

Fidelity Bank recognizes that climate change is a serious global challenge and that climate related impacts may impede economic and social well-being and development efforts. Working with our clients and collaborative partners to address climate change is therefore a strategic priority for the Bank. Fidelity Bank supports adaptation measures that promote sustainable investments. In pursuit of greenhouse gas emissions reduction, we have implemented strategies at the Bank to reduce local and overseas travels. Key components of these strategies include installation of online learning and conferencing facilities which have reduced official travels within the Bank. Also, as a deliberate carbon emissions reduction strategy, we ensure that our over 734 ATMs are powered with inverters.

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 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, Fidelity Bank employee policies prohibit use of child labour, forced labour and discrimination on grounds of race, 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 appropriate medical intervention, 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 express 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's work ability, the Bank's standard incapacity procedures are usually applied.

Empowering And Creating Opportunities For Women

Fidelity Bank believes that women have 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 Bank 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 strives to achieve a minimum 40% female representation in its workforce. 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 which clearly communicates its zero tolerance for corruption, bribery, abuse of office and similar misdemeanours. In collaboration with the firm of KPMG Advisory Services, the Bank since 2007 put in place a robust Whistle Blowing Policy and framework which enable 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. These systems work in concert to strengthen staff integrity, confidence and ensure a more disciplined work force.

Collaborating With Partners

Fidelity Bank acknowledges that it can achieve more working together with others than acting alone. We therefore endeavor 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 their sustainability performance. Fidelity Bank participates actively in sector-wide efforts and international initiatives to promote sustainable development. The Bank is a signatory to the United Nations Environmental Programme-Finance Initiative (UNEP-FI) and the Equator Principles. Other partners that Fidelity Bank collaborates with for sustainability include the Nigerian Conservation Foundation (NCF), The Nigerian Writers Association, and Spinal Cord Injuries Association of Nigeria (SCIAN).

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 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 2015, the Bank continued to maintain its environmental advocacy programme through financial sponsorship for the Nigerian Conservation Foundation/Lagos State Government Walk-for-Life programme.

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

In 2015, key projects completed and handed over to beneficiary communities under the scheme include provision of ICT centers, donation of vehicles, renovation of schools, construction of boreholes and water treatment plants amongst others.

Standing (From Left To Right)

Mr. Kayode Olowoniyi, Mr. Adeyeye Adepegba, Mrs. Ezinwa Unuigboje (Company Secretary), Mr. Michael Okeke, Mrs. Nneka Onyeali-Ikpe, Mr. Alex Ojukwu, Mr. Mohammed Balarabe

Sitting (From Left To Right)

Mallam Umar Yahaya, Alhaji Bashari Gumel, Mrs. Chijioke Ugochukwu, Chief (Dr) Christopher I. Ezeh, MFR (Chairman), Mr. Nnamdi J. Okonkwo (MD/CEO), Mrs. Aku Odinkemelu, Mr. Robert Nnana-Kalu, Ichie (Dr.) Nnaeto Orazulike

Chief (Dr) Christopher I. Ezeh, MFR –
Chairman

A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); Institute of Directors (IOD); Institute of Cost and Management Accountants (CMA) and a member of the British Institute of Management, Chief Ezeh, also holds a Doctor of Business Administration (DBA) Honoris Causa, from Enugu State University of Science & Technology and a Doctor of Business Administration (DBA) Honoris Causa from Anambra State University, Uli, Anambra State. He started his career with Chrysler (UK) Limited in 1968.

He then joined Shell BP, Zambia, before leaving for John Holt (Nig) Plc in 1976, becoming Group Managing Director (in 1986) and later, Chairman, a position he has held from 2001 to date.

Chijioke Ugochukwu -
Executive Director, Shared Services & Products

Chijioke Ugochukwu was General Manager, Legal Services Division and Company Secretary of the Bank before she was appointed to the Board in April 2012 as Executive Director, Shared Services and Products. She holds a Bachelor of Laws (LL.B Hons.) degree from Obafemi Awolowo University, Ile-Ife, and a Barrister at Law (BL) degree from the Nigerian Law School. She also holds a Master of Business Administration degree from IESE, Barcelona, Spain.

She is a member of the Institute of Chartered Secretaries and Administrators of Nigeria and has more than 24 years industry experience in different aspects of banking. At various points, Mrs. Ugochukwu had been in Operations, Treasury Management and Corporate Services Divisions. She is a regular speaker on Ethics, Personal Financial Planning and Wealth Preservation.

Nnamdi J. Okonkwo -
Managing Director & Chief Executive Officer

Nnamdi Okonkwo assumed duty as Managing Director/CEO with effect from January 2014. Until his appointment as the MD/CEO, he was the Executive Director in charge of the Bank's South Directorate.

He holds a B.Sc. in Agricultural Economics from the University of Benin and an MBA, Banking and Finance from Enugu State University. He is also a graduate of the Advanced Management Programme (AMP) of INSEAD and has also attended other senior-level programmes at world-renowned institutions.

Before joining Fidelity Bank, Okonkwo was the Head of the Corporate Banking Directorate in United Bank for Africa Plc (UBA) and had at various times been the MD&CEO of UBA, Ghana and the Regional Chief Executive Officer of all UBA Subsidiaries in Ghana, Liberia and Sierra Leone. He has over 26 years relevant experience in various areas of banking.

Mohammed Balarabe -
Executive Director, North

Mohammed Balarabe holds a Bachelor's degree in Accountancy and Finance from Nottingham Trent University, United Kingdom (UK), as well as an M.Sc. in Finance from the University of Lagos.

A dealing member of the Nigerian Stock Exchange since 1992, Mohammed was an Executive Director with the former Oceanic Bank Plc before joining Fidelity Bank.

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 has over 25 years banking experience across various business portfolios. He was appointed to the Board in April, 2012.

Aku Odinkemelu -
Executive Director, South

Aku Odinkemelu holds a Bachelor of Laws (LL.B Hons.) from University of Nigeria, Nsukka and a Barrister at Law (BL) degree from the Nigerian Law School, Lagos.

She is a graduate of the Advanced Management Programme (AMP) from Harvard Business School. Mrs. Odinkemelu has also served as a Non-Executive Director in Guaranty Trust Bank (Sierra Leone) Limited and Guaranty Trust Assurance Plc.

She had worked with Access Bank Plc, former Equitorial Trust Bank Limited and Continental Merchant Bank Plc and comes with over 26 years experience in various areas of banking. She was appointed to the Board in August 2014 as Executive Director, South.

Nneka Chinwe Onyeali-Ikpe
Executive Director, Lagos & West

Nneka Onyeali-Ikpe has extensive industry experience in Retail/Commercial, Treasury and Corporate Banking spanning over 24 years, having at various times, held middle, senior and executive management positions.

Prior to her appointment, Nneka was an Executive Director at Enterprise Bank Limited where she successfully set up the Retail Banking and SME Group, using carefully designed product papers tailored towards specific target segments.

Onyeali-Ikpe holds Bachelor of Laws (LLB) and Master of Laws (LLM) degrees from the University of Nigeria, Nsukka and Kings College, London, respectively. She was appointed to the Board on July 2, 2015 and currently oversees the Bank's Lagos & South West Directorate.

Adeyeye Olawale Adepegba -
Executive Director, Corporate Banking

Adeyeye Adepegba holds a Master of Business Administration (MBA) degree from Lancaster University Management School, Lancaster University, UK; a Master's degree in Industrial & Labour Relations (MILR), as well as a Bachelor's degree in History from the University of Ibadan, Nigeria.

Prior to his appointment, Adeyeye was the General Manager and Division Head, Power & Infrastructure, Corporate Banking Directorate of Fidelity Bank.

A banker with 27 years post-qualification experience in business origination, Adepegba was appointed to the Board on July 1, 2015 and currently oversees the Corporate Banking Directorate of the Bank.

Ichie (Dr.) Nnaeto Orazulike
Director

Ichie (Dr.) Nnaeto Orazulike holds a B.Sc. degree in Accountancy from the University of Nigeria, Enugu Campus. He began private business in 1993 when he started Genesis Foods Limited, a frontline industrial catering services company.

His vast chain of successful businesses include Orazulike Trading Company Limited, Stanchions Nigeria Limited and Genesis Deluxe Cinemas Limited.

Robert Nnana-Kalu -
Director

Robert Nnana-Kalu holds a Master of Arts degree in International Relations as well as a 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 practised law in the firm of Chief K. K. Ogba Chambers, Owerri, Imo State, 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, as well as a National Council Member of the Association. He has travelled extensively in Nigeria and overseas. He joined the Board of Fidelity Bank in July 2012.

Bashari Mohammed Gumel -
Director

A seasoned administrator who began his early career as a civil servant in 1968, Alhaji Bashari M. Gumel is an alumnus of the Ahmadu Bello University, Zaria.

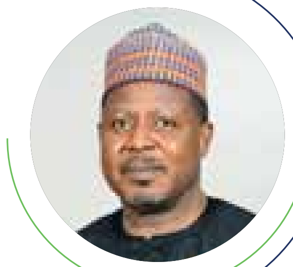
As a civil servant, Gumel rose to the position of Permanent Secretary in 1980 when he retired to venture into private business.

He holds a Post-Graduate Diploma in Public & Social Administration from South Devon Technical College, Torquay, England. Gumel sits on the boards of several companies and is currently the Chairman of Jafa Foam Products Limited.

Kayode Gabriel Olowoniyi -
Director

Kayode Olowoniyi is an alumnus of the Federal Polytechnic, Ado-Ekiti and the Institute of Chartered Secretaries and Administrators, London.

A Chartered Secretary and Administrator of long standing, Mr. Olowoniyi is currently a Director of Amazing Inspiration Media Limited and El-Faida Stores Limited.



Mallam Umar Yahaya -
Director

Umar Yahaya obtained both Bachelor's and Master's degrees in Business Administration from Ahmadu Bello University, Zaria in 1977 and 1981 respectively.

He has an Advanced Diploma in Management from Harvard Business School, Boston, Massachusetts and an Executive Management Diploma in Strategy & Organisation from Stanford Graduate School of Business, USA.

He was an Executive Director of First Bank of Nigeria Plc with responsibility for policy formulation, strategic direction and day-to-day management of sector posting. He was also the Managing Director/Chief Executive of New Africa Merchant Bank (NAMB) Limited from 1992 to 1997.

Michael E. Okeke -
Director

Michael E. Okeke holds a B.Sc. degree in Estate Management and Post-Graduate Diploma in Political Science from the University of Nigeria, Enugu Campus. 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).

A proficient Estate Surveyor & Valuer with professional specialisation in property valuation, project finance, procurements, syndicated asset management, valuation of aviation and navigation installations, including aircraft, ships and vessels; he is currently the Managing Partner of Sun Oriala & Co, an estate management firm. He joined the Board of Fidelity Bank Plc with effect from October 23, 2014.

Alex C. Ojukwu -
Director

Alex C. Ojukwu has over 26 years experience in diverse fields, including Banking Services, Control & Audit, Marketing, Power, Mining, Steel, Risk and Manufacturing.

He joined Fidelity Bank Plc as a Non-Executive Director with effect from October 23, 2014. He holds a Bachelor's degree in Finance from Ogun State University and a Master's in Business Administration from Federal University of Technology, Akure.

He is a Fellow of the Chartered Institute of Bankers (FCIB), an alumnus of the Lagos Business School and a Member of the Institute of Risk Management. He is currently the Managing Director of Afro-Asia Automobile & Plastics Limited. He was the Executive Director, Risk Management, Western Goldfields Group Limited and also the founder and Managing Partner of Damos Practice – Risk Management Consultants, after leaving the services of Bank PHB Plc (now Keystone Bank Limited) as Assistant Vice President in charge of Remedial Assets Management.

Management Staff

As At March 31, 2016

S/N	NAME	GRADE	DESIGNATION
1	NNAMDI OKONKWO	MD	MD & CEO
2	CHIJIOKE UGOCHUKWU	ED	ED, SHARED SERVICES & PRODUCTS
3	MOHAMMED BALARABE	ED	ED, NORTH
4	AKU ODINKEMELU	ED	ED, SOUTH
5	ADEYEYE ADEPEGBA	ED	ED, CORPORATE BANKING
6	NNEKA ONYEALI-IKPE	ED	ED, LAGOS & SOUTH WEST
7	CHARLES OKORO	GM	HEAD, IMO/ABIA REGIONAL BANK
8	GBOLAHAN JOSHUA	GM	CHIEF OPERATIONS AND INFORMATION OFFICER
9	OBARO ODEGHE	GM	HEAD, APAPA REGIONAL BANK
10	KEVIN UGWUOKE	GM	CHIEF RISK OFFICER
11	VICTOR ABEJEGAH	GM	CHIEF FINANCIAL OFFICER
12	HASSAN IMAM	GM	HEAD, ABUJA 1 REGIONAL BANK
13	ADEBOYE OGUNMOLADE	GM	CHIEF COMPLIANCE OFFICER
14	KENNETH OPARA	GM	HEAD, MANAGED SMEs
15	LAZARUS OKOLIE	GM	CHIEF TECHNOLOGY OFFICER
16	LEONARD EZUGWU	GM	HEAD, ANAMBRA/ENUGU/EBONYI REGIONAL BANK
17	TAIWO JODA	DGM	HEAD, VICTORIA ISLAND REGIONAL BANK
18	CHINEZE OSAKWE	DGM	TREASURER
19	ABOLORE SOLEBO	DGM	HEAD, OIL & GAS (UPSTREAM)
20	CHINWEIFENU BASIL-EZEGBU	DGM	CHIEF INTERNAL AUDITOR
21	MARTINS IZUOGBE	DGM	HEAD, OPERATIONS
22	ADEYINKA OMOTOSO	DGM	HEAD, SOUTH WEST REGIONAL BANK
23	EZINWA UNUIGBOJE	AGM	COMPANY SECRETARY
24	ABIMBOLA ILUPEJU	AGM	HEAD, LEGAL SERVICES DIVISION
25	DESMOND ANUMKUA	AGM	HEAD, INTERNAL CONTROL
26	FELICIA ANYA	AGM	HEAD, CREDIT ADMINISTRATION
27	RICHARD MADIEBO	AGM	HEAD, RETAIL BANKING
28	HALILU MALABU	AGM	HEAD, NORTH EAST REGIONAL BANK
29	JUDE MONYE	AGM	HEAD, IKEJA REGIONAL BANK
30	IFEANYI NWOSU	AGM	HEAD, LAGOS ISLAND REGIONAL BANK
31	CHIKWENDU OGBODO	AGM	HEAD, FESTAC REGIONAL BANK
32	CHARLES ONYEOGUZORO	AGM	HEAD, LOAN PROCESSING AND MONITORING
33	MANNIR RINGIM	AGM	HEAD, NORTH WEST 1 REGIONAL BANK
34	NASIRU SAMA	AGM	HEAD, NORTH WEST 2 REGIONAL BANK
35	MUSA TARIMBUKA	AGM	HEAD, AGRICULTURE
36	ANTHONY YARO	AGM	HEAD, ABUJA 2 REGIONAL BANK
37	ADÉDÈJÌ OLÓWÈ	AGM	HEAD, ELECTRONIC BANKING
38	CHARLES ODIBO	AGM	HEAD, BRAND & COMMUNICATIONS
39	TONIE OBIEFUNA	AGM	HEAD, CORPORATE SERVICES
40	NAPOLEON ESEMUDJE	AGM	CHIEF HUMAN RESOURCES OFFICER
41	OLUSEGUN OJO	AGM	HEAD, DOMESTIC OPERATIONS
42	JANET NNABUKO	AGM	HEAD, SAVINGS GROUP
43	MICHAEL NNAJI	AGM	HEAD, TRANSPORT & SHIPPING
44	EVI KANU	AGM	HEAD, PUBLIC SECTOR SOUTH
45	CHIOMA NWANKWO	SM	HEAD, PRIVATE BANKING
46	WALE MESIOYE	SM	HEAD, CONSTRUCTION AND REAL ESTATE
47	AHMED OBA	SM	HEAD, REMEDIAL ASSETS MANAGEMENT

Report Of The Directors

For The Year Ended 31 December 2015

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, 2015.

Results

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

	31 Dec, 2015	31 Dec, 2014
	N'million	N'million
Profit before income tax	14,024	15,515
Income tax expense	(120)	(1,719)
Profit after taxation	13,904	13,796
Earnings per share		
Basic and Diluted (in Kobo)	48	48

Proposed Dividend

In respect of the 2015 financial year, the Board of Directors recommend a dividend of 16kobo per Ordinary Share of 50 kobo each amounting to N4,634,013,710.72 for approval at the Annual General Meeting. If approved, dividend will be paid to Shareholders whose names appear on the Register of Members as at close of business on April 15, 2016. 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 in Nigeria as a private limited liability company on November 19, 1987. It obtained a merchant banking license on December 31, 1987 and commenced banking operations on June 3, 1988. The Bank converted to a commercial bank on July 16, 1999 and registered as a public limited liability company on August 10, 1999. The Bank obtained its universal banking license on February 6, 2001 and it's shares were quoted on the floor of the Nigerian Stock Exchange on May 17, 2005.

Principal Activities

The principal activity of the Bank continues to be the provision of commercial banking services to its customers from its head office in Lagos and 217 business offices. These services include retail banking, e-banking, granting of loans and advances, equipment leasing, collection of deposits 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, 2015 is as follows:

Range Analysis			Position As at 31/12/2015		
Range	No. of Holders	Holders%	Units	Units%
1 - 1,000	94,466	23.23	80,049,008	0.28
1,001 - 5,000	173,749	42.72	479,141,402	1.65
5,001 - 10,000	53,523	13.16	439,904,040	1.52
10,001 - 50,000	61,048	15.01	1,462,833,338	5.05
50,001 - 100,000	11,395	2.80	900,089,695	3.11
100,001 - 500,000	9,725	2.39	2,116,412,148	7.31
500,001 - 1,000,000	1,366	0.34	1,012,896,384	3.50
1,000,001 - 5,000,000	1,031	0.25	2,192,433,570	7.57
5,000,001 - 10,000,000	158	0.04	1,175,409,061	4.06
10,000,001 - 50,000,000	167	0.04	3,153,310,278	10.89
50,000,001 - 100,000,000	22	0.01	1,564,858,891	5.40
100,000,001 - 500,000,000	49	0.01	8,981,870,318	31.01
500,000,001 - 1,000,000,000	6	0.00	4,177,538,906	14.42
1,000,000,001 - 28,962,585,692	1	0.00	1,225,838,653	4.23
	406,706	100.00	28,962,585,692	100.00

Substantial Interest In Shares

The Bank's shares are widely held and according to the Register of Members, no single Shareholder held up to 5% of the issued share capital of the Bank during the period except Stanbic Nominees Limited which held 1,907,030,055 shares representing 6.6% of the Bank's share capital as at December 31, 2015. Stanbic Nominees Limited held the shares in its trading accounts as Custodian for multiple investors. Beneficial ownership of the shares resides with the said investors, not Stanbic Nominees Limited.

Changes On The Board

Since the last Annual General Meeting, the following changes have taken place on the Board:

(i) The under-listed Executive Directors, having attained retirement age in accordance with the Bank's Human Capital Policy retired from the Board of Directors of the Bank:

(a) Mrs Onome Olaolu, Executive Director, Risk Management retired with effect from June 30, 2015;

(b) Mr. John Obi, Executive Director, Corporate Banking retired with effect from June 30, 2015;

(c) Mr. Ik Mbagwu, Executive Director, Lagos & South West retired with effect from July 31, 2015.

(i) The under-listed Executive Directors were appointed to the Board:

(a) Mr. Adeyeye Olawale Adepegba was appointed as an Executive Director with oversight responsibility for the Bank's Corporate Banking business. His appointment was approved by the Central Bank of Nigeria on September 3, 2015.

(b) Mrs. Nneka Chinwe Onyeali-Ikpe was appointed as an Executive Director, with responsibility for the Lagos & South West Directorate. Her appointment was approved by the Central Bank of Nigeria on September 3, 2015.

The appointments of Mr. Adeyeye O. Adepegba and Mrs. Nneka C. Onyeali-Ikpe will be presented to Shareholders for approval at the 28th Annual General Meeting.

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 it), of the Non-Executive Directors to retire by rotation at each Annual General Meeting, the Directors retiring by rotation are Mr. Kayode Olowoniyi, Ichie (Dr.) Nnaeto Orazulike and Chief (Dr.) Christopher I. Ezeh, MFR. Being eligible, they offer themselves for re-election.

A detailed profile of all the Directors, including the Directors to be presented for election/ re-election is on page 30

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 Cap C20, Laws of the Federation of Nigeria 2004 (CAMA) and the listing requirements of the Nigerian Stock Exchange are as detailed below:

			31 Dec 2015			31 Dec 2014
Name Of Director	Direct	Indirect	**Total**	Direct	Indirect	**Total**
Chief (Dr.) Christopher I. Ezeh, MFR	53,812,533	99,986,005	**153,798,538**	53,812,533	99,986,005	**153,798,538**
Mallam Umar Yahaya	1,689,572	NIL	**1,689,572**	1,689,572	NIL	**1,689,572**
Ichie (Dr.) Nnaeto Orazulike	2,065,300	1,665,300	**3,730,600**	2,065,300	1,665,300	**3,730,600**
Mr. Kayode Olowoniyi	5,895,000	NIL	**5,895,000**	50,000	NIL	**50,000**
Alhaji Bashari Gumel	NIL	NIL	**NIL**	NIL	NIL	**NIL**
Mr. Robert Nnana-Kalu	70,006	NIL	**70,006**	70,006	NIL	**70,006**
Mr. Alex Ojukwu	NIL	NIL	**NIL**	N/A	N/A	**N/A**
Mr. Michael Okeke	NIL	NIL	**NIL**	N/A	N/A	**N/A**
Mr. Nnamdi Okonkwo	101,000,200	NIL	**101,000,200**	101,000,200	NIL	**101,000,200**
Mrs. Chijioke Ugochukwu	74,178,823	NIL	**74,178,823**	74,178,823	NIL	**74,178,823**
Mr. Mohammed Balarabe	62,879,246	NIL	**62,879,246**	2,002,221	NIL	**2,002,221**
Mrs. Aku Odinkemelu	44,958,500	NIL	**44,958,500**	NIL	NIL	**NIL**
Mr. Adeyeye O. Adepegba*	NIL	NIL	**NIL**	N/A	N/A	**N/A**
Mrs. Nneka C. Onyeali-Ikpe**	3,000,000	NIL	**3,000,000**	N/A	N/A	**N/A**
Mrs. Onome Olaolu #	5,160,669	NIL	**5,160,669**	5,160,669	NIL	**5,160,669**
Mr. John Obi #	1,058,483	NIL	**1,058,483**	1,058,483	NIL	**1,058,483**
Mr. Ik. Mbagwu ##	4,782,606	NIL	**4,782,606**	4,782,606	NIL	**4,782,606**

/ Appointment approved by the Central Bank of Nigeria on September 3, 2015;*
 # Retired on June 30, 2015; ## Retired on July 31, 2015.

Chief (Dr.) Christopher I. Ezeh has indirect shareholding amounting to 99,986,005 (2014: 99,986,005) shares through Crain Nigeria Limited.

Ichie (Dr.) Nnaeto Orazulike has indirect shareholding amounting to 1,665,300 (2014: 1,665,300) shares through Genesis Foods Limited.

Directors' Interests In Contracts

The Directors' interests in related party transactions were disclosed to the Board in compliance with Section 277 of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2004 and are noted below:

Related Director	Interest in entity	Name of entity	Services to the Bank
Chief (Dr.) Christopher I. Ezeh	Director	John Holt Plc	Supply and maintenance of generators
Ichie (Dr.) Nnaeto Orazulike	Director	Genesis Foods Limited/ Genesis Deluxe Cinemas Limited	Catering Services/ Loyalty Schemes/Co-Location of ATMs
Mr. Alex Ojukwu	Director	Damos Practice Limited	Debt recovery

Disclosure on Directors' Remuneration

The Bank has a formal Board Remuneration Policy which is consistent with its size and scope of operations and is designed to address the compensation of both Executive Directors and Non-Executive Directors. The Policy aims to achieve the following:

a. Motivate the Directors to promote the right balance between short and long term growth objectives of the Bank while maximizing shareholders' returns.

b. Enable the Bank attract and retain Directors with integrity, ability, 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 Directors 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 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 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 an 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 • Rewards contribution to the long-term performance of the Bank	• Annually	• Performance incentives are awarded based on the performance of the Bank and individual directors • 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 an 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
Retirement Benefits: These are compensation paid to employees upon retirement such as pension and gratuity.			
Retirement Benefits	• This is effected in the event of retirement	• As required	Reviewed periodically as required.

**Review of the various remuneration elements means 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 as appropriate 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 • To encourage attendance and participation at designated Board Committees assigned to them	• Per meeting	• Reviewed every 2 years and changes made on need basis subject to shareholders' approval at the Annual General Meeting.

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

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

Post Balance Sheet Events

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the Bank as at December 31, 2015 and on the profit for the period ended on that date, 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 market value of the Bank's properties is not less than the value shown in the financial statements.

Donations And Charitable Contributions

Donations and gifts to charitable organizations during the year amounted to N92,814,027 (December 31, 2014 - N254,556,400). There were no donations to political organizations during the year.

The beneficiaries are:

Command Children's Schools, Navy Education Corps - Provision of Mathematics Laboratory Kits	19,700,000
Risk Managers Association of Nigeria (RIMAN) 2015 Conference	10,000,000
African Emerging Markets Network 2015 Conference	5,000,000
Nigerian Stock Exchange Quarterly CEO - Financial Services Sector Dinner	5,000,000
Golden League Athletics Competition, Anambra State	4,000,000
Kody and the Kids 2015 Christmas Celebration	3,500,000
Support and Donation of Empowerment Items to Caring Family Foundation - Anambra State.	3,000,000
Refurbishment of Onikan Roundabout and Akin Adesola Junction, Lagos	2,800,000
Nigerian Bar Association (NBA) 2015 Conference	2,500,000
Renovation of Hostel Block and Provision of Mattresses for Special Education School for the blind, deaf and dumb, Yelwa, Bauchi State	2,448,000
Hope for Survival Orphanage, Gisiri, Abuja: Work and Play Materials for Federal Capital Territory (FCT) School for The Blind, Jabi, Abuja and Setting Up of an ICT Centre in Government Secondary School, Mabushi, Abuja	2,173,094
36th Kaduna International Trade Fair, 2015	2,150,000
Institute of Chartered Accountants of Nigeria (ICAN) 2015 Conference	2,100,000
Kidney Disease Screening and Inaugural Lecture Under the Auspices of the Ceremonials Committee of University of Nigeria	2,000,000
Reconstruction of fence for Victoria Island Lagos Police Station	1,900,000
Refurbishment of Zaria Children's Primary School, Zaria, Kaduna State	1,230,000
Renovation of Equipment Centre for Lagos State Government State Basic Education Board	1,220,244
Construction of Water Treatment Plant and Donation of computers to Navy Hospital, Victoria Island, Lagos	1,200,000
The Equator Principles Association	1,155,990
Light Lagos Pink 2015 #12KLLP Guinness World Record - Sebeccly Cancer Care & Support, Lagos	1,100,000
Africa Young Entrepreneurs (AYESA) Inaugural Launch, Lagos	1,000,000
International College of Surgeons (ICS) Conference 2015, Rivers State	1,000,000
Lagos City Chorale	1,000,000
Women In Business (WIMBIZ) Annual Conference, 2015	1,000,000
Vigilant Heart Charitable Society Orphanage, Lagos	1,000,000

Sokoto Orphanage Home, Sokoto	800,000
Modupe Cole Memorial Child Care and Treatment Home, Akoka, Lagos	1,466,000
Internally Displaced Persons (IDP) Camp, Maiduguri, Borno State	672,000
Renovation of Ibafon Primary School, Lagos	634,700
2015 MUSON Festival of The Arts	500,000
Sickle Cell Advocacy & Management Initiative (SAMI) World Sickle Cell Day, 2015	500,000
Society of Women Accountants of Nigeria (SWAN) Investiture & Swearing-In Ceremony	500,000
Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN) 2015 Compliance Conference	500,000
Equipment Leasing Association of Nigeria (ELAN) 2015 National Lease Conference	500,000
29th Dala Hard Court Tennis 2015 Championship	3,000,000
Renovation of Sought After Children Orphanage, Victoria Island, Lagos	450,000
The Missionaries of Charity Treasure of Love Home, Lagos	431,000
Nigerian Stock Exchange Corporate Challenge	400,000
Pacelli School for the Blind & Partially Sighted Children, Lagos	600,000
Nigerian Association Of Orthodontists 2015 Conference	400,000
Nigerian Conservation Foundation/Lagos State Government Walk for Nature	400,000
Corona Schools Family Fun Day 2015	350,000
Day Waterman College, Abeokuta, Ogun State - Financial Literacy Day	310,000
Association of Good Clinical Practice - Clinical Trial Summit In Nigeria, 2015	300,000
Association of Professional Women Bankers (APWB) 2015 Annual Corporate Forum/Dinner	250,000
Patrick Speech & Language Centre For The Challenged, Lagos	250,000
Loyola Jesuit College PTA Fun Day 2015	250,000
Nigerian Conservation Foundation - Annual Contribution 2015	200,000
	92,841,027

Gender Analysis As At December 31, 2015

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

The number and percentage of women employed during the 2015 financial year relative to the total work force is as follows:

Gender Analysis Of Total Staff As At December 31, 2015		
Gender	Number	Percentage Of Total Staff
Female	1,502	43%
Male	2,009	57%
Total	**3,511**	**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, 2015		
Gender	Number	Percentage
Female	3	50%
Male	3	50%
Total	6	100%

Gender Analysis Of Top Management (AGM-GM) As At 31/12/2015			
Grade	Female	Male	Total
General Manager	0	10	10
Deputy General Manager	2	5	7
Assistant General Manager	5	17	22
Total	**7 (18%)**	**32 (82%)**	39
Percentage	15.6	84.4	100

Gender Analysis Of The Board Of Directors As At 31/12/2015			
Grade	Female	Male	Total
Executive Director	3	2	5
Managing Director	0	1	1
Non Executive Director	0	8	8
Total	3	11	14
Percentage (%)	21	79	100

Employment Of Disabled Persons

It is the policy of the Bank to ensure that there is no discrimination in considering applications for employment including those from physically challenged persons. The policy ensures that disadvantaged persons are afforded, as far as is practicable, identical opportunities with other employees. Although no physically challenged person was employed during the year, the Bank currently employs four physically challenged persons and ensures that the work environment is accessible and conducive for them.

Health, Safety And Welfare Of Employees

Fidelity Bank places the highest priority on the health, safety and wellbeing of all employees both in and outside the workplace and continues to make significant investments along these lines.

Employees are provided with comprehensive healthcare coverage through a medical retainership scheme with over 140 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.

The foregoing was particularly emphasized during the review period when the Bank held some awareness sessions on the lassa fever epidemic and educated its employees, customers, vendors and other stakeholders extensively in order to check the spread of the disease.

To this end, sensitization materials on good hand-washing techniques, lassa fever symptoms identification, steps to prevent infection, steps to take if infection is suspected as well as hand sanitizers were circulated to staff members and other stake holders. These items were also positioned at the entrances to the Bank's branches and other critical areas within each building.

Through regular medical updates from the in-house Medical Doctor, 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.

Staff members 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 paid to the deceased staff's next of kin as stated in the personnel records.

Fidelity Bank is also actively involved in the Nigerian Bankers Games (NBG). This is the biggest and most glamorous sporting event in Corporate Nigeria and the Bank positively dazzled as it topped the medals table in the 2015 edition of the tournament, winning a total of seventeen (17) medals (11 - Gold; 2 – Silver; and 4 – Bronze) including the football trophy in 2015.

Winning the 2015 football trophy at the Bankers Games qualified the Bank to participate in the Remita Champions Cup in which only the champions in the various corporate games (Insurance, Telecom, Bankers Games) participate. This will take place in April 2016 and Team Fidelity hopes to clinch this trophy, to cap the Bank's 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.

Management 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 development of her employees, irrespective of their job roles and responsibilities in the Bank.

As an institution committed to maintaining its competitive edge, Fidelity Bank ensures that employees receive qualitative training within and outside the country. Staff Training Plans are drawn up yearly and hinged on grade specific 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 eight modern learning centres in Lagos, Port-Harcourt, Owerri, Awka, Enugu, Benin, Abuja and Kano and plans to build a similar centre in the South West (Ibadan). A total of 2,737 staff members participated in various training programs in 2015.

Auditors

The Joint Auditors, PKF Professional Services and Ernst & Young have indicated their willingness to continue in office as the Bank's auditors in accordance with Section 357 (2) of the Companies & Allied Matters Act, 2004. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

By order of the Board

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

March 17, 2016

Report Of The Shareholders Audit Committee

For The Year Ended 31 December 2015

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:

i) Reviewed the scope and planning of the audit requirements and found them adequate.
ii) Reviewed the financial statements for the year ended 31 December 2015 and are satisfied with the explanations obtained.
iii) Reviewed the External Auditors Management report for the year ended 31 December 2015 and are satisfied that Management is taking appropriate steps to address the issues raised.
iv) 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 December 31, 2015 in accordance with the prescribed CBN format.
v) Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2015 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, Shareholders Audit Committee

March 30, 2016

Members of the Shareholders Audit Committee are:

1)	Mr. Chidi Agbapu	-	Chairman (Shareholder)
2)	Dr. Christian Nwinia	-	Member (Shareholder)
3)	Mr. Frank Onwu	-	Member (Shareholder)
4)	Mr. Kayode Olowoniyi	-	Member (Director)
5)	Mr. Alex Ojukwu	-	Member (Director)
6)	Mr. Robert Nnana-Kalu	-	Member (Director)

In attendance:
Mrs. Ezinwa Unuigboje - Company Secretary

Corporate Governance Report

For The Year Ended 31 December 2015

Introduction

At Fidelity Bank Plc ("Fidelity" or "the Bank"), we believe that corporate governance is not merely an esoteric or academic discussion but a framework of rules and practices by which the Board of Directors ensures accountability, fairness, and transparency in the company's relationship with all its stakeholders. The Board of Directors of Fidelity Bank is therefore committed to ensuring sustainable long term success for the Bank and appreciates that best practices in governance are essential for guaranteeing consistency and precision in operational and decision making processes across the entire organization.

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".

This Report is, therefore, designed to update all stakeholders on how Fidelity discharged its fiduciary responsibilities in relation to governance during the year under review as well as its level of compliance with relevant statutory and regulatory requirements.

Major Governance Developments

The following major governance developments took place since the last Annual General Meeting:

(a) Changes on the Board of Directors:

Since the last Annual General Meeting, three Executive Directors (Mrs. Onome Olaolu, Executive Director, Risk Management, Mr. John Obi, Executive Director, Corporate Banking and Mr. Ik Mbagwu, Executive Director, Lagos & South West) retired from the Board, having attained retirement age in accordance with the Bank's human capital policy. The Board approved the appointment of a Chief Risk Officer and two new Executive Directors, Mr. Adeyeye O. Adepegba and Mrs. Nneka C. Onyeali-Ikpe as Executive Directors, Corporate Banking and Lagos & South West Directorates respectively. The appointments were approved by the Central Bank on September 3, 2015.

(b) New Corporate Identity

On September 3, 2015, the Bank formally changed its corporate identity by launching a new logo. The new logo depicts two arrow tips and a white line. The blue arrow is the symbol of our rich heritage and reminds us of our past, while the green arrow points to our future and the energy with which we will conquer new frontiers. The white line between the blue and green arrows represents the Bank's upward trajectory.

In launching the new logo, we are not only giving our brand a new look, we are also actively changing the way we do business by becoming more focused on our customers' needs and exceeding their expectations from us.

The repositioned brand will help the Bank align its image with its strategy of being a modern, youthful, focused and forward thinking bank. The new brand portrays the

Bank's advantages and is helping it stand out in a very competitive market place.

The new brand was positively received by the Bank's stakeholders, who continue to give encouraging feedback on same.

Corporate Governance Framework

Fidelity has developed and implemented a well-structured corporate governance framework to support the Board's objective of achieving sustainable value. This is reinforced by the right culture, values and actions both at the Management level and throughout the entire organization.

The status of the Board of Directors as the principal driver of corporate governance is beyond equivocation. Fidelity's Board therefore has overall oversight responsibility for ensuring that the tenets of sound corporate governance are adhered to in the management of the Bank. In the Bank's bid to achieve greater long-term value, we constantly strive to maintain high standards of corporate governance.

The Board continues to comply with the Bank's internal governance policies, the provisions of the Companies and Allied Matters Act (CAMA) Cap C.20 Laws of the Federation of Nigeria, 2004 and other applicable regulations. 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 Codes and Rules are very 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 and Policies, collectively constitute the foundation of the Bank's governance philosophy.

Fidelity also undertakes frequent internal assessments of its compliance with the Codes/ Rules and submits periodic compliance reports to the CBN, SEC, NSE and the Nigerian Deposit Insurance Corporation (NDIC) on various matters.

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) Shareholders Audit Committee
(d) General Meetings
(e) Management Committees

A. The Board Of Directors

The Board (Structure and Responsibilities):

The Board of Directors is at the top of the Bank's governance structure and ensures that appropriate controls are in place and fully operational. The Board is responsible for creating and delivering sustainable value to all stakeholders through efficient management of the business.

The Board is also charged with the responsibility of determining the strategic direction of the Bank, which said strategy is implemented through the Executive Management, within a framework of rewards, incentives and controls.

The Board acts as an independent check and balance to the Executive team, whose responsibility it is to run the company. Consequently, Fidelity operates a board system which incorporates both Supervisory and Management functions. These functions are split between the Executive Board, which comprises six (6) Executive Directors and the Supervisory or Full Board, which comprises fourteen (14) Directors (i.e. the six Executive Directors and eight (8) Non-Executive Directors). The Supervisory Board includes one (1) Independent Director, Alhaji Bashari Gumel. The Board is currently in the process of appointing a second Independent Non-Executive Director, taking into cognizance the Guidelines for the Appointment of Independent Directors issued by the Central Bank in 2007 and the Bank's Directors' Selection Criteria Policy as well as other applicable regulations. The Bank has submitted an application for Central Bank's approval in this regard.

The Executive Board is the key management organ of the Bank and is primarily responsible for achieving performance expectations and increasing shareholder value. The Executive Board reports regularly to the Supervisory Board on all issues that relate to the growth and development of the Bank. The Supervisory Board plays a major supportive and complementary role in ensuring that the Bank is well managed and balanced.

The Board is accountable to all stakeholders and continues to play a pivotal 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 five (5) 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 balance of power and authority is maintained.

The effectiveness of the Board is derived from the varied range of skills and competencies of the Directors. They are all persons of high integrity and seasoned professionals, who 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, taxation, risk management, project finance, leasing, law, and treasury management. The diverse professional backgrounds of the Directors reflect a balanced mix of skills, experiences and competencies that impacts positively on the Board's activities.

The Directors are members of the Institute of Directors of Nigeria (IoD) and the Bank Directors Association of Nigeria (BDAN), two nonprofit organizations dedicated to promoting sound corporate governance practices and the highest 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 interests over the assets of the Bank, appointment or removal of key management personnel, strategic planning, succession planning and ensuring the integrity of the financial statements.

The Board has developed and implemented a comprehensive Remuneration Policy which is designed to address the compensation of both Executive and Non-Executive Directors. The Policy is designed to establish a framework for Directors' remuneration that is consistent with the Bank's scale and scope of operations and is aimed at attracting, motivating and retaining qualified individuals with the talent, skills and experience required to run the Bank effectively. Fuller details of the Policy are contained on pages 40 to 42 of this Annual Report.

The Board affirms that it has the appropriate balance of skills, expertise and experience suitable for the requirements of the business. No individual dominates the decision making process. The Board operated effectively throughout the year and continues to do so.

The Board meets quarterly or as necessary. The Directors are provided with comprehensive information at each quarterly meeting and are also briefed on business developments between Board meetings.

Details of the Directors who served on the Board in 2015 are indicated below:

Name	Designation	Changes During The Year (Appointment/ Retirement)
Chief (Dr.) Christopher I. Ezeh, MFR	Chairman	
Mallam Umar Yahaya	Non-Executive Director	
Ichie (Dr.) Nnaeto Orazulike	Non-Executive Director	
Mr. Kayode Olowoniyi	Non-Executive Director	
Mr. Robert Nnana-Kalu	Non-Executive Director	
Mr. Alex Ojukwu	Non-Executive Director	
Mr. Michael Okeke	Non-Executive Director	
Alhaji Bashari Gumel	Independent Director	
Mr. Ik. Mbagwu	Executive Director	Retired July 31, 2015
Mrs. Onome Olaolu	Executive Director	Retired June 30, 2015
Mr. John Obi	Executive Director	Retired June 30, 2015
Mr. Nnamdi Okonkwo	Managing Director/CEO	
Mrs. Chijioke Ugochukwu	Executive Director	
Mr. Mohammed Balarabe	Executive Director	
Mrs. Aku Odinkemelu	Executive Director	
Mr. Adeyeye O. Adepegba	Executive Director	Appointed July 1, 2015
Mrs. Nneka C. Onyeali-Ikpe	Executive Director	Appointed July 2, 2015

Directors' Nominations, Appointments, Retirements and Re-election
Directors' appointments, retirements and re-election 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.

The following retirements and appointments took effect on the Board of your Bank in the 2015 financial year:

The under-listed Executive Directors, having attained retirement age in accordance with the Bank's Human Capital Policy, retired from the Board as follows:

S/N	Name	Designation	Date Of Retirement
1	Mrs. Onome Olaolu	Executive Director, Risk Management	June 30, 2015
2	Mr. John Obi	Executive Director, Corporate Banking	June 30, 2015
3	Mr. Ik Mbagwu	Executive Director, Lagos & South West Bank	July 31, 2015

With regard to succession planning, the Board approved the appointment of a Chief Risk Officer in place of the retired Executive Director, Risk Management and pursuant to the powers vested on it by Article 98(2) of the Articles of Association, filled the other vacancies occasioned by the retirements by appointing the following persons as Executive Directors:

(a) Mr. Adeyeye Olawale Adepegba, Executive Director, Corporate Banking.
(b) Mrs. Nneka Chinwe Onyeali-Ikpe, Executive Director, Lagos & South West Bank.

The appointments were approved by the Central Bank on September 3, 2015. A comprehensive profile of the entire Board is outlined on pages 30 to 33 of this Annual Report:

Board Induction and Continuous Education:
Training and development of individual Directors and the Board as a whole is an important investment for any organization that intends to operate at optimal levels. 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. Indeed, a positive and direct link has been established between qualitative Board training programmes, strong corporate governance practices and growth and profitability. To this end, the Bank has a Directors' Training Policy which provides for formal induction programmes for newly appointed Directors and bespoke training programmes for serving Directors.

An induction plan is designed for new Directors which 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 covers an overview of the Bank's operations, governance framework and Board processes.

Board development programmes involve a combination of executive coaching sessions and annual Board strategy retreats.

The Directors also participate in Regulator initiated training programmes. New Directors 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. During the period under review, the Directors attended the training courses indicated hereunder:

Training	Facilitator	Date
Fundamentals of Banking Business	IBFC Alliance Limited	February 26 – 27, 2015
Breakfast Session on the 2015 Economic Outlook	Centre for Financial Studies (CFS) of CIBN	March 4, 2015
Driving Digital and Social Strategy	Harvard Business School	April 12 – 16, 2015
Finance for Non-Finance Executives	IBFC Alliance Limited	September 1 – 2, 2015
Re-inventing Leadership: A Breakthrough Approach	Kellogg School of Management	March 15 -20, 2015
Strategy & Leadership in Supply Chain Management	Stanford Business School	August 16 – 21, 2015
Financial Services for Value Creation	London Business School	November 30 – December 4, 2015
Fundamentals of Credit/ Antimoney Laundering and Countering the Financing of Terrorism (AML/CFT)	IBFC Alliance Limited	November 10 – 11, 2015
Improving Board Effectiveness	Euromoney Financial Training	September 7 – 10, 2015
Strategy of Leadership: Unleashing the Power of Influence	Kellogg Execution Education	June 1 – 3, 2015
Training on Corporate Governance and AML/CFT	Central Bank of Nigeria	December 2, 2015
Value Creation for Owners and Directors	INSEAD Business School	October 12 – 15, 2015

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. Management also provides the Directors with sufficient resources to enable them execute their oversight responsibilities. Please see details of independent consultants engaged in recent times below:

No	Consultant	Brief
1	KPMG Advisory Professional Services	Board Appraisal
		Strategy and Management advisory services
		Corporate Governance Survey
2	Banwo & Ighodalo	Legal advisory services on local and cross border transactions.
3	IBFCAlliance Limited	Board Training and Development
4	Renaissance Capital	Financial advisory services.

In addition, the Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures and regulations that relate to the Board are complied with.

Board Performance Appraisal:

The Directors, 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 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.

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.

B. Board Committees

The responsibilities of the Board are further accomplished through four (4) 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 Audit & Risk Committee.
(c) Board Corporate Governance Committee.
(d) Board Finance & 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) as well as the Managing Director and Executive Directors.

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 & Investment Committee (MCIC), Asset & Liability Committee (ALCO), and Operational Risk and Services Review Committee (OpsRisk) 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.

The Committee meets monthly or as the need arises.

2. Board Audit & Risk Committee:

This Committee functioned as a Standing Committee of the Board with responsibility for Audit and Risk Management. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility in relation to risk management, effectiveness of the system of internal controls, accounting, internal and external audit, legal and regulatory compliance.

The Committee currently comprises a minimum of four (4) Non-Executive Directors, (including an Independent Director as its Chairman). The Managing Director, the Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor are in attendance at the Committee's meetings.

Occasionally, a joint meeting is held between the Board Audit & Risk Committee and Board Credit Committee to review credit risk issues. The terms of reference of the Board Audit & Risk Committee include the following:

(a) Exercising all Board assigned responsibilities on risk related issues.

(b) Recommend the Bank's risk management policy including risk appetite and strategy.

(c) Review the Bank's compliance with applicable laws and regulations and evaluate the Bank's risk profile and the action plans in place to manage risk.

(d) Oversee the establishment of whistle blowing procedures for the receipt, retention and treatment of complaints received.

(e) Establish a sustainability framework that ensures ongoing identification, evaluation and monitoring of social, political, economic and environmental issues which can materially affect the Bank.

(f) Perform oversight functions on the Bank's information security programmes.

(g) Ensure that control issues identified and recommendations made by the internal and external auditors are addressed by Management within the agreed timeframes.

(h) Review the results of Management's investigation of actual and suspected breaches and follow up with appropriate disciplinary actions.

(i) Review the results of the annual audit and discuss the annual financial statements with Management and the External Auditors.

Pursuant to a directive of the Central Bank, the Board Audit & Risk Committee has been split into separate Board Audit Committee and Board Risk Committee.

3. 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 (or an Executive Director nominated by him) and the Executive Director, Shared Services & Products are in attendance if necessary at the Committee's meetings which are held quarterly or as the need arises. The Board Corporate Governance Committee ("the Committee") has oversight responsibility for issues relating to the Bank's Corporate Governance Framework. 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.

The Committee meets quarterly or as the need arises.

4. 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'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 investments 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.

The Committee meets quarterly or as the need arises.

5. Attendance at Board and Board Committee Meetings

Records of the Directors' attendances at Board and Board Committee meetings in 2015 are provided below:

Directors	Full Board	Board Corporate Governance Committee (BCGC)	Board Audit And Risk Committee (BARC)	Board Credit Committee (BCC)	Board Finance And General Purpose Committee (BFGPC)
Total Number Of Meetings	11	5	4	14	14
Chief (Dr.) Christopher Ezeh MFR	11	N/A	N/A	N/A	N/A
Mallam Umar Yahaya	11	4	4	10	N/A
Ichie (Dr.) Nnaeto Orazulike	11	N/A	4	13	13
Mr. Kayode Olowoniyi	10	5	N/A	13	13
Mr. Robert Nnana-Kalu	10	4	3	13	13
Alhaji Bashari M. Gumel	10	5	4	13	12
Mr. Michael Okeke	11	5	N/A	13	13
Mr. Alex C. Ojukwu	11	N/A	4	13	N/A
Mr. Nnamdi Okonkwo	11	N/A	N/A	10	N/A
Mrs. Chijioke Ugochukwu	8	N/A	N/A	10	N/A
Mr. Mohammed Balarabe	9	N/A	N/A	11	N/A
Mrs. Aku Odinkemelu	8	N/A	N/A	10	N/A
Mr. Adeyeye O. Adepegba *	3	N/A	N/A	3	N/A
Mrs. Nneka C. Onyeali-Ikpe *	3	N/A	N/A	4	N/A
Mr. IK Mbagwu **	5	N/A	N/A	7	N/A
Mrs. Onome Olaolu **	5	N/A	N/A	8	N/A
Mr. John Obi **	5	N/A	N/A	8	N/A

N/A- Not Applicable
* Mr. Adeyeye O. Adepegba - Appointment approved by the CBN with effect from September 3, 2015.
* Mrs. Nneka C. Onyeali-Ikpe - Appointment approved by the CBN with effect from September 3, 2015.
** Mr. Ik Mbagwu – Retired with effect from July 31, 2015.
** Mrs. Onome Olaolu – Retired with effect from June 30, 2015.
** Mr. John Obi – Retired with effect from June 30, 2015.

C. Shareholders' Audit Committee

The Shareholders Audit Committee was established in compliance with Section 359 (3) of the Companies & 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 key 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 Shareholders Audit Committee to Shareholders at the Annual General Meeting.

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

S/N	Name	Designation	26th March 2015	22nd July 2015	27Th October 2015	No Of Meetings (Total= 3)
1	Mr. Chidi Agbapu	Chairman/ Shareholder	√	√	√	3
2	Dr. Christian Nwinia	Shareholder	√	√	√	3
3	Mr. Frank Onwu	Shareholder	√	√	√	3
4	Mr. Robert Nnana-kalu	Non-Executive Director	√	A	√	2
5	Ichie (Dr.) Nnaeto Orazulike	Non-Executive Director	√	√	√	3
6	Mallam Umar Yahaya	Non-Executive Director	A	A	√	1

KEY: √– *Present; A – Apology; R – Retired; NYA – Not Yet Appointed; N/A – Not Applicable*

NOTES: The Charter of the Shareholders Audit Committee requires that at least two (2) representatives of the Shareholders are present at every meeting. The Committee was reconstituted on March 17, 2016, mainly on account of a change in the Board members on the Committee.

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 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, Securities & Exchange Commission, Nigerian Stock Exchange, Corporate Affairs Commission and various Shareholders' Associations.

The Board takes a keen interest in its responsibility to ensure that material developments (financial and non-financial) are communicated to shareholders timely. 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 also well equipped to handle enquiries from shareholders, whose enquiries are addressed 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, Shareholders Audit Committee and the Shareholders in General Meeting, the Bank's Corporate 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 (EXCO) is charged with overseeing the business of the Bank within agreed financial and other limits set by the Board from time to time. This Committee is comprised of the Managing Director and the Executive Directors of the Bank. The Committee meets monthly or as required and has the following key objectives:

(a) Ensure implementation of the Bank's Business Plan and Strategy upon approval of same by the Board;

(b) Review budget presentations for each financial year ahead of presentation to the Board;

(c) Evaluate the Bank's strategy at quarterly intervals and update the Board on same;

(d) Review the Bank's Budget performance at quarterly intervals and update the Board on same at bi-annual intervals;

(e) Review the Bank's Quarterly, Half-Yearly and Full Year financial statements ahead of presentation 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 the risk adjusted returns to stakeholders over the long term.

3. Management Credit & Investment 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 review and coverage of the Bank's total risk assets portfolio for quality. It also ensures that credit 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. The Committee's membership also includes key management personnel including the Chief Operations & Information Officer, Head, Legal Services Division, Chief Financial Officer and the Chief Compliance Officer amongst others. 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 3rd party Agents who are 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 also 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. Management Profitability Review Committee:

The Management Profitability Review Committee meets monthly or as necessary and has the following key objectives:

(a) Review the Bank's monthly performance.

(b) Monitor budget achievement.

(c) Assess 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 & Services Review Committee:

The Operational Risk & Services Review Committee meets twice a month 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 needed, 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 or monthly 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 to the Nigerian Stock Exchange for publication following approval by the CBN.

Governance And Management

Fidelity has also 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 between its stakeholders.

The Code requires that all Directors, significant shareholders, officers and all other employees of the Bank avoid taking actions or placing themselves in positions that create or could create the appearance of a 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 specific guidelines on business practice, professional and personal conduct that the Bank expects all employees to adopt and uphold as members of Team Fidelity. Members of staff 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 members of staff 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 & Risk 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 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 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:

(i) 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;

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

(iii) Ensure that all the Bank's employees and Directors comply with utmost secrecy and confidentiality on all information which they receive as a result of their position within the Bank; and

(iv) Protect the Bank and its staff from reputational damage and penalties that may be imposed by regulators as a result of improper identification, disclosure and management of insider trading activities.

The Policy has been communicated to all persons to whom it is applicable including Employees, Directors and members of the Shareholders 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 Point 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. To this end, any person desirous of reporting unethical behaviour may do so through any of the following channels:

Ethics hotline: 09099911147

Ethics email: ethicscommittee@fidelitybank.ng

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 and Executive Management are responsible for implementation of the Policy and communication of same to stakeholders. To facilitate implementation of the Policy, the Bank established an Ethics Committee comprised of five (5) Management staff drawn from key areas of the Bank including Compliance, Legal, Operations 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 & Risk 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 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 Shareholders 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 include the following:

(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.

Since the policy was implemented in July 2015, the Bank had received 145 complaints as at December 31, 2015 of which 142 have been fully resolved.

The Nigerian Stock Exchange Corporate Governance Rating System

The Convention on Business Integrity (CBI) was formally launched in 1997 to empower businesses against corruption and corrupt practices and its vision and objectives include the following:

(a) To move the society towards visible zero tolerance for corruption;
(b) To provide an alternative to the perceived all-encompassing culture of corruption in Nigeria; and,
(c) To define minimum standards for business integrity in Nigeria (Code of Business Integrity).

The CBI recently collaborated with the Nigerian Stock Exchange to launch the Corporate Governance Rating System (CGRS). Participation is mandatory for all listed companies and the Bank is in the process of compliance with this requirement.

The Company Secretary

The Company Secretary plays a pivotal role in ensuring that Board procedures are complied with and reviewed regularly. She has the responsibility of ensuring that Board members are aware of and provided with guidance as to their duties, responsibilities and powers. As a matter of standard and general practice, 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 is the shareholders' main reference point and acts as a liaison between the shareholders, the Bank's Registrars and the Investor Relations Desk. She also ensures timely communication with shareholders' in relation to issuance of shares, call on shares, replacement of share certificates, managing of shareholding accounts, payment of dividends, production and distribution of annual reports amongst others.

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 Codes of Corporate Governance issued by the Regulators. 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.

Corporate Social Responsibility (CSR)

At Fidelity Bank Plc, 'Doing Good' is deeply engraved in the very fabric of our existence. We strongly believe that our organisation and the communities in which we do business are in a symbiotic relationship. Consequently, we are passionate about Corporate Social Responsibility which, for us, is an embodiment of our commitment to all our stakeholders to make positive social impact. Thus, the Bank is committed to creating enduring partnerships for sustainable development whilst adding immense value to the diverse communities in which it operates.

The Community is like a wild farmland - every man chooses the acreage to till. For us at Fidelity, CSR is a platform for brand-building through the creation of goodwill, which is often a direct outcome of our **"good works".**

Our CSR Practice Rests On A Tripod:

- The Environment
- Education
- Health/Social Welfare

This is largely because we believe that giving back to the less-privileged in our host communities is a prerequisite for the overall development of the country. This belief has been the driving force behind our support for various initiatives over the years. As a socially responsible Corporate Citizen, a significant part of the Bank's annual earnings is committed towards supporting structures, initiatives and life-transforming projects.

Hence we:

- **Strive to reinforce strong, healthy Community Relations by identifying and executing strategic projects in host communities.**
- **Maintain high standards of integrity in our engagements both with the Government and Community.**
- **Endeavour to play a leading role by ascertaining and seeking solutions to the problems of society, especially those in our immediate operational environments.**

Donation of essential supplies to Modupe Cole Child Care and Treatment Home School, Akoka, Lagos

Our Corporate Social Responsibility (CSR) Tripod

The Environment

The Bank strives to support efforts aimed at identifying and promoting the preservation, protection and beautification of the environment. This is executed on two fronts:

Environmental Beautification:

Here, the Bank works in collaboration with public institutions - states and local governments - to 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. We have successfully executed this across the country - Lagos State (Falomo, Onikan, Milverton, Dopemu, Matori); Rivers State; Enugu; Imo (Mbaise Road); Abia Towers, Umuahia, Abia State; Krika Sama Roundabout, Maiduguri, Borno State; Ibadan, Oyo State; Akwa Ibom State amongst others.

Environmental Protection and Renewal:

The Bank cooperates with advocacy groups like the Nigerian Conservation Foundation (NCF) in its advocacy programme, the Annual "Walk For Nature". We also continually challenge ourselves to undertake green initiatives that assist the environment. In this regard, Fidelity Bank has become the first, and perhaps the only Bank in Nigeria, that dispenses cash with recycled biodegradable cash bags instead of polyethylene bags used by other banks (which is destructive to the ecosystem). The Bank also assents to relevant international Accords and Protocols aimed at promoting sustainability, like the Equator Accord (Equator Principles).


Beautification of Apapa Round About, Lagos

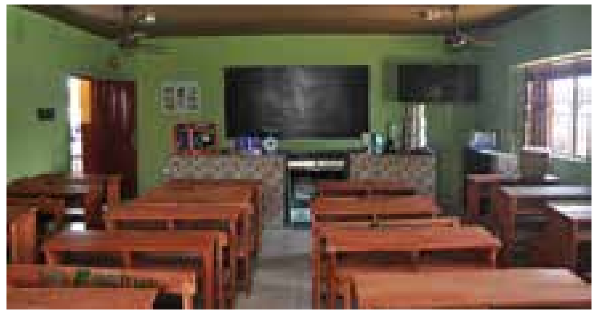

Beautification of Onikan Round About, Lagos Island, Lagos


Beautification of Falomo Round About, Ikoyi, Lagos

Education

Education is the key to sustainable development for any nation. As a bank, we recognise this fact and support efforts aimed at encouraging education at all levels through several projects aimed at enhancing the quality and standard of education in the country. We sponsored the Annual Teachers Awards an event that seeks to recognise and reward outstanding teachers in Nigerian schools. After a rigorous and credible selection process, the winner gets a mouth-watering cash award. The annual award encourages lecturers in our higher institutions across the country to uphold the ethics of teaching with passion and professionalism. This is one noble venture we intend to carry on.

At other levels of education, we have provided a lot of writing materials, chairs and hostel beds for schools. We have also renovated a good number of schools across the country. We have also empowered the youths through our annual Financial Literacy programme.



Fully equipped Home Economics, Art and Crafts Centre at Ikota Primary School, Lagos

Financial literacy awareness at Day Waterman College, Abeokuta, Ogun

In 2015, we won the Green Era Award at the Green Economy Forum in Germany in recognition of our Green initiatives

Health/Social Welfare

As a highly diversified financial services provider, we support the less-privileged members of the community in their efforts to overcome their disabilities and impact positively on the society. We strive to achieve this by working with some select groups like the Heart of Gold Hospices, African Cataract Foundation, Sebeccly Cancer Care and Support Centre, etc.

We recognise that the bane of CSR practice in many organisations is to make it a "Head Office Function". To avoid that, we have a structure that ensures that CSR is practised at every level of the Bank. This structure is called the **Fidelity Helping Hands Programme (FHHP).** The FHHP challenges every location where we do business to identify a project that is relevant to its community and support that project. It also challenges all staff to be good, responsible and supportive members of every community where we operate.

Motorised Borehole donated to Hope of Survival Orphanage, Gishiri, Abuja

Interactions with staff in various locations of the Bank indicate that most of them are excited about contributing to charity and charitable projects from time to time. We give such staff members and indeed all staff an opportunity by providing **FHHP Boxes** in all our business outlets where their voluntary contributions for charity/good works are collected.

The GSS Mabushi ICT Centre built and equipped by our Abuja branch staff

Through the FHHP, we are building generations of Corporate Leaders who recognise the importance of community service. Today, we have over 300 Volunteer Ambassadors who coordinate FHHP in our Branches under the leadership of the Head, CSR & Sustainability Unit. A lot of projects were credited to this programme in the year under review including the following:

- **Provision of Food and Household Items to Modupe Cole Memorial Child Care and Treatment Home School, Akoka, Lagos by our Alphas Induction Class, March 2015.**
- **Construction of Water Treatment Plant and Donation of a Computer to Naval Medical Centre, Victoria Island, Lagos by our Human Resources Team.**
- **Overhaul, Renovation and Equipping the Home Economics Centre, Eti-Osa Local Government Area, Lagos State by our Treasury Team.**
- **Renovation and Construction of Tables and Chairs for Two Classroom Blocks at Zaria Children Primary School, Zaria, Kaduna by our Zaria Branch.**
- **Renovation and Provision of Essential Materials to Sokoto State Orphanage Home by our Sokoto Branch.**
- **Donation of Food, Household and Essential Materials to the Lagos State Orphanage Home, Red Cross, Makoko, Lagos by our Polaris Induction Class, May 2015.**
- **Donation of Household, Food and Essential Materials to Modupe Cole Memorial Child Care and Treatment Home School, Akoka, Lagos by our Apex Induction Class, July-August 2015.**
- **Construction of Motorised Borehole and Renovation of Kitchen and Sitting Room of Hope for Survival Orphanage, Gishiri, Abuja by our Abuja 1 Team.**
- **Provision of Work and Play Materials for FCT School for the Blind, Jabi, Abuja by our Abuja 1 Team.**
- **Setting Up and Furnishing of an Information, Communication and Technology (ICT) Centre at Government Secondary School, Mabushi, Abuja by our Abuja 1 Team.**
- **Renovation of 1 Block Consisting of 3 Classrooms, Headmistress's Office and Procurement of Musical Equipment for Ibafon Primary School, Apapa by our Apapa Burma Road Team.**
- **Renovation of Hostel Block Consisting of Four Toilets, Replacement of Metal Beds, Provision of Mattresses and Construction of Kitchen at Special Education School for the Blind, Deaf and Dumb, Bauchi by our Bauchi Team.**
- **Donation of Food and Essential Materials to the Missionaries of Charity's Treasure of Love Home, Ketu, Lagos by our International Operations Team.**
- **Donation of School Items and Payment of School Fees of 45 Children of the Orphanage Home at the Vigilant Heart Charitable Society Orphanage by our Lagos & South West Team.**
- **Renovation, Equipping and Donation of Essential Materials to the Sought After Children's Orphanage, Lagos by the Fidelity Christian Fellowship.**
- **Donation of School Bags and Writing Materials to the Internally Displaced Persons (IDP) Camp in Maiduguri by our Maiduguri Branch.**

With the Children and Reverend Sisters of the Treasure of Love Homes, Ketu, Lagos

Staff of Fidelity Bank are not left out of the CSR initiatives undertaken by the Bank as they carry out internal CSR in the form of regular health initiatives e.g. the annual free medical test for staff and **FIT2BOND**, programmes. These initiatives provide every staff the opportunity to exercise, network and bond.

Winston Churchill, former British Prime Minister and arguably one of the greatest statesmen of the 20th century, is known for his popular quote: "responsibility is the price of greatness". No truism better captures the very essence of Corporate Social Responsibility (CSR) and Sustainability than the above assertion.

As a Bank, we are fortunate to have a crop of highly trained and responsible professionals not prodded by the system to give back to society. They see it as their responsibility to make their society a better place. This is because we all understand that the goal of every business should not be solely about making profit. It should be about responsibility and the public good.

We know that we might not be able to fix all the problems in our society, but we are doing the TOUGH JOB required to make our society a better place and we will never rest on our oars!

Back to School items for Internal Displaced Persons (IDPs) in Maiduguri Camp, Borno

Fidelity Bank Joins United Nations Global Compact

In a clear demonstration of our unwavering commitment towards creating a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets, Fidelity Bank Plc., one of the country's leading financial services provider has joined the United Nations Global Compact (UNGC).

By joining the UNGC, a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices, we have agreed to set targets in each of the platform's ten principles regarding human rights, labour, environment and anti-corruption. This development is a testament to our resolve to continually take deliberate actions specifically aimed at supporting United Nations goals, including the Millennium Development Goals (MDGs).

By virtue of our admittance into the largest corporate responsibility initiative in the world, Fidelity will maintain the highest levels of transparency and accountability in its performance by publicly reporting its progress annually. Launched in the year 2000, the platform has over 8,000 signatories based in more than 135 countries. Our entry into the UNGC further lends credence to the Bank's recognized track record in the delivery of sustainable Corporate Social Responsibility (CSR) initiatives. The Bank is therefore committed to creating enduring partnerships and alliances for sustainable development whilst adding immense value to the diverse people and communities in which it operates.

Besides, the UNGC provides both a universal language for corporate responsibility and a framework to guide all businesses regardless of size, complexity or location. Only recently, our registration with the leadership platform was endorsed and it consequently opened the doors to an annual contribution to the Foundation of Global Compact.

It is imperative to note that our modest contribution will support the social work of the UNGC, delivering maximum value to participants world over. Today about 8,000 companies and 4,000 non-businesses all over the world participate in this Development. We recognize that a critical requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

UN GLOBAL COMPACT

WE SUPPORT

Fidelity Helping Hands Programme

Serving Our Communities

...See How Fidelity Bank Did The Tough Job

Winston Churchill, former British Prime Minister and arguably one of the greatest statesmen of the 20th century has been quoted countless times as saying: **"Responsibility is the price of greatness"**. No better truism captures the very essence of Corporate Social Responsibility (CSR) and Sustainability than Churchill's assertion. Perhaps, you could say Mr. Churchill was speaking about personal greatness here.

But then, what are companies if not a group of people? People, who through their own quest to attain that pinnacle of success contribute to making an organisation truly great. At Fidelity Bank Plc, 'Doing Good' is deeply engraved in the very fabric of our existence. We strongly believe that our organisation and the communities in which we do business are in a symbiotic relationship.

Our CSR objectives rest on a tripod: Education, Health/Social Welfare, and Environment. With our unique Staff Volunteer CSR Scheme, **Fidelity Helping Hands Programme (FHHP)**, through which staff members VOLUNTARILY contribute talent, time and funds to support social causes in communities where we do business.

As a bank, we are fortunate to have a crop of highly trained professionals not prodded by the system to give back to the society. The goal of every business should not be solely profit making. It should be about responsibility. It should be about public good! Although, we cannot fix all the problems in our society, we can only contribute our part to making the world a better place. **It's a tough job, but somebody's got to do it!**

Water treatment plant at Nigerian Navy Hospital, Victoria Island, Lagos executed by our Human Resources Division

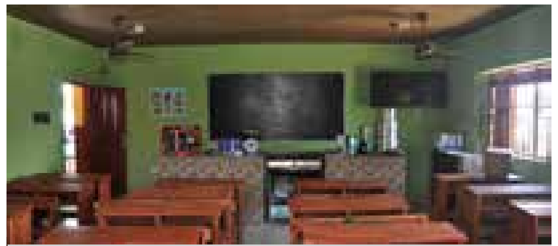
Commissioning of water treatment plant at Nigerian Navy Hospital, Victoria Island, Lagos executed by our Human Resources Division

Governor of Sokoto State commissioning the Sokoto Orphanage that was renovated by Fidelity staff in Sokoto State

Team Fidelity with Children of Sokoto Orphanage

Items donated to Sokoto Orphanage by Sokoto State staff


The Commissioning of the Construction of the Victoria Island Police Station fence, Lagos by the Lagos state Commissioner of Police


The fully renovated and equipped Home Economics, Art and Crafts Centre at Ikota Primary School, Lagos by our Treasury Division.


Commissioning of the renovated and equipped Ibafon Primary School by Apapa Branch staff


Team Fidelity at the commissioning of the renovated and equipped Ibafon Primary School, Olodi, Apapa, Lagos by our Apapa staff


Supporting the Pacelli School for the Blind and Partially Sighted Children, Lagos with Brail Machines for the graduands


Set of 20 Brail Machines donated to the graduants at the Pacelli School for the Blind and Partially Sighted Children, Lagos


Donated educational items for IDPs in Maiduguri by our Maiduguri Branch staff


Back to School Project for Maiduguri IDPs by FHHP Maiduguri Branch staff


Renovated Boys Hostel at School for The Blind, Deaf and Dumb, Yelwa, Bauchi by our Bauchi staff

We supported the walk for the eradication of Sickle Cell Anaemia


Donation of Essential Items to Treasure of Love Homes, Ketu, Lagos by our International Operations Division.


Handover of items to members of the Red Cross Society at the Lagos State Orphanage Home, Makoko, Lagos by our inductees


The renovated Sought After Motherless Children's Orphanage home at Ajah. Executed by Head Office staff


Essential materials donated to Modupe Cole Orphanage home, Lagos executed by our Inductees


Team Fidelity with the Happy Children of Ikota Primary School Home Economics, Arts and Crafts Centre, Lagos. Renovated and equipped by our Treasury Division


Our Lagos & South West region Celebrates Christmas with Viligant Heart Orphanage home, Igbo-efon, Lagos.


We Spent quality time with the indigent children of the Treasure of Love Homes, Ketu, Lagos during the donation of essential items by our International Operations Division


Commissioning of Water Treatment Plant at Sought After Children's Orphanage, Ajah by Head Office Staff


Team Fidelity in support of environmental sustainability at The 2015 Walk for Nature, Lagos


Items donated to The School of the Blind, Jabi, Abuja by our Abuja staff

Renovated nursery class in Zaria Childrens School by our Zaria branch staff

Renovated blocks of classrooms in Zaria Childrens School by our Zaria staff

The renovated and equipped block of classrooms at Ibafon Primary School, Olodi, Apapa, Lagos by our Apapa branch staff

The GSS Mabushi ICT Centre built and equipped by our Abuja Branch staff

Motorised borehole donated to Hope of Survival Orphanage, Gishiri by our Abuja staff

The commissioning of the renovated School for the Blind, Deaf & Dumb by the representative of the Governor Alhaji Yusuf Yerima, Bauchi

Celebrating Christmas with Children of Sought After Motherless Babies Home, Langbasa, Ajah, Lagos

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 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 tools 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 to oversee the compliance function, who reports 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.
- 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 and Risk Committee (BA&RC).

The BA&RC 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 adequacy and 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 Risks and Service Measurement Committee meetings.
- Quarterly AML/CFT report submitted to the Board Audit and Risk 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. These include obtaining proof of identity (name), also verification of the identity using reliable independent source documents. Address visitation is an important aspect our customer on-boarding process using 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) - The main sanction list for the U.S. Government.
- International United Nations Consolidated List - The main sanction list issued by the United Nations.
- FATF Black-List/NCCT List - The FATF (Financial Action Task Force) blacklist is also referred to as the list of "Non-Cooperative Countries or Territories" (NCCTs). This is a list of countries which are perceived to be non-cooperative in the global fight against Money Laundering (ML) and Terrorist Financing (TF). The list is modified from time to time by either adding or deleting, based on current status of the countries.
- Her Majesty's Treasury (United Kingdom).
- European Union (EU).
- Canada – Office of Superintendent of Financial Institutions – OSFI-UN.
- Australia Department of Foreign Affairs and Trade DFTA.
- The Ministry of Economy, Finance and Industry (France).
- The Nigerian List.

AML/CFT 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 Act 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 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 and Risk 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 Services Review 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 entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may 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 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 entity to carry out internal control responsibilities to support the achievement of its objectives.

The Operational Risk and Services Review 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 that information is properly communicated up for the effectiveness of our 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 2015. These include:

1. Hedging against internal/external fraud with adequate insurance cover for cash in premises/transit and the Fidelity Guarantee insurance.
2. Implementation of 2nd factor authentication for logging into all financial systems to prevent fraudulent or use of stolen identities.
3. A robust disciplinary process that ensures that employees' disciplinary issues are promptly dealt with.
4. Effective Fraud Risk Assessment programme that ensures fraud risks are adequately managed and mitigated including bankwide anti-fraud training and awareness sessions.
5. Implementation of an effective and efficient internal control that ensures minimal losses from fraud and armed robbery.
6. Zero tolerance on fraudsters by ensuring proper follow up with Law Enforcement Agencies for recovery and prosecution to serve as deterrent.
7. Robust and active whistle blowing process that empowers staff to anonymously report suspicious activities and transactions.
8. 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) Scorebridge electronic transactions fraud solution to build behaviour-based rules and 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 ensure 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 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. Efforts are 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 Services Review 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, 2015 are provided in the schedule below.

S/N	Description	Number		Amount Claimed		Amount Refunded	
		2015	2014	2015 (M)	2014 (m)	2015 (m)	2014 (m)
1	Pending Complaints B/F	28	84	199	117.4	N/A	N/A
2	Received Complaints	929	1824	2,212	2,785	N/A	N/A
3	Resolved Complaints	912	1879	1,657.7	2,610	124	99.5
4	Unresolved complaints escalated to CBN for intervention	0	1	-	94	N/A	N/A
5	Unresolved complaints pending with the Bank C/F	45	28	876	198.7	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 2015. 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 2015, 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. These include recommendations in the following areas: succession planning policy, appointment of an Independent Non-executive Director, Director induction and the process for monitoring and disclosing related party transactions.

Olumide Olayinka
Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
1 April, 2016

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

For the year ended 31 December 2015

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 requirements of International Financial Reporting Standards and 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:

Chief (Dr.) Christopher I. Ezeh, MFR
Chairman
FRC/2013/ICAN/00000001833
March 17, 2016

Nnamdi J. Okonkwo
Managing Director/ Chief Executive Officer
FRC/2013/ICANI/00000006963
March 17, 2016

Independent Auditors' Report To The Members Of Fidelity Bank Plc

Report on the financial statements

We have audited the accompanying financial statements of Fidelity Bank Plc, which comprise the statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory notes.

Directors' responsibility 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fidelity Bank Plc as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, 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, the Financial Reporting Council Act No.6, 2011 and relevant Central Bank of Nigeria circulars and guidelines.

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 necessary for the purpose of our audit;

(ii) Proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;

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

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.

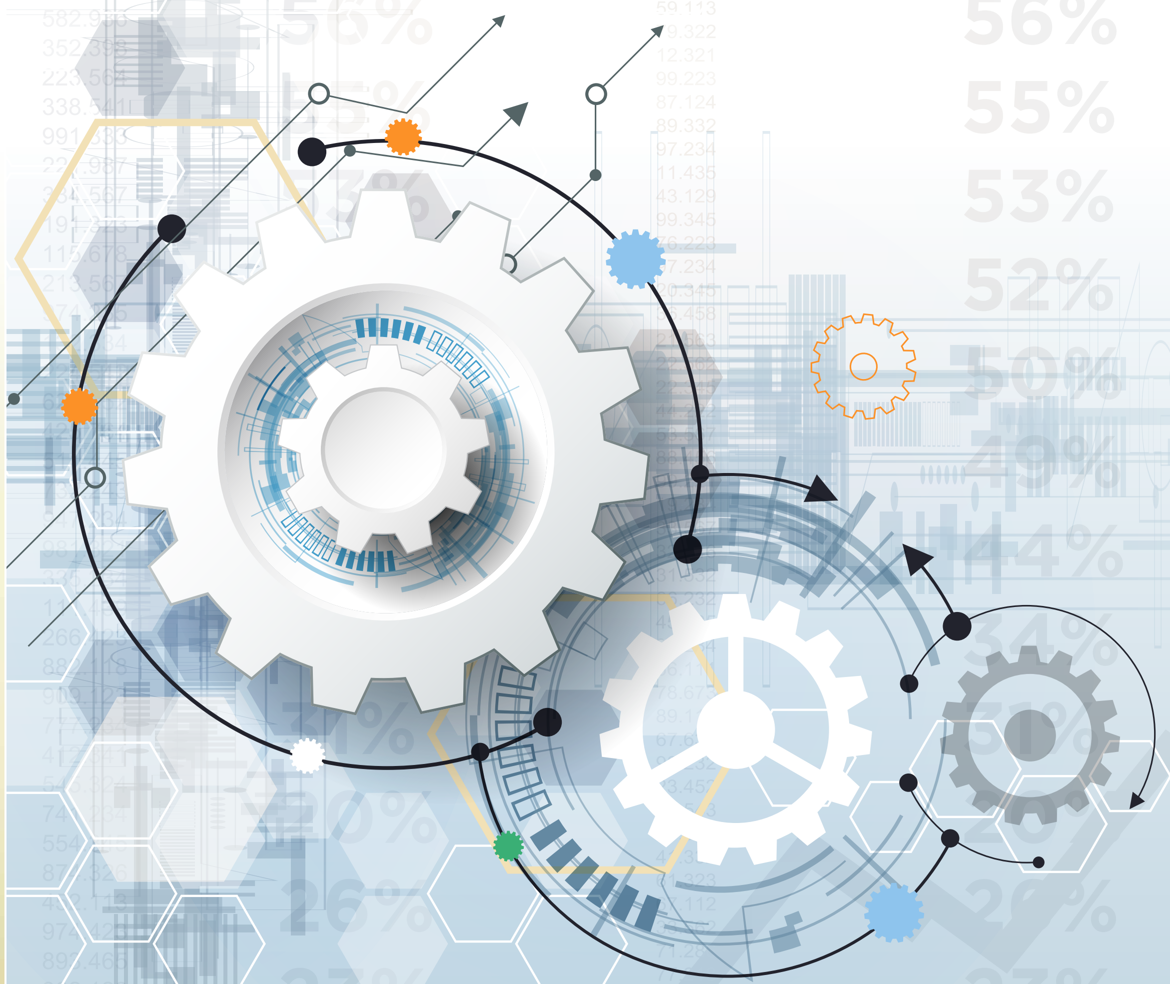
(ii) ATM customer complaints are disclosed in note 38.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.

(iii) As stated in Note 38.1, the Bank contravened certain section of the Bank and Other Financial Institutions Act CAP B3, Laws of the Federation of Nigeria 2004, and CBN Circulars, related penalties have been paid.

Signed:
Kayode A. Famutimi, FCA,
FRC/2012/ICAN/00000000155
For: Ernst & Young
Lagos, Nigeria
Date: 21 March 2016

Signed:
Najeeb A. Abdus-salaam, FCA
FRC/2013/ICAN/00000000753
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria
Date: 21 March 2016

Financial Statements



Statement Of Profit Or Loss And Other Comprehensive Income

	Note	2015 N'million	2014 N'million
Gross Earnings		**146,891**	**136,094**
Interest and similar income	6	121,158	104,307
Interest and similar expense	7	(60,294)	(55,481)
Net interest income		**60,864**	**48,826**
Impairment charge	8	(5,764)	(4,306)
Net interest income after impairment charge		**55,100**	**44,520**
Fee and commission income	9	17,237	17,189
Fee and commission expense	9	(2,411)	(2,346)
Other operating income	10	8,496	14,598
Net losses from financial instruments classified as held for trading	11	(291)	(3,693)
Personnel expenses	12	(27,125)	(25,874)
Depreciation and amortisation	13	(3,985)	(3,792)
Other operating expenses	14	(32,997)	(25,087)
Profit before income tax		**14,024**	**15,515**
Income tax expense	15	(120)	(1,719)
Profit For The Year		**13,904**	**13,796**
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		5,163	(1,011)
-Net reclassification adjustments for realised net (gains)	16	(783)	(595)
Net other comprehensive income/(losses) to be reclassified to profit or loss in subsequent period		**4,380**	**(1,606)**
Items that may not be reclassified subsequently to profit or loss			
Remeasurement (losses)/gains from defined benefit obligations	30	(2,667)	1,524
Other comprehensive income / (loss) for the year, net of tax		**1,713**	**(82)**
Total Comprehensive Income For The Year, Net Of Tax		**15,617**	**13,714**
* Income from these instruments is exempted from tax			
Earnings per share			
Basic and diluted (in kobo)	17	48	48

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

Statement Of Financial Position

	Note	31 Dec 2015 N'million	31 Dec 2014 N'million
ASSETS			
Cash and balances with central bank	18	185,332	258,131
Due from banks	20	79,942	68,735
Loans and advances to customers	21	578,203	541,686
Investments:			
• Held for trading (fair value through profit or loss)	22.1	4,070	83,363
• Available for sale	22.2	116,607	90,864
• Held to maturity	22.3	180,736	69,526
Other assets	26	45,902	36,256
Property, Plant and Equipment	23	39,985	37,958
Intangible assets	24	945	506
TOTAL ASSETS		**1,231,722**	**1,187,025**
LIABILITIES			
Deposits from customers	27	769,636	820,034
Current income tax liability	15	2,332	1,719
Deferred tax liabilities	25	-	1,410
Other liabilities	28	124,832	66,230
Debts issued and other borrowed funds	29	141,975	117,541
Retirement benefit obligations	30	9,431	6,980
TOTAL LIABILITIES		**1,048,206**	**1,013,914**
EQUITY			
Share capital	31	14,481	14,481
Share premium	32	101,272	101,272
Retained earnings	32	8,797	11,721
Other equity reserves:			
• Statutory reserve	32	23,016	20,930
• Small scale investment reserve (SSI)	32	764	764
• Non-distributable regulatory reserve (NDR)	32	33,480	23,950
• Available-for-sale (AFS) reserve	32	5,434	1,054
• Remeasurement reserve	32	(3,728)	(1,061)
Total equity		**183,516**	**173,111**
TOTAL LIABILITIES AND EQUITY		**1,231,722**	**1,187,025**

The accompanying notes to the financial statements are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 17 March 2016 and signed on its behalf by:

Chief (Dr.) Christopher I. Ezeh
Chairman
FRC/2013/ICAN/00000001833

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

	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 2014	**14,481**	**101,272**	**9,118**	**18,861**	**764**	**18,884**	**2,660**	**(2,585)**	**163,455**
Profit for the year			13,796						13,796
Other comprehensive income									
Unrealised net losses arising during the year	-	-	-	-	-	-	(1,011)	-	(1,011)
Net reclassification adjustment for realised net gains	-	-	-	-	-	-	(595)	-	(595)
Remeasurement gain (Note 30)	-	-	-	-	-	-	-	1,524	1,524
Total comprehensive income/ (loss)	-	-	**13,796**	-	-	-	**(1,606)**	**1,524**	**13,714**
Dividends paid	-	-	(4,057)	-	-	-	-	-	(4,057)
Transfers between reserves (Note 32)	-	-	(7,135)	2,069	-	5,066	-	-	-
At 31 December 2014	**14,481**	**101,272**	**11,721**	**20,930**	**764**	**23,950**	**1,054**	**(1,061)**	**173,111**
Profit for the year	-	-	13,904	-	-	-	-	-	13,904
Other comprehensive income								-	-
Unrealised net gains arising during the year	-	-	-	-	-	-	5,163	-	5,163
Net reclassification adjustment for realised net (gains)	-	-	-	-	-	-	(783)	-	(783)
Remeasurement loss (Note 30)	-	-	-	-	-	-	-	(2,667)	(2,667)
Total comprehensive income	-	-	**13,904**	-	-	-	**4,380**	**(2,667)**	**15,617**
Dividends paid	-	-	(5,213)	-	-	-	-	-	(5,213)
Transfers between reserves (Note 32)	-	-	(11,615)	2,086	-	9,530	-	-	-
At 31 December 2015	**14,481**	**101,272**	**8,797**	**23,016**	**764**	**33,480**	**5,434**	**(3,728)**	**183,516**

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

Statement Of Cash Flows

	Note	2015 N'million	2014 N'million
Operating Activities			
Cash flows generated from operations	**33**	60,093	13,812
Interest received		108,144	99,506
Interest paid		(58,191)	(56,907)
Retirement benefits paid	**30**	(1,997)	(994)
Income taxes paid	**15**	(917)	(1,852)
Net cash flows from operating activities		**107,132**	**53,565**
Investing activities			
Purchase of property, plant and equipment	**23**	(5,920)	(4,956)
Proceeds from sale of property and equipment		151	875
Purchase of intangible assets	**24**	(739)	(565)
Proceeds from sale of unquoted securities		1,309	-
Purchase of AFS and HTM financial assets		(148,701)	(95,240)
Redemption of HTM financial assets at maturity		2,112	-
Proceeds from sale of AFS financial assets		17,023	-
Dividends received		1,393	945
Net cash flows used in investing activities		**(133,372)**	**(98,941)**
Financing activities			
Dividends paid		(5,213)	(4,057)
Repayment of long term borrowings		(26,268)	(8)
Proceeds of debts issued and other borrowed funds		41,059	39,734
Net cash flows from financing activities		**9,578**	**35,669**
Net decrease in cash and cash equivalents		**(16,662)**	**(9,707)**
Net foreign exchange difference on cash and cash equivalents		4,054	(2,900)
Cash and cash equivalents at 1 January	**19**	**126,743**	**139,350**
Cash and cash equivalents at 31 December	**19**	**114,135**	**126,743**

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 2015 were approved for issue by the Board of Directors on 17 March 2016.

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 cashflow 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.

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 assumption 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 assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Going Concern

The Bank’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Impairment Of Loans And Advances

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy Note 2.9

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.

Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised.

Judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Retirement Benefit Obligation

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty. See Note 30 for the assumptions used.

Judgements

In the process of applying the Bank's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the financial statements:

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

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

2.2A Standards 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***

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment

for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2018. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

- ***IFRS 16 - Lease***

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 is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

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

The amendments to IAS 12 clarify the consideration to be made when assessing the recoverability of deferred tax assets (DTA)

The amendment consists of some wording changes to the standards and ads in some examples to clarify that:

- Financial assets measured at Fair Value, with no corresponding tax base adjustment, will result in a temporary difference even if the entity intends to keep the financial asset to collect the contractual cash-flows (pull to par) and not to sell it at its fair value.
- Where tax legislation ring-fence certain tax deductions [e.g. capital gains tax (CGT) losses]the recoverability of the related DTA is assessed against the future taxable income, or taxable temporary differences, of that type only (i.e. CGT losses is assessed against future CGT profits).
- When assessing the sufficiency of future taxable income the amount considered is the amount before the relevant tax deduction currently being assessed – i.e. when assessing the recoverability of an assessed loss the amount of future taxable income you consider should be the amount before the deduction of said assessed loss.
- Where assets are carried at cost in the SOFP but you expect to realise them at an amount above cost in the same period as the turnaround of the DTA under assessment; you increase the future taxable profits with the amount above cost, at the relevant rate, if there is sufficient evidence. I.e. if you carry owner occupied buildings at cost but intend to sell it within the next 5 years you add the taxable capital gains that will be realised on the sale to the future taxable income – provided there is sufficient evidence of the value and intention to sell

The amendment requires retrospective application with an adjustment to the opening retained earnings of the earliest comparative period presented. Effective 1 Jan 2017 with early adoption permitted. The Bank is currently assessing the impact of amendment to IAS 12 and plans to adopt the new standard on the required effective date.

- *IFRS 14 - Regulatory Deferral Accounts*

The International Accounting Standards Board (IASB) issued IFRS 14 Regulatory Deferral Accounts to ease the adoption of International Financial Reporting Standards (IFRS) for rate-regulated entities. The standard allows an entity to continue applying most of its existing accounting policies for regulatory deferral account balances upon adoption of IFRS. This standard provides first-time adopters of IFRS with relief from derecognising rate regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. Effective date is 1 January 2016. This standard will not have impact on the Bank since is an existing IFRS preparer.

- *IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation*

The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively. Effective date is 1 January 2016. This amendment will not have impact on the Bank.

- *IAS 16 and IAS 41 - Accounting for bearer plants*

IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. This amendment will not have impact on the Bank. The effective date is 1 January 2016.

- *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 introduces 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. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held.The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

- *Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

- *Amendments to IAS 27: Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Bank as it is not a parent.

- *IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is expected that this amendment would be relevant to the Bank.

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

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 Business Combinations, 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.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

- ***IAS 1 Disclosure Initiative – Amendments to IAS 1***

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify;

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Annual improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Bank.

2.2B New standards, interpretations and amendments issued and adopted by the Bank

The Bank applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The nature and the impact of each new standard and amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Bank, since the Bank has no defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Bank has applied these amendments for the first time in these financial statements. They include:

- IFRS 2 – Share-based Payment

  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Bank has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Bank had not granted any awards during the second half of 2014 and 2015. Thus, these amendments did not impact the Bank's financial statements or accounting policies.

- IFRS 3 – Business Combinations

  The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This does not have any impact on the Bank since the Bank in not involved in any Business combination.

- IFRS 8 – Operating Segments

  The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

  The Bank has not applied the aggregation criteria in IFRS 8.12. The Bank has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 4 in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

- IAS 16 – Property, plant and equipment and IAS 38 - Intangible Assets

  The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact on the carrying value recorded by the Bank as the Bank's property, plant and equipment and intangible asset are carried at historical cost less accumulated depreciation and accumulated impairment losses.

- IAS 24 – Related Parties

  The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Bank as it does not receive any management services from other entities.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Bank has applied these amendments for the first time in these financial statements. They include:

- IFRS 3 – Business Combinations

  The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

  - Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Bank is not a joint arrangement, and thus this amendment is not relevant to the Bank.

- IFRS 13 - Fair value measurement

  The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Bank does not apply the portfolio exception in IFRS 13.

- IAS 40 - Investment properties

  The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not impact the accounting policy of the Bank as the Bank does not have Investment property

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) Disclosure 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 hierarchy 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 principal or the most advantageous market must be accessible by the Bank.

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

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

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

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

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

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

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

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

(ii) Finance lease

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

2.16 Property, plant and equipment

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

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

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

- Leasehold buildings: Depreciated over the lease period
- 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.

Defined benefit scheme

The Bank operates two defined benefit plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

On separation, staff who have spent a minimum number of periods are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank upon retirement.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to Remeasurement reserve through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss. Interest is calculated by applying the discount rate to the defined benefit liability. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using Federal Government Bonds of Nigeria as High Quality Corporate bonds are not available.

The Bank recognises the following changes in defined benefit obligation under personnel expenses in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and

non-routine settlements

-Interest expense.

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 Companies 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 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

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 Sector 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:

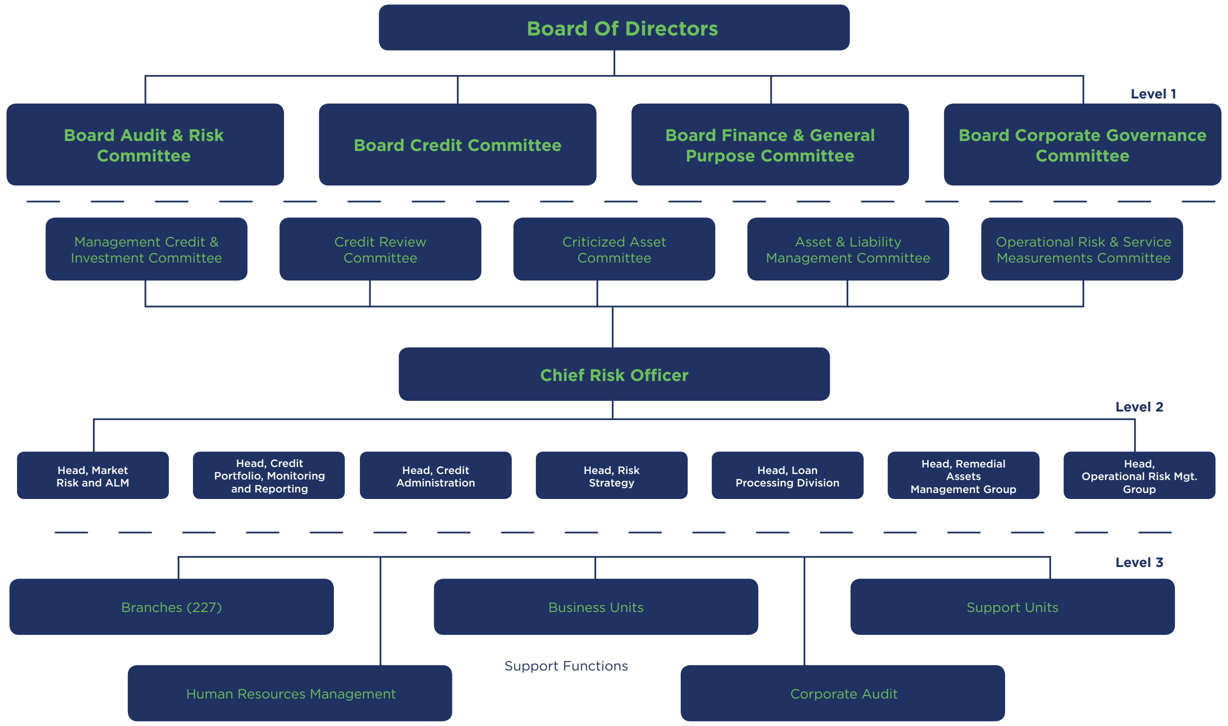
Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit & Risk Committee (BA&RC), Board Credit Committee (BCC), Board Finance & General Purpose Committee, Board Corporate Governance Committee (BCGC) and Executive Management Committee (EXCO).

Level 2 - Senior Management function is performed by the Management Credit and Investment Committee (MCIC), Criticized 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 & Assets & Liabilities Management (ALM) and 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 Audit & 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 the Bank's Risk Appetite quantitatively at two levels: Enterprise level and Business/Support Unit level to give effect to the above, the Board of Directors of the Bank sets target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive Management Committee (EXCO).

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

3.2 Credit risk

3.2.1 Management of credit risk

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

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	Up to N50 million
Managing Director/CEO	Above N50 million but below N100 million
Management Credit and Investment Committee	N100 million but below N500 million
Board Credit Committee	N500 million but below N1 billion
Full Board	N1 billion and above

- The Credit Appraisal and Review process is centrally handled using our end-to-end credit software, Credit Appraisal Processing System (CAPS). This provides uniformity and standardisation in the quality of credit requests generated by Relationship Management Teams.
- There is also a Dual Approval Structure where the recommendations/consent of Risk Management and Legal Services must be in place before a limit holder can exercise the approval authority.
- 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 Inspection 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 at 31 December 2015 and 31 December 2014 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	2015 N'million	2015 N'million	2015 N'million	2015 N'million
Cash and balances with central bank	164,997	-	-	164,997
Due from banks	79,942	-	-	79,942
Loans and advances to customers	578,203	3,270,056	(2,691,853)	-
Investments:				-
• Held for trading(Fair value through profit or loss)	4,070	-	-	4,070
• Available for sale	109,364	-	-	109,364
• Held to maturity	180,736	-	-	180,736
Other assets	40,144	-	-	40,144
Financial guarantee contracts:				
Performance bonds and guarantees	133,677	-	-	133,677
Letters of credit	39,270	-	-	39,270
On-lending facilities	-	-	-	-
	1,165,406	**3,270,056**	**(2,691,853)**	**587,203**

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	2014 N'million	2014 N'million	2014 N'million	2014 N'million
Cash and balances with central bank	258,131	-	-	258,131
Due from banks	68,735	-	-	68,735
Loans and advances to customers	541,686	1,160,272	(618,586)	-
Investments:				
• Held for trading(Fair value through profit or loss)	83,335	-	-	83,335
• Available for sale	90,864	-	-	90,864
• Held to maturity	69,526	-	-	69,526
Other assets	36,256	-	-	36,256
Financial guarantee contracts:				
Performance bonds and guarantees	104,910	-	-	104,910
Letters of credit	30,260	-	-	30,260
On-lending facilities	41	-	-	41
	1,283,744	**1,160,272**	**(618,586)**	**742,058**

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 2015, is set out below:

	31 Dec 2015				
	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	**164,997**	**79,942**	**578,203**	**294,170**	**40,144**
Concentration by sector					
Agriculture	-	-	11,724	-	-
Oil and gas	-	-	147,407	-	-
Capital markets	-	-	-	-	-
Consumer credit	-	-	65,959	-	-
Manufacturing	-	-	58,670	-	-
Mining and Quarrying	-	-	46	-	-
Mortgage	-	-	433	-	-
Real estate and construction	-	-	17,157	-	-
Construction	-	-	20,462	-	-
Finance and insurance	164,997	79,942	552	16,147	40,144
Government	-	-	60,003	278,023	-
Power	-	-	68,483	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	54,806	-	-
Communication	-	-	48,298	-	-
Education	-	-	3,358	-	-
Other	**-**		-		41,619
Total gross amount	**164,997**	**79,942**	**598,978**	**294,170**	**40,144**
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	72,460	-	-	-
Nigeria:					
North East	-	-	55,084	-	-
North Central	164,997	-	11,173	-	-
North West	-	-	25,091	-	-
South East	-	-	20,975	-	-
South South	-	-	54,660	-	-
South West	-	7,482	431,995	294,170	40,144
Total gross amount	**164,997**	**79,942**	**598,978**	**294,170**	**40,144**

31 Dec 2014	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	**258,131**	**68,735**	**541,686**	**221,218**	**29,167**
Concentration by sector					
Agriculture	-	-	14,456	-	-
Oil and gas	-	-	134,750	-	-
Capital markets	-	-	65	-	-
Consumer credit	-	-	41,735	-	-
Manufacturing	-	-	51,323	-	-
Mining and Quarrying	-	-	-	-	-
Mortgage	-	-	427	-	-
Real estate and construction	-	-	12,146	-	-
Construction	-	-	18,444	-	-
Finance and insurance	258,131	68,735	836	14,041	29,167
Government	-	-	12,328	221,218	-
Power	-	-	57,626	-	-
Other public utilities	-	-	186	-	-
Transportation	-	-	48,826	-	-
Communication	-	-	76,480	-	-
Education	-	-	2,553	-	-
Other	**-**	**-**	86,955	**-**	**-**
Total gross amount	**258,131**	**68,735**	**559,136**	**235,259**	**29,167**

Concentration by location	N'million	N'million	N'million	N'million	N'million
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	26,686	-	-	-
Nigeria:					
North East	-	-	3,398	-	-
North Central	258,131	-	40,658	-	-
North West	-	-	3,246	-	-
South East	-	-	9,492	-	-
South South	-	-	45,075	-	-
South West	-	42,049	457,267	235,259	29,167
Total gross amount	**258,131**	**68,735**	**559,136**	**235,259**	**29,167**

3.2.7 Credit quality

31 Dec 2015	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
Neither past due nor impaired	164,997	79,942	571,370	294,170	40,144
Past due but not impaired	-	-	-	-	-
Past due and collectively impaired	-	-	7,213	-	-
Individually impaired	-	-	20,395	-	-
Gross	**164,997**	**79,942**	**598,978**	**294,170**	**40,144**
Impairment allowance					
Collective Impairment	-	-	(7,336)	-	-
Individual impairment	-	-	(13,440)	-	-
Net	**164,997**	**79,942**	**578,203**	**294,170**	**40,144**

31 Dec 2014	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
Neither past due nor impaired	258,131	68,735	534,769	234,006	36,256
Past due but not impaired	-	-	-	-	-
Past due and collectively impaired	-	-	6,545	-	-
Individually impaired	-	-	17,823	-	-
Gross	**258,131**	**68,735**	**559,137**	**234,006**	**36,256**
Impairment allowance					
Collective Impairment	-	-	(6,603)	-	-
Individual impairment	-	-	(10,848)	-	-
Net	**258,131**	**68,735**	**541,686**	**234,006**	**36,256**

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor 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	Other	Total	Other assets
31 December 2015	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Grades:							
1. AAA to AA	79,942	1,244	29,175	437	-	30,856	-
2. A+ to A-	-	4,151	38,648	3,132	-	45,932	-
3. BBB+ to BB-	-	24,882	109,578	6,423	-	140,883	-
4. Below BB-	-	1,445	42,068	1,776	2,343	47,633	-
5. Unrated	-	24,127	272,944	8,995	0.47	306,067	40,144
	79,942	**55,850**	**492,414**	**20,763**	**2,344**	**571,370**	**40,144**

31 December 2014		N'million	N'million	N'million	N'million	N'million	N'million
Grades:							
1. AAA to AA	68,735	21	23,750	1,525	-	25,296	-
2. A+ to A-	-	10,934	50,187	3,708	-	64,829	-
3. BBB+ to BB-	-	71,229	132,703	10,791	9,848	224,571	-
4. Below BB-	-	5,645	45,815	1,671	-	53,131	-
5. Unrated	-	21,437	136,898	8,607	-	166,942	36,256
	68,735	**109,266**	**389,353**	**26,302**	**9,848**	**540,504**	**36,256**

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 rating agency at 31 December 2015 and 31 December 2014:

	Investments in Government Securities					
	Cash & cash equivalents	Treasury bills	Federal Govt bonds	State bonds	Corporate bonds	Others
31 December 2015	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	164,997	167,231	95,737	15,055	16,147	40,144
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	164,997	**167,231**	**95,737**	**15,055**	**16,147**	**40,144**

	Cash & cash equivalents	Treasury bills	Federal Govt bonds	State bonds	Amcon bonds	Others
	N'million	N'million	N'million	N'million	N'million	N'million
31 December 2014						
AAA to AA	258,131	184,342	18,485	15,056	-	17,376
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	258,131	**184,342**	**18,485**	**15,056**	**-**	**17,376**

(b) Financial assets collectively impaired

	To customers			
	Overdrafts	Term loans	Finance lease	Total
31 December 2015	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	18	0	-	18
2. A+ to A-	188	9	46	243
3. BBB+ to BB-	2,551	0	7	2,558
4. Below BB-	751	0	5	756
5. Unrated	3,541	91	6	3,637
Net amount	**7,049**	**100**	**64**	**7,213**

	To customers			
	Overdrafts	Term loans	Finance lease	Total
31 December 2014	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	240	-	-	240
3. BBB+ to BB-	1,514	135	-	1,649
4. Below BB-	273	2,669	-	2,942
5. Unrated	1,418	296	-	1,714
Net amount	**3,445**	**3,100**	**-**	**6,545**

(c) Financial assets individually impaired

	To customers			
	Overdrafts	Term loans	Finance lease	Total
31 December 2015	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	-	-	-	-
3. BBB+ to BB-	10,092	1,126	-	11,218
4. Below BB-	1,971	909	1,205	4,084
5. Unrated	2,677	1,734	681	5,092
	14,740	3,769	1,886	20,395
Individual Impairment	(8,952)	(3,629)	(1,886)	(14,467)
Net amount	**5,788**	**140**	**-**	**5,928**

	To customers			
	Overdrafts	Term loans	Finance lease	Total
31 December 2014	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	883	-	-	883
3. BBB+ to BB-	9,015	146	21	9,182
4. Below BB-	3,016	3,552	-	4,568
5. Unrated	123	1,066	-	123
	13,037	4,764	21	17,823
Individual Impairment	(9,356)	(1,471)	(21)	(10,848)
Net amount	**3,681**	**3,293**	**-**	**6,975**

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

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

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

	31 December 2015		31 December 2014	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against real estate	99,082	302,024	85,378	156,967
Secured by shares of quoted companies	269	367	452	870
Secured - Others	498,087	2,967,665	459,629	1,002,435
Unsecured	1,540	-	13,677	-
Gross loans and advances to customers	**598,978**	**3,270,056**	**559,136**	**1,160,272**

3.3 Liquidity risk

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

3.3.1 Management of liquidity risk

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

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

As a result of volatilities 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 2015	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	185,332	-	-	-	-	185,332
Due from banks	79,942	-	-	-	-	79,942
Loans and advances to customers	27,098	49,942	65,299	233,380	202,484	578,203
Investment securities						
- Held for trading	3,832	-	-	115	123	4,070
- Available for sale	28,441	23,051	29,529	23,438	12,148	116,607
- Held to maturity	32,327	12,718	45,978	54,039	35,674	180,736
Total financial assets	**356,971**	**85,712**	**140,805**	**310,972**	**250,430**	**1,144,890**
Financial liabilities						
Customer deposits	397,556	348,200	23,880	-	-	769,636
Other liabilities (including taxes and retirement obligations)	11,710	40,706	8,484		75,695	136,595
Debt issued and other borrowed funds	-	-	26,797	59,149	56,029	141,975
Financial guarantee contracts:						
Performance bonds and guarantees	6,237	14,873	33,541	44,542	34,484.27	133,677
Letters of credit	982	7,344	7,821	23,123	-	39,270
On-lending facilities	(50)	-	-	-	-	(50)
Total financial liabilities	**416,435**	**411,123**	**100,523**	**126,814**	**166,208**	**1,221,103**
Gap (assets-liabilities)	**(59,464)**	**(325,411)**	**40,282**	**184,158**	**84,221**	
Cumulative liquidity gap	**(59,464)**	**(384,875)**	**(344,592)**	**(160,434)**	**(76,213)**	

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2014	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	258,131	-	-	-	-	258,131
Due from banks	69,004	-	-	-	-	69,004
Loans and advances to customers	130,212	19,211	17,365	268,034	108,111	542,933
Investment securities						
- Held for trading	83,743	-	-	-	-	83,743
- Available for sale	51,910	24,063	-	8,887	9,729	94,589
- Held to maturity	23,675	36,478	1,447	3,165	7,492	72,257
Total financial assets	**616,675**	**79,752**	**18,812**	**280,086**	**125,332**	**1,120,657**
Financial liabilities						
Customer deposits	504,789	210,965	108,780	-	-	824,534
Other liabilities (including taxes and retirement obligations)	14,350	15,106	38,493	-	6,980	74,929
Debt issued and other borrowed funds	-	-	-	116,981	-	116,981
Financial guarantee contracts:						
Performance bonds and guarantees	6,314	13,584	21,419	63,593	-	104,910
Letters of credit	9,830	11,915	8,515	**-**	**-**	30,260
On-lending facilities	41	-	-	-	-	41
Total financial liabilities	**535,324**	**251,570**	**177,207**	**180,574**	**6,980**	**1,151,655**
Gap (assets-liabilities)	**81,351**	**(171,818)**	**(156,676)**	**99,512**	**125,332**	
Cumulative liquidity gap	**81,351**	**(90,467)**	**(247,143)**	**(147,631)**	**(22,299)**	

While there is a negative cumulative liquidity gap for within one year, it does not reflect the actual liquidity position of the Bank as most of the term deposits from customers maturing within one year are historically being rolled over.

3.4 Market Risk

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

3.4.1 Management of market risk

Essentially, the banking business in which the Bank is engaged is subject to the risk that financial market prices and rates will move and result in profits or losses for us. Market risk arises from the probability of adverse movements in financial market prices and rates. The Bank's definition of financial market prices in this regard refers 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 Audit and Risk Committee (BARC).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 instrument 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.

	12 months to 31 December 2015			12 months to 31 December 2014		
	Average	High	Low	Average	High	Low
	N'000	N'000	N'000	N'000	N'000	N'000
Foreign exchange risk	7,967	45,071	767	15,245	110,805	854
Interest rate risk	14,333	355,350	2,221	5,421	93,932	794
Equity risk	-	-	-	-	-	-
Total VAR	**22,300**	**400,421**	**2,987**	**20,666**	**204,737**	**1,648**

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 2015.

	31 December 2015				
	USD	GBP	Euro	Naira	Total
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	3,643	45	180	181,464	185,332
Due from banks	68,668	849	3,400	7,025	79,942
Loans and advances to customers	233,009	492	277	344,426	578,203
Investment securities:					
- Financial assets held for trading	-	-	-	4,070	4,070
- Available for sale	-	-	-	116,607	116,607
- Held to maturity	18,408	-	-	162,328	180,736
Other financial assets	-	-	-	40,144	40,144
	323,726	**1,386**	**3,857**	**856,064**	**1,185,034**
Financial liabilities					
Customer deposits	136,623	2,650	1,662	628,701	769,636
Other liabilities	30,881	49	825	93,077	124,832
Debt issued and other borrowed funds	111,003	-	-	30,972	141,975
	278,507	**2,698**	**2,487**	**752,751**	**1,036,443**

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	45,219	(1,312)	1,370
Closing Exchange Rate (Naira/ Currency)	199.00	295.29	217.57
1% Currency Depreciation (+)	200.99	298.24	219.75
Net effect of depreciation on Profit or loss	452	(13)	14
1% Currency Appreciation (-)	197.01	292.34	215.39
Net effect of appreciation on Profit or loss	(452)	13	(14)

	31 December 2014				
	USD	GBP	Euro	Naira	Total
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	10,834	935	2,395	243,967	258,131
Due from banks	15,106	1,109	2,099	50,421	68,735
Loans and advances to customers	226,224	520		314,942	541,686
Investment securities:					
- Financial assets held for trading	12,083	-	-	71,280	83,363
- Available for sale	1,599	-	-	89,265	90,864
- Held to maturity	-	-	-	69,526	69,526
Other financial assets	-	-	-	29,167	29,167
	265,846	**2,564**	**4,494**	**868,568**	**1,141,472**
Financial liabilities					
Customer deposits	131,676	1,988	1,664	684,706	820,034
Other liabilities	-	-	-	66,230	66,230
Debt issued and other borrowed funds	117,541	-	-	-	117,541
	249,217	**1,988**	**1,664**	**750,936**	**1,003,805**

Sensitivity Analysis of Foreign Currency Statement of Financial Position			
Currency	USD	GBP	Euro
	N'million	N'million	N'million
Net effect on Statement of Financial Position	16,629	576	2,831
Closing Exchange Rate (Naira/ Currency)	184.00	286.62	223.56
1% Currency Depreciation (+)	185.84	289.48	225.80
Net effect of depreciation on Profit or loss	166	6	28
1% Currency Appreciation (-)	182.16	283.75	221.32
Net effect of appreciation on Profit or loss	(166)	(6)	(28)

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 2015	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	185,332	-	164,997	20,335
Due from banks	79,942	-	79,942	-
Loans and advances to customers	578,203	196,601	381,602	-
Investment securities				
- Financial assets held for trading	4,070	-	4,070	-
- Available for sale	109,364	-	102,180	7,184
- Held to maturity	180,736	-	180,736	-
Other financial assets	40,144	-	-	40,144
	1,177,791	**196,601**	**913,527**	**67,663**
Financial liabilities				
Customer deposits	769,636	-	500,141	269,495
Other liabilities	124,832	-	5,607	119,225
Debts issued and other borrowed funds	141,975	51,854	90,121	-
	1,036,443	**51,854**	**595,869**	**388,720**

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2014	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	258,131	-	224,472	33,659
Due from banks	68,735	-	68,735	-
Loans and advances to customers	541,686	105,126	436,559	-
Investment securities				
- Financial assets held for trading	83,363	-	83,335	28
- Available for sale	90,864	-	82,398	8,466
- Held to maturity	69,526	-	69,526	-
Other financial assets	29,167	-	-	29,167
	1,141,472	**105,126**	**965,025**	**71,320**
Financial liabilities				
Customer deposits	820,034	-	803,633	16,401
Other liabilities	66,230	-	15,106	51,124
Debts issued and other borrowed funds	117,541	40,219	77,322	-
	1,003,805	**40,219**	**896,061**	**67,525**

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, it is the maturity.

- For variable rates linked to a benchmark interest rate, it is the date the benchmark interest rate is next expected to reset unless the instrument is expected to mature sooner

- For non-interest bearing items, it is not included in the table.

31 December 2015	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	151,139	-	-	-	-	151,139
Due from banks	79,960	-	-	-	-	79,960
Loans and advances to customers	74,288	25,627	37,339	225,043	215,905	578,203
Investment securities						
- Available for sale	28,441	23,051	29,529	23,438	5,003	109,462
- Held to maturity	32,327	12,718	45,978	54,039	35,674	180,736
Total assets	**366,155**	**61,397**	**112,846**	**302,520**	**256,583**	**1,099,500**
Financial liabilities						
Customer deposits	397,556	348,200	23,880	-	-	769,636
Debt issued and other borrowed funds	-	51,854	-	59,149	29,050	140,053
Total liabilities	**397,556**	**400,054**	**23,880**	**59,149**	**29,050**	**909,689**
Net financial assets and liabilities	**(31,401)**	**(338,657)**	**88,965**	**243,371**	**227,533**	**189,811**
Net financial assets and liabilities excluding Available for sale	**(59,842)**	**(361,709)**	**59,437**	**219,933**	**222,530**	**80,349**

31 December 2014	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	224,472	-	-	-	-	224,472
Due from banks	68,735	-	-	-	-	68,735
Loans and advances to customers	128,964	19,211	17,365	268,034	108,111	541,685
Investment securities						
- Available for sale	51,910	24,063	-	8,887	9,729	94,589
- Held to maturity	16,808	36,478	1,447	3,165	7,492	65,390
Total assets	**490,889**	**79,752**	**18,812**	**280,086**	**125,332**	**994,871**
Financial liabilities						
Customer deposits	720,244	86,635	13,105	50	-	820,034
Debts issued and other borrowed funds	-	-	-	117,541	-	117,541
Total liabilities	**720,244**	**86,635**	**13,105**	**117,591**	**-**	**937,575**
Net financial assets and liabilities	**(229,355)**	**(6,883)**	**5,707**	**162,495**	**125,332**	**57,296**
Net financial assets and liabilities excluding Available for sale	**(281,265)**	**(30,946)**	**5,707**	**153,608**	**115,603**	**(37,293)**

Interest Rate Sensitivity Analysis On Profit 31 Dec 2015

	Increase/Decrease in bp	Total interest sensitivity gap	Cumulative gap	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	(59,842)	(59,842)	(299)	299	3 months
3-6 Months	+200bp/-200bp	(361,709)	(421,550)	(3,617)	3,617	6 months
6-12 Months	+200bp/-200bp	59,437	(362,114)	1,189	(1,189)	1 year
1-5 years	+200bp/-200bp	219,933	(142,180)	4,399	(4,399)	
More than 5 Years	+200bp/-200bp	222,530	80,349	4,451	(4,451)	

Interest Rate Sensitivity Analysis On Equity 31 Dec 2015	Increase/Decrease in bp	Total interest sensitivity gap	Cumulative gap	Effect of increase by 200bp on Equity	Effect of increase by 200bp on Equity	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	28,441	28,441	100	(100)	3 months
3-6 Months	+200bp/-200bp	23,051	51,492	161	(161)	6 months
6-12 Months	+200bp/-200bp	29,529	81,020	413.40	(413)	1 year
1-5 years	+200bp/-200bp	23,438	104,458	328	(328)	
More than 5 Years	+200bp/-200bp	5,003	109,462	70	(70)	

Interest Rate Sensitivity Analysis On Profit 31 Dec 2014	Increase/ Decrease in bp	Net gap	Cumulative gap	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	(281,265)	(281,265)	(1,406)	1,406	3 months
3-6 Months	+200bp/-200bp	(30,946)	(312,211)	(309)	309	6 months
6-12 Months	+200bp/-200bp	5,707	(306,504)	114	(114)	1 year
1-5 years	+200bp/-200bp	153,608	(152,896)	3,072	(3,072)	
More than 5 Years	+200bp/-200bp	115,603	(37,293)	2,312	(2,312)	

Interest Rate Sensitivity Analysis On Equity 31 Dec 2014	Increase/Decrease in bp	Net gap	Cumulative gap	Effect of increase by 200bp on Equity	Effect of increase by 200bp on Equity	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	51,910	51,910	182	(182)	3 months
3-6 Months	+200bp/-200bp	24,063	75,973	168	(168)	6 months
6-12 Months	+200bp/-200bp	-	75,973	-	-	1 year
1-5 years	+200bp/-200bp	8,887	84,860	124	(124)`	
More than 5 Years	+200bp/-200bp	9,729	94,589	136	(136)	

3.4.5 Equity Price Risk

As at 31 December 2015, the market value of quoted securities held by the Bank is nil (31 December 2014: N28 million) of which all is in the trading portfolio. The bank is not exposed to equity risk as at 31 December 2015 because of the nil balance.

The Bank holds a number of investments in unquoted securities some of which are carried at fair value with a market value of N7.036 billion (31 December 2014: N7.572 billion). The significant investments which are carried at fair value is MTN at N4.221billion (cost N3.808 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 2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	N'million	N'million	N'million	N'million
Due from banks	**79,942**	**79,942**	**68,735**	**68,735**
Loans and advances to customers	**510,221**	**506,356**	**471,131**	**465,429**
- Term loans	489,195	485,479	444,645	438,851
Advances under finance lease	21,025	20,877	26,486	26,578
Held for trading	**4,070**	**4,070**	**83,363**	**83,363**
- Treasury bills	-	-	68,652	68,652
- Federal Government bonds	238	238	2,241	2,241
- State bonds	3,832	3,832	-	-
- Corporate bonds	-	-	12,442	12,442
- Listed equity instruments	-	-	28	28
Available for sale	**115,844**	**115,844**	**90,101**	**90,101**
- Treasury bills	71,750	71,750	64,793	64,793
- Federal Government bonds	32,186	32,186	1,751	1,751
- State Government bonds	5,428	5,428	10,920	10,920
- FMB Zero Coupon Bonds	-	-	3,335	3,335
-Corporate Bonds	-	-	1,599	1,599
- Equity investments	6,480	6,480	7,703	7,703
Held to maturity investment	**180,736**	**178,535**	**69,526**	**65,063**
- Treasury bills	95,481	96,109	50,897	50,623
- Federal Government bonds	63,313	61,163	14,493	10,715
State Government bonds	5,795	6,118	4,136	3,725
Corporate Bonds	16,147	15,145	-	-
Financial liabilities				
Other liabilities				
Debts issued and other borrowed funds	141,975	112,629	117,541	110,300

(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 2015	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	-	-	-	-
- Federal Government bonds	238	-	-	238
- State Government bonds	3,832	-	-	3,832
- Corporate bonds	-	-	-	-
- Listed equity instruments	-	-	-	-
Available for sale				
- Treasury bills	71,750		-	71,750
- Federal Government bonds	32,186		-	32,186
- State Government bonds	5,428		-	5,428
- FMB Zero Coupon Bonds	-	-	-	-
- Corporate Bonds	-	-	-	-
- Equity investments	-	4,221	2,259	6,480
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-	465,756	-	465,756
- Advances under finance lease	-	20,877	-	20,877
Held to maturity investment				
- Treasury bills	-	96,109	-	96,109
- Federal Government bonds	-	61,163	-	61,163
- State Government bonds	-	6,118	-	6,118
- Corporate bonds	-	15,145	-	15,145
	113,434	**669,389**	**2,259**	**785,082**

	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	-	112,629	-	112,629
	-	**112,629**	**-**	**112,629**

31 December 2014	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	-	68,652	-	68,652
- Federal Government bonds	-	2,241	-	2,241
- Corporate bonds	-	12,442	-	12,442
- Listed equity instruments	-	28	-	28
Available for sale				
- Treasury bills	-	64,793	-	64,793
- Federal Government bonds	-	1,751	-	1,751
- State Government bonds	-	10,920	-	10,920
- FMB Zero Coupon Bonds	-	3,335	-	3,335
-Corporate Bonds	-	1,599	-	1,599
- Equity investments	-	-	7,703	7,703
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-	438,851	-	438,851
- Advances under finance lease	-	26,578	-	26,578
Held to maturity investment				
- Treasury bills	-	50,623	-	50,897
- Federal Government bonds	-	10,715	-	14,493
- State Government bonds	-	3,725	-	4,136
	-	**696,253**	**7,703**	**708,419**

Liabilities for which fair value are disclosed				
Financial Liabilities	N'million	N'million	N'million	N'million
Borrowings				
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	-	110,300	-	110,300
	-	**110,300**	**-**	**110,300**

Reconciliation of Level 3 items	Unlisted equity securities
	N'million
At 1 January 2015	**7,703**
Total gains	469
Purchases	-
Sales	(1,692)
At 31 December 2015	**6,480**

Total gains or losses for the period is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 31 December 2015.

	Unlisted equity securities
	N'million
At 1 January 2014	**7,592**
Total losses	(1,606)
Purchases	2,787
Sales	(1,070)
At 31 December 2014	**7,703**

Total gains or losses for the period is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 31 December 2014.

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 2015 and 2014 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% (2014: 5%) increase (decrease) in the earnings would result in an increase (decrease) in fair value by N80 million (2014: N53 million)
• Telecommunications sector	Market approach-Reference to recent market transaction	The price per unit of the shares in the recent transaction	N/A	5% (2014: 5%) increase (decrease) in the price would result in an increase (decrease) in fair value by N201 million (2014: N263 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 2014 and 2015 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 System (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 has 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 of the Bank's Eurobond issued is derived from quoted market prices in active markets. The fair values of the Bank's interest-bearing borrowings and loans are determined by using the 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 2015 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.

Governance Structure

Operational Risk Management is an independent risk management function within Fidelity Bank. The Board of Directors has overall oversight of the Bank's Enterprise Risk Management via the Board Audit & Risk Committee (BARC). The Board approves all Operational Risk Management policies and framework. The Bank also has an Operational Risk & Service Measurements Committee that is charged with the responsibility of ensuring the implementation of Operational Risk Management policies and framework as approved by the BARC. The Operational Risk Management Group, supervised by the Chief Risk Officer is responsible for the day-to-day operational risk management of the Bank.

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:

Process/Risk Mapping

With the objective to engender standardization and facilitate risk communication among the Bank's team members, key processes of the Bank have been mapped to procedural levels with inherent risk and controls identified and overlaid. Process maps and documentation developed from this implementation assist the Bank in identifying process bottlenecks, pinpointing redundancies, locating waste and processes for optimisation.

Loss Data Collection

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

Risk and Control Self Assessments (RCSA)

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

Key Risk Indicators (KRIs)

The Bank measures quantifiable risk statistics or metrics that provide warning signals of risk hotspots in The Bank's entity. The Bank has established key risk indicators with tolerance limits for core operational groups of the Bank. The Bank's KRI database integrate 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.

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 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 by the Bank's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN) for supervisory purposes. Required Capital Adequacy Returns are filed with the CBN on a monthly basis. Auditors to the Bank are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC) that includes the computed capital adequacy ratio of the Bank.

The CBN requires banks with international authorization to hold a minimum capital of N100billion and to maintain a ratio of total regulatory capital to the total risk-weighted assets at a minimum of 15%. Fidelity Bank holds an international banking license.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2014 and 2015.

	2015 N'million	2014 N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings (less proposed dividend)	4,163	9,998
Statutory reserve	23,016	20,930
Small scale investment reserve	764	764
Total qualifying Tier 1 capital	**143,696**	**147,445**
Tier 2 capital		
Eurobond issue	24,428	55,089
Local Bond	29,050	0
Revaluation Reserve	1,706	-7
Total Tier 2 capital	**55,184**	**55,082**
Qualifying Tier 2 Capital restricted to 33.33% of Tier 1 Capital	**47,899**	**48,657**
Total Tier 1 & Tier 2 Capital	**191,595**	**196,102**
Risk-weighted assets:		
Credit Risk Weighted Assets	772,107	590,194
Market Risk Weighted Assets	89,766	91,914
Operational Risk Weighted Assets	150,189	139,419
Total risk-weighted assets	**1,012,062**	**821,527**
Minimum Regulatory Capital Adequacy Ratio	**15%**	**15%**
Tier 1 Capital Adequacy Ratio	**14%**	**18%**
Total Capital Adequacy Ratio (CAR)	**19%**	**24%**

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 2015, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board . This standard is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions.

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

Segment result of operations - IFRS 8.23

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2015 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 2015					
Revenue derived from external customers	37,841	58,352	49,908	790	146,891
Revenues from other segments	-	-	-	-	-
Total	**37,841**	**58,902**	**49,908**	**790**	**146,891**
Interest income	25,337	54,974	40,159	688	121,158
Interest expense	**-31,534**	**-14,170**	**-7,005**	**-7,585**	**-60,294**
Profit before tax	3,851	8,921	967	285	14,024
Income tax expense	-33	-72	-8	-6	-120
Profit for the year	**3,818**	**8,849**	**958**	**279**	**13,904**
At 31 December 2015					
Total segment assets	**750,049**	**401,472**	**80,201**		**1,231,722**
Total segment liabilities	**649,195**	**329,594**	**69,417**		**1,048,206**
Other segment information					
Depreciation/Amortization	**-2,476**	**-1,245**	**-250**	**-15**	**-3,985**

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2014 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 2014					
Revenue derived from external customers	42,543	61,196	31,545	810	136,094
Revenues from other segments	-	-	-	-	-
Total	**42,543**	**61,196**	**31,545**	**810**	**136,094**
Interest income	45,398	34,642	21,380	2,886	104,307
Interest expense	**-29,017**	**-13,039**	**-6,446**	**-6,979**	**-55,481**
Profit before tax	6,132	5,465	3,870	47	15,515
Income tax expense	-1,099	-488	-128	-4	-1,719
Profit for the year	**5,033**	**4,977**	**3,742**	**43**	**13,796**
At 31 December 2014					
Total segment assets	**516,633**	**394,232**	**243,312**	**32,848**	**1,187,025**
Total segment liabilities	**530,283**	**238,286**	**117,800**	**127,545**	**1,013,914**
Other segment information					
Depreciation/Amortization	**-3,110**	**-627**	**-23**	**-33**	**-3,792**

6. Interest And Similar Income

	2015	2014
	N'million	N'million
Loans and advances to customers (see note 6.1)	80,267	58,552
Treasury bills and other investment securities:		
• Held for trading	12,387	16,059
• Available for sale	14,150	7,403
• Held to maturity	8,723	7,755
Advances under finance lease	4,566	12,429
Placements and short term funds	1,065	2,109
	121,158	**104,307**

6.1 Interest And Similar Income On Loans And Advances To Customers

Interest income on loans and advances to customers of N80.2 billion (2014:N58.5 billion) includes interest income on impaired financial assets of N2.7 billion (2014:N2.5 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

	2015	2014
	N'million	N'million
Term deposits	44,745	47,757
Debt issued and other borrowed funds	10,815	3,710
Demand deposit	621	1,121
Savings deposits	3,963	2,207
Inter-bank takings	150	686
	60,294	**55,481**

8. Impairment Charge

	2015	2014
	N'million	N'million
Impairment (charge)/ reversal on loans and advances (Note 21):		
• Overdrafts	(4,227)	(595)
• Term loans	(302)	(1,011)
• Finance leases	(1,511)	761
• Others	5	(33)
Reversal of provision no longer required (Note 26)	270	(531)
Write off on overdraft during the year	-	(2,391)
Write off of AMCON clawed back loan	-	(506)
	(5,764)	**(4,306)**

9. Net Fee And Commission Income

	2015	2014
	N'million	N'million
Commission on E-banking activities	6,180	1,460
Commissions on turnover	2,143	4,330
Commission on travelers cheques and foreign bills	1,365	4,658
Commission and fees on banking services	1,116	895
Commission and fees on NXP	1,006	853
Credit related fees	1,005	790
ATM charges	978	931
Remittance fees	685	145
Letters of credit commissions and fees	642	707
Commission on Fidelity Connect	408	288
Commissions on off balance sheet transactions	491	337
Collection fees	241	363
Telex fees	273	713
Cheque issue fees	231	211
Other fees and commissions	473	508
Total fees and commissions income	**17,237**	**17,189**
Fee and Commission Expense	(2,411)	(2,346)
Net fee and commission income	**14,826**	**14,843**

10. Other Operating Income

	2015	2014
	N'million	N'million
Net foreign exchange gains	6,213	12,959
Dividend income	1,393	945
Profit on disposal of unquoted securities	86	-
(Loss)/profit on disposal of property, plant and equipments	(57)	141
Other income	861	553
	8,496	**14,598**

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

	2015	2014
	N'million	N'million
Bonds	(287)	(495)
Treasury bills	(4)	(3,198)
	(291)	**(3,693)**

12. Personnel Expenses

	2015	2014
	N'million	N'million
Wages and salaries	25,062	23,674
Pension costs		
• Pension contribution	281	268
• Staff Gratuity Plan (Note 30)	717	764
• Staff Retirement benefit plan (Note 30)	1,065	1,168
	27,125	**25,874**

13. Depreciation and Amortisation

	2015	2014
	N'million	N'million
Property, plant and equipment (Note 23)	3,685	3,733
Intangible-computer software (Note 24)	300	59
	3,985	**3,792**

14. Other Operating Expenses

	2015	2014
	N'million	N'million
Banking sector resolution cost	5,935	5,406
Marketing, communication & entertainment	5,845	1,029
Deposit insurance premium	3,332	3,861
Contractor compensation	3,533	3,045
Repairs and maintenance	2,457	1,757
Computer expenses	1,627	1,389
Security expenses	1,295	978
Training expenses	650	510
Corporate finance expenses	606	90
Litigations and claims	545	89
Bank charges	434	468
Legal expenses	432	293
Consultancy expenses	407	370
Traveling and accommodation	531	614
Telephone expenses	251	108
Postage and courier expenses	111	94
Insurance expenses	319	334
Office expenses	395	393
Cash movement expenses	591	537
Stationery expenses	218	190
Rent and rates	315	249
Directors' emoluments	346	355
Electricity	372	300
Auditors' remuneration	150	150
Other expenses	2,300	2,478
	32,997	**25,087**

15. Taxation

	2015	2014
	N'million	N'million
Current taxes on income for the reporting period	1,390	1,564
Technology levy	140	155
Under provision for tax in prior year	-	545
Current income tax charge	**1,530**	**2,264**
Deferred taxation		
Reversal of temporary differences	(1,410)	(545)
Total deferred taxation	**(1,410)**	**(545)**
Income tax expense	**120**	**1,719**

(b) Total Income Tax Expense In Profit Or Loss

	2015	2014
	N'million	N'million
Profit before income tax	14,024	15,515
Income tax using the domestic corporation tax rate of 30%	**4,207**	**4,655**
Non-deductible expenses	2,181	2,812
Tax exempt income	(6,388)	(9,553)
Income Tax expense based on dividend (note 15d)	1,390	1,564
Technology levy (note 15e)	140	155
Prior period under provision	-	545
Reversal of temporary differences	(1,410)	(545)
Tax incentive	-	78
Unused tax losses	-	2,008
	120	**1,719**
The effective income tax rate is 1% for 2015 (2014:11%)		

(c) The Movement In The Current Income Tax Liability Is As Follows:

	2015	2014
At 1 January	1,719	1,307
Tax paid	(917)	(1,852)
Prior period under provision	-	545
Income tax charge	1,530	1,719
At 31 December	**2,332**	**1,719**

(d) Reconciliation Of Effective Tax Rate

The basis of income tax is 30% of N4.6 billion of dividend to be paid to shareholders in 2016 relating to the 2015 financial year results (2014 income tax was based on 30% of N5.2 billion being dividend paid to shareholders in 2015 relating to 2014 financial year results). This is in compliance with Section 15A of Company Income Tax Act which states that where there is no taxable profit or total profit is less than the amount of dividend paid, the company shall be charged as if the dividend is the total profits of the company for the year of assessment to which the accounts, out of which dividend is declared relates.

(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.

	2015	2014
	N'million	N'million
Profit attributable to equity holders of the Bank	13,904	13,796
	million	million
Weighted average number of ordinary shares in issue	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	**48**	**48**

18. Cash And Balances With Central Bank

	2015	2014
	N'million	N'million
Cash	20,335	33,659
Balances with Central Bank other than mandatory reserve deposits	13,858	24,349
Included in cash and cash equivalents	**34,193**	**58,008**
Mandatory reserve deposits with Central Bank	151,139	200,123
Carrying amount	**185,332**	**258,131**

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. Mandatory reserve deposits are non interest-bearing. The cash reserve ratio represents a mandatory 25% of qualifying Naira deposits (December 2014: 20% non-government, 75% government), which should be held with the 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.

	2015	2014
	N'million	N'million
Cash and balances with Central Bank (Note 18)	34,193	58,008
Due from banks	79,942	68,735
Total cash and cash equivalents	**114,135**	**126,743**

20. Due From Banks

	2015	2014
	N'million	N'million
Current accounts with foreign banks	72,460	26,686
Placements with other banks and discount houses	7,482	42,049
Carrying amount	**79,942**	**68,735**

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 2015					
Overdrafts	78,446	(8,835)	(3,966)	(12,801)	65,646
Term loans	495,528	(3,493)	(2,839)	(6,332)	489,195
Advances under finance lease	22,640	(1,112)	(503)	(1,615)	21,025
Other loans	2,364	-	(28)	(28)	2,336
	598,978	**(13,440)**	**(7,336)**	**(20,776)**	**578,203**
31 December 2014					
Overdrafts	70,865	(9,356)	(769)	(10,125)	60,740
Term loans	451,834	(1,471)	(5,718)	(7,189)	444,645
Advances under finance lease	26,590	(21)	(83)	(104)	26,486
Other loans	9,848	-	(33)	(33)	9,815
	559,137	**(10,848)**	**(6,603)**	**(17,451)**	**541,686**

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 2015					
Individual impairment	9,356	1,471	21	-	10,848
Collective impairment	769	5,718	83	33	6,603
	10,125	**7,189**	**104**	**33**	**17,451**
Write off during the year					
Individual impairment	(1,539)	(1,159)	-	-	(2,698)
Collective impairment	(12)	-	-	-	(12)
	(1,551)	**(1,159)**	**-**	**-**	**(2,710)**
Individual impairment	7,817	312	21	-	8,150
Collective impairment	757	5,718	83	33	6,591
	8,574	**6,030**	**104**	**33**	**14,741**
Additional impairment charge/(reversal) for the year					
Individual impairment	1,018	3,181	1,091	-	5,290
Collective impairment	3,209	(2,879)	420	(5)	745
Total charge to profit or loss	**4,227**	**302**	**1,511**	**(5)**	**6,034**
Individual impairment	8,835	3,493	1,112	-	13,440
Collective impairment	3,966	2,839	503	28	7,336
Balance at 31 December 2015	**12,801**	**6,332**	**1,615**	**28**	**20,776**

	Overdrafts	Term loans	Finance lease	Other	Total
	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2014					
Individual impairment	8,670	1,340	60	-	10,070
Collective impairment	860	4,838	805	-	6,503
	9,530	6,178	865	-	16,573
Additional impairment charge/(reversal) for the year					
Individual impairment	686	131	(39)	-	778
Collective impairment	(91)	880	(722)	33	100
Total charge to profit or loss	**595**	**1,011**	**(761)**	**33**	**878**
Individual impairment	9,356	1,471	21	-	10,848
Collective impairment	769	5,718	83	33	6,603
Balance at 31 December 2014	**10,125**	**7,189**	**104**	**33**	**17,451**

21.2 Advances Under Finance Lease May Be Analysed As Follows:

	2015	2014
Gross investment	N'million	N'million
• No later than 1 year	2,833	2,017
• Later than 1 year and no later than 5 years	20,659	25,401
• Later than 5 years	1,988	1,056
	25,480	28,474
Unearned future finance income on finance leases	(2,840)	(1,884)
Net investment	**22,640**	**26,590**
The net investment may be analysed as follows:		
• No later than 1 year	2,776	4,589
• Later than 1 year and no later than 5 years	19,665	21,981
• Later than 5 years	199	20
	22,640	**26,590**

21.3 Nature Of Security In Respect Of Loans And Advances:

	2015	2014
	N'million	N'million
Secured against real estate	99,082	85,378
Secured by shares of quoted companies	269	452
Otherwise Secured	477,392	439,775
Advances under finance lease	20,695	19,854
Unsecured	1,540	13,678
Gross loans and advances to customers	**598,978**	**559,137**

22. Investments

22.1

	2015	2014
	N'million	N'million
Debt and equity securities		
Fair value through profit and loss		
Federal Government bonds	238	2,241
State bonds	3,832	-
Treasury bills	-	68,652
Corporate Bonds	-	12,442
Listed equity investments	-	28
	4,070	**83,363**

22.2

	2015	2014
	N'million	N'million
Available for sale		
Treasury bills	71,750	64,793
Federal Government bonds	32,186	1,751
State bonds	5,428	10,920
FMB Zero Coupon bonds	-	3,335
Corporate bonds	-	1,599
Unquoted equity investments at cost (see note 22.2a)	1,171	2,016
Unquoted equity investments at fair value	6,480	7,703
	117,015	92,117
Impairment on unquoted equity investment at cost	(408)	(1,253)
	116,607	**90,864**

Reconciliation Of Allowance For Impairment

	2015	2014
	N'million	N'million
At beginning of year	1,253	1,581
Write-off during the year	(845)	(328)
At end of year	**408**	**1,253**

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 these investments are N763 million (2014: 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

	2015	2014
	N'million	N'million
Held to maturity		
Treasury bills	95,481	50,897
Federal Government bonds	63,313	14,493
State Government bonds	5,795	4,136
Corporate bonds	16,147	-
	180,736	**69,526**
Total investments	**301,413**	**243,753**

22.4 Pledged assets

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company (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 cash balance with Visacard International in respect of electronic card transactions.

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

	2015	2014
	N'million	N'million
Treasury bills- Held To Maturity	16,400	16,400
Federal Government bonds- Available for Sale	6,400	9,300
Cash balance	1,000	1,000

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'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost									
At 1 January 2015	**13,367**	**14,698**	**5,633**	**6,891**	**1,802**	**10,915**	**5,499**	**1,021**	**59,826**
Additions	276	-	42	390	215	420	1,147	3,430	5,920
Reclassifications	-	318	243	-	-	-	-	(561)	-
Disposals	-	-	-	(29)	(22)	(16)	(642)	-	(709)
At 31 December 2015	**13,643**	**15,016**	**5,918**	**7,252**	**1,995**	**11,319**	**6,004**	**3,890**	**65,037**
Accumulated depreciation									
At 1 January 2015	**-**	**(1,377)**	**(3,273)**	**(5,415)**	**(1,550)**	**(6,256)**	**(3,997)**	**-**	**(21,868)**
Charge for the year	-	(363)	(609)	(603)	(114)	(1,218)	(778)	-	(3,685)
Disposals	-	-	-	25	18	14	444	-	501
At 31 December 2015	**-**	**(1,740)**	**(3,882)**	**(5,993)**	**(1,646)**	**(7,460)**	**(4,331)**	**-**	**(25,052)**
Carrying amount at 31 December 2015	**13,643**	**13,276**	**2,036**	**1,259**	**349**	**3,859**	**1,673**	**3,890**	**39,985**
Cost									
At 1 January 2014	**8,662**	**11,324**	**3,923**	**6,517**	**1,726**	**8,252**	**5,081**	**10,493**	**55,978**
Additions	1,067	868	496	527	76	1,159	720	44	4,956
Reclassifications	3,638	3,154	1,214	-	-	1,510	-	(9,516)	-
Disposals	-	(648)	-	(153)	-	(5)	(302)	-	(1,108)
At 31 December 2014	**13,367**	**14,698**	**5,633**	**6,891**	**1,802**	**10,915**	**5,499**	**1,021**	**59,826**
Accumulated depreciation									
At 1 January 2014	**-**	**(1,031)**	**(2,657)**	**(4,866)**	**(1,400)**	**(5,100)**	**(3,455)**	**-**	**(18,509)**
Charge for the year	-	(346)	(616)	(699)	(150)	(1,160)	(762)	-	(3,733)
Disposals	-	-	-	150	-	4	221	-	375
At 31 December 2014	**-**	**(1,377)**	**(3,273)**	**(5,415)**	**(1,550)**	**(6,256)**	**(3,996)**	**-**	**(21,867)**
Carrying amount at 31 December 2014	**13,367**	**13,321**	**2,359**	**1,476**	**252**	**4,659**	**1,500**	**1,021**	**37,958**

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

24. Intangible Assets

	2015	2014
	N'million	N'million
Cost		
Balance at beginning of year	2,110	1,545
Additions	739	565
Balance at end of year	**2,849**	**2,110**
Accumulated amortization		
Balance at beginning of year	1,604	1,545
Amortisation for the year	300	59
Balance at end of year	1,904	1,604
Carrying amount	**945**	**506**

These relate to purchased software.

The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N300 million (2014: N59 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. The offset amounts are as follows:

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2014: 30 %).

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

25.1 Deferred tax liabilities

	2015	2014
	N'million	N'million
Accelerated tax depreciation	(2,728)	(1,410)
	(2,728)	(1,410)
Deferred tax assets		
Unutilised capitalised allowance	3,891	4,968
Allowances for loan losses	-	30
Pension and other post-retirement benefits	2,829	2,551
Tax loss carried forward	16,480	10,544
	23,200	18,093
Unrecognised deferred tax asset	(20,472)	(18,093)
Net	-	**(1,410)**

25.2 Movements In Temporary Differences During The Year:

Movements in temporary differences during the year:	1 Jan 2015	Recognised in P&L	Recognised in OCI	31 Dec 2015
Accelerated tax depreciation	(1,410)	(1,318)	-	(2,728)
Unutilised capitalised allowance	4,968	(1,077)	-	3,891
Other assets	-	-	-	-
Allowances for loan losses	30	-30	-	-
Tax loss carry forward	10,544	5,936	-	16,480
Employee benefits	2,551	278	-	2,829
Unrecognised Deferred tax asset	(18,093)	(2,379)	-	(20,472)
	(1,410)	**1,410**	**-**	**-**

Movements in temporary differences during the year:	1 Jan 2014	Recognised in P&L	Recognised in OCI	31 Dec 2014
Accelerated tax depreciation	(1,955)	545	-	(1,410)
Unutilised capitalised allowance	725	4,243	-	4,968
Other assets	171	(171)	-	-
Allowances for loan losses	2,289	(2,259)	-	30
Tax loss carry forward	3,868	6,676	-	10,544
Employee benefits	2,611	(60)	-	2,551
Unrecognised deferred tax asset	(9,664)	(8,429)	-	(18,093)
	7,709	**545**	**-**	**(1,410)**

25.3

The Bank has unutilised capital allowance of N14.5 billion (2014: N16.5 billion) unused tax losses carried forward of N53.1 billion (2014: N31.1 billion) and deductible temporary differences of N8.3billion (2014: N8.1 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 2015: N2.8 billion and 2014: N2.5 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

	2015	2014
Financial assets	N'million	N'million
Sundry receivables (see note 26.1)	39,764	28,089
Others	380	1,078
	40,144	**29,167**
Non financial assets		
Prepayments	6,580	8,052
Other non financial assets	560	715
	7,140	8,767
Specific allowance for impairment	(1,382)	(1,678)
	5,758	7,089
	45,902	**36,256**

26.1

Included in Sundry receivables is non-proprietory assets amounting to N12.3 billion (2014: 18 billion) 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

	2015	2014
	N'million	N'million
At beginning of year	1,678	4,413
Charge for the year	-	531
Reversal of provision no longer required	(270)	-
Write-off during the year	(26)	(3,266)
At end of year	**1,382**	**1,678**

27. Deposits From Customers

	2015	2014
	N'million	N'million
Demand	269,495	284,608
Savings	119,140	97,996
Term	321,947	297,641
Domiciliary	54,391	135,918
Others	4,663	3,871
	769,636	**820,034**
Current	769,636	820,034
Non-current	-	-
	769,636	**820,034**

28. Other Liabilities

	2015	2014
	N'million	N'million
Customer deposits for letters of credit	5,607	15,106
Accounts payable	39,306	38,541
Manager's cheque	2,866	1,905
Provisions year end bonus (see note 28.1)	1,400	1,537
CBN bailout fund (see note 28.2)	66,264	-
Provisions for litigations and claims (see note 28.3)	545	89
Payable on e-banking transactions	6,543	5,665
Other liabilities/credit balances	2,301	3,387
	124,832	**66,230**

28.1 Movement In Provision For Year End Bonus

	2015	2014
	N'million	N'million
At 1 January	1,537	657
Arising during the year	1,400	1,528
Utilised	(1,537)	(648)
At the end of the year	**1,400**	**1,537**

The provision during the year is entirely current.

A provision has been recognised in respect of staff year end bonus, the provision has been recognised based on the fact that there is a constructive and legal obligation on the part of the bank to pay bonus to staff where profit has been declared. The provision has been calculated as a percentage of the profit after tax.

28.2

CBN Bailout fund represents funds for states in the federation that are having challenges in meeting their domestic obligations 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 20 years at 7% per annum and availed for the same tenor at 9% per annum.

28.3 Movement In Provision For Litigations And Claims

	2015	2014
	N'million	N'million
At 1 January	89	296
Arising during the year	545	-
Utilised	(89)	(207)
At the end of the year	**545**	**89**

The provision during the year is entirely current.

29. Debts Issued And Other Borrowed Funds

	2015	2014
	N'million	N'million
Long term loan from Proparco Paris (see note 29.3)	7,960	7,460
Long term loan from African Development Bank (ADB) (see note 29.4)	14,925	7,447
Long term loan from Citibank International Limited (see note 29.5)	24,875	23,034
European Investment Bank Luxembourg (see note 29.6)	4,094	-
Bond issued (see note 29.7)	61,071	54,994
Local Bond issued (see note 29.8)	29,050	-
Long term loan from Standard Chartered Bank London (see note 29.1)	-	6,025
Long term loan from Citibank and HSBC London (see note 29.2)	-	18,581
	141,975	**117,541**

29.1

The loan, (2014 : N6.025 billion) represents the naira amortised cost balance on the on-lending facility of $32million granted to the Bank by Standard Chartered Bank (SCB) London on 4 November 2013 which matured and was fully settled on 4 November 2015.

29.2

The loan, (2014 : N18.581 billion) represents the amortised cost balance on the syndicated on-lending facility of $100million granted to the Bank by Citibank London and HSBC London on 24 April 2013 which matured on 24 April 2015.

29.3

The amount of N7.960 billion, (2014 : N7.460 billion) represents the amortised cost balance on the syndicated on-lending facility $40million granted to the Bank by Proparco Paris on 4 April 2014 to mature 4 April 2016 at an interest rate of Libor plus 4.75% per annum. The borrowing is an unsecured borrowing.

29.4

The amount of N14.925 billion, (2014 : N7.447 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. The borrowing is an unsecured borrowing.

29.5

The amount of N24.875 billion, (2014 : N23 billion) represents the amortised cost balance in the syndicated on-lending facility of $125million granted to the Bank by Citibank, N.A. London Branch, Commerzbank Luxemburg, HSBC Bank Plc and Standard Chartered Bank on 22 December 2014 to mature 22 December 2016 and it is renewable every 2 years at an interest rate of Libor plus 4.5% per annum. The borrowing is an unsecured borrowing.

29.6

The amount of N4.094 billion , (2014 : (Nil)) 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. The borrowing is an unsecured borrowing.

29.7

The amount of N61.071 billion, (2014 : N54.994 billion) represents the amortised cost of a $300 million, 5 year, 6.875% Eurobond issued at 99.48% in May 2013. 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.

29.8

The amount of N29.050 billion, (2014 : (Nil)) represents the amortised cost of a N30 billion, 6.5 year, 16.48% Local bond issued at 96.5% in May 2015. The principal amount for the Local bonds is repayable in Nov 2021. 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. Retirement Benefit Obligations

The Bank has two unfunded final salary defined benefit plan, namely the staff gratuity plan and the staff retirement plan. The plans are not regulated by any Regulatory framework in Nigeria. The plans are not governed by a Board of Trustees.

The level of benefits provided depends on the member's length of service and salary at retirement age.

The staff gratuity plan benefits is paid to any core member who has served for a minimum of five years and who exits the Bank for reasons other than dismissal (on account of fraud, mis-conduct or criminal offence). The Bank has changed its intention to cease staff gratuity plan from 31 December, 2015. The staff retirement plan is based on the total years of service put in by the qualified staff, who have either spent a minimum of 15 years unbroken service (voluntary retirement) or attained the age of 55 years.

	2015	2014
	N'million	N'million
Defined benefit obligations recognised in Statement of financial position		
Staff Gratuity Plan	3,494	2,715
Retirement Benefit Scheme	5,937	4,265
	9,431	**6,980**
Profit or loss:		
Staff Gratuity Plan	717	764
Retirement Benefit Scheme	1,065	1,168
	1,782	**1,932**
Remeasurement losses/(gains) recognised in other comprehensive income.		
Staff Gratuity Plan	971	(443)
Retirement Benefit Scheme	1,696	(1,081)
	2,667	**(1,524)**

(a) Gratuity scheme

The amounts recognised in the statement of financial position are as follows:

	2015	2014
	N'million	N'million
Present value of unfunded obligations	3,494	2,715
Liability in the statement of financial position	**3,494**	**2,715**
The movement in the defined benefit obligation over the year is as follows:		
At beginning of the year	2,715	2,877
Current service cost	329	373
Interest cost	388	391
Remeasurement (gains)/ losses:		
• Change in demographic assumptions	631	(107)
• Change financial assumptions	340	(336)
Benefits paid	(909)	(483)
At end of the year	**3,494**	**2,715**

	2015	2014
	N'million	N'million
The amounts recognised in the profit or loss are as follows:		
Current service cost	329	373
Interest cost	388	391
Total, included in staff costs	**717**	**764**

	2015	2014
The principal actuarial assumptions were as follows:		
Average long term discount rate (p.a.)	11.4%	15%
Average long term rate of inflation (p.a.)	10%	8%
Average long term pay increase (p.a.)	5%	5%

Mortality

Pre-retirement: A49/52

Withdrawal and Early Retirement

It was assumed that withdrawals and early retirements would be in accordance with the following table:

2015		2014	
Age group	Annual rate of Withdrawal/ Re-tirement	Age group	Annual rate of Withdrawal/Re-tirement
18-29	10%	18-29	10%
30-33	8%	30-33	8%
34-38	4%	34-38	4%
39-42	3%	39-42	3%
43-49	1%	43-49	1%
50-51	5%	50-51	5%
52-53	10%	52-53	10%
54	15%	54	15%
55	100%	55	100%

(b) Retirement benefit obligation

The amounts recognised in the statement of financial position are determined as follows:

	2015	2014
	N'million	N'million
Present value of unfunded obligations	5,937	4,265
Liability in the statement of financial position	**5,937**	**4,265**

	2015	2014
	N'million	N'million
The movement in the defined benefit obligation over the year is as follows:		
At beginning of the year	4,265	4,689
Current service cost	441	523
Interest cost	624	645
Remeasurement (gains)/ losses:		
• Change in demographic assumptions	202	(349)
• Change financial assumptions	1,494	(732)
Benefits paid	(1,088)	(511)
At end of the year	**5,937**	**4,265**

The amounts recognised in profit or loss are as follows:	2015	2014
	N'million	N'million
Current service cost	441	523
Interest cost	624	645
Total, included in staff costs	**1,065**	**1,168**
The principal actuarial assumptions were as follows:		
Discount rate	11.4%	15%
Inflation rate	10%	8%
Future salary increases	5%	5%

Mortality

Pre-retirement: A49/52

Withdrawal and Early Retirement

It was assumed that withdrawals and early retirements would be in accordance with the following table:

2015		2014	
Age group	Annual rate of Withdrawal/ Re-tirement	Age group	Annual rate of Withdrawal/Re-tirement
18-29	10%	18-29	10%
30-33	8%	30-33	8%
34-38	4%	34-38	4%
39-42	3%	39-42	3%
43-49	1%	43-49	1%
50-51	5%	50-51	5%
52-53	10%	52-53	10%
54	15%	54	15%
55	100%	55	100%

The sensitivity analysis below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

-The discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and

-The salary increase rate on the defined benefit obligation by adding and subtracting 1% to the salary increase rate.

-The mortality assumption on the defined benefit obligation by increasing and decreasing the age rating by 1 year.

Staff Gratuity Plan	2015			2014		
Discount rate	Main Result	+1% N'million	-1% N'million	Main Result	+1% N'million	-1% N'million
Defined Benefit Obligation	3,494	(219)	247	2,715	(143)	159
Change		(6.3%)	7.0%		(5.3%)	5.9%
Salary increase rate	Main Result	+1% N'million	-1% N'million	Main Result	+1% N'million	-1% N'million
Defined Benefit Obligation	3,494	89	(81)	2,715	58	(54)
Change		2.5%	(2.3%)		2.1%	(2.0%)
Mortality improvement rate	Main Result	+1 year	-1 year	Main Result	+1 year	1 year
Defined Benefit Obligation	3,494	9	(7)	2,715	9	(8)
Change		0.2%	(0.2%)		0.3%	(0.3%)

Retirement Benefit Scheme			2015			2014
Discount rate	Main Result	+1% N'million	-1% N'million	Main Result	+1% N'million	-1% N'million
Defined Benefit Obligation	5,937	(545)	470	4,265	(308)	345
Change		(8.1%)	9.2%		(7.2%)	8.1%
Salary increase rate	Main Result	+1% N'million	-1% N'million	Main Result	+1% N'million	-1% N'million
Defined Benefit Obligation	5,937	498	(305)	4,265	375	(338)
Change		9.6%	(8.6%)		8.8%	(7.9%)
Mortality improvement rate	Main Result	+1 year	-1 year	Main Result	+1 year	1 year
Defined Benefit Obligation	5,937	66	(71)	4,265	-	1
Change		0.04%	(0.05%)		0.01%	(0.01%)

The weighted average duration of the retirement benefit obligation at the end of the reporting period 31 December 2015 for Gratuity and Retirement Scheme is 6 and 8 years respectively (2014: 6 and 7 years respectively).

	Staff Gratuity Plan	Retirement Benefit Scheme
	N'million	N'million
- No later than 1 year	295	115
- Later than 1 year	3,199	5,822
	3,494	**5,937**

The Defined benefit obligation was prepared by Alexander Forbes
FRC Number: FRC/2012/0000000000504

31. Share Capital

	2015	2014
Authorised	N'million	N'million
32 billion ordinary shares of 50k each (2014: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2014: 28,963 million ordinary shares)	14,481	14,481

There is no movement in the issued and fully paid shares during the year.

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 should set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Non-distributable regulatory reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is transferred to the 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

	2015	2014
	N'million	N'million
Profit before tax	14,024	15,515
Adjustments for:		
– Depreciation and amortisation	3,985	3,792
– Profit on disposal of unquoted securities	(86)	-
– Losses/(profit) from disposal of property and equipment	57	(141)
– Foreign exchange (gains)/losses on operating activities	(4,054)	2,900
–Foreign exchange losses on debts issued and other borrowed fund	8,017	7,861
– Net losses from financial assets classified as held for trading	291	3,693
– Impairment charge on loans and advances	6,034	878
– Impairment charge on other assets	(270)	531
– Write off of loans and advances	-	2,897
– Defined benefit charge	1,782	1,932
– Dividend income	(1,393)	(945)
– Net interest income	(60,864)	(48,826)
– Gain on available for sale financial assets reclassified from equity	(783)	(595)
	(33,260)	**(10,508)**
Changes in operating assets		
– Cash and balances with the Central Bank (restricted cash)	48,965	(50,764)
– Loans and advances to customers	(32,964)	(114,600)
– Financial assets held for trading	79,002	167,853
– Other assets	(9,376)	(28,879)
Changes in operating liabilities		
– Deposits from customers	(50,875)	14,766
– Other liabilities	58,602	35,944
Cash flows from operations	**60,093**	**13,812**

34. Contingent Liabilities And Commitments

34.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N1.161 billion (2014: N699 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-balance sheet risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	2015	2014
	N'million	N'million
Performance bonds and guarantees	133,677	104,910
Letters of credit	39,270	30,260
On-lending facilities	-	41
	172,947	**135,211**

34.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N3.80 billion (2014: N3.38 billion). Based on the estimates of the Bank's legal team and the case facts, the Bank estimates a potential loss of N500.45 million (2014: 89.34 million) upon conclusion of the cases. A provision for the potential loss of N544.72 million is shown in note 28.3. On the other hand, the Bank has outstanding claims against various individuals in the sum of N9.11 billion (2013: N9.15 billion) that are yet to be settled.

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 2015	Interest expense 2015	Deposits at 31 Dec 2014	Interest expense 2014
		N	N	N	N
Geoelis and Co Nig Ltd (HM) (DP)	Insider Related	18,756,906	437	19,507,592	570
Rosies Textile Mill Ltd	Insider Related	1,209,878	76,148	1,301,563	76,148
Cy Incorporated Nig Ltd (DSRA)	Insider Related	68,750		71,542	
Equipment Solutions and Logistics Services Limited	Insider Related	780,880	31	613,445	31
Ass. Haulages (Nig) Ltd 2	Director Related	12,095	-	14,379	-
The Genesis Restaurant Limited	Director Related	165,632	907	152,018	857
Next International	Insider Related	4,298,832,450	448,676,549	4,318,832,450	348,416,769
Namjid. Com Limited	Insider Related	43,897	9,078	313,731	37,117
SUB-TOTAL		**4,319,870,488**	**448,763,150**	**4,340,806,720**	**348,531,492**
Transactions with Key Management Personnel	Insider Related	568,938,643	32,209,490	901,673,597	18,220,416
SUB-TOTAL		**568,938,643**	**32,209,490**	**901,673,597**	**18,220,416**
TOTAL		**4,888,809,131**	**480,972,640**	**5,242,480,317**	**366,751,908**

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
		2015	2015	2014	2014			
		N	N	N	N			
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu	258,395,470	14,978,672	243,886,798	19,925,931	Finance Lease/ Overdraft	Doubtful	Perfected
Rosies Textiles Mill Ltd	Nnamdi Oji	-	-	37,517,392	10,796,547	Overdraft	Performing	Perfected
Geoelis And Co Nig Ltd	Dim Elias Nwosu	35,446,413	34,564,958	294,106,647	55,024,896	Overdraft	Performing	Perfected
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu	403,837,139	23,019,914	419,432,214	65,586,944	Finance Lease/ Overdraft	Performing	Perfected
The Genesis Restaurant Ltd	Ichie (Dr.) Nnaeto Orazulike	313,868,125	68,594,401	394,327,989	99,391,444	Term Loan/ Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie (Dr.) Nnaeto Orazulike	41,666,667	14,291,258	97,222,223	22,872,953	Term Loan	Performing	Perfected
Genesis Hub Ltd	Ichie (Dr.) Nnaeto Orazulike	518,013,232	119,241,877	536,725,006	99,996,990	Term Loan/ Overdraft	Performing	Perfected
CMB Building Maintenance and Inv.Co. Ltd	Mr. IK Mbagwu	139,068,067	2,410,533	102,265,753	-	Overdraft	Performing	Perfected
John Holt Plc	Chief (Dr.) Christopher Ezeh	550,588,022	1,861,079	335,533,803	28,708,055	Term Loan	Performing	Perfected
Namjid.Com Limited	Nnamdi Oji	-	-	63,702,133	25,845,169	Overdraft	Performing	Perfected
Chis Stores Limited	Chijioke Ugochukwu	18,599,581	4,874,970	-	-	Term Loan	Performing	Perfected
Transcorp Ughelli Power Limited	Mr. Stanley Lawson	3,316,666,665	326,241,535	3,680,000,000	237,474,246	Term Loan	Performing	Perfected
SUB-TOTAL		**5,596,149,382**	**610,079,198**	**6,204,719,958**	**665,623,174**			

Related party	Key management personnel							
Chief Christopher Ezeh	Chairman	1,733	-	78,987,802	21,119,248	Term Loan	Performing	Perfected
Okonkwo Nnamdi John	Managing Director	130,791,704	-	-	5,809,356	Term Loan	Performing	Perfected
Obi Okechukwu John	Executive Director	849,398	-	-	2,034,455	Credit Card	Performing	Perfected
Mr And Mrs A.I. Mbagwu	Executive Director	-	-	127,402	3,606,665	Credit Card	Performing	Perfected
Olaolu Onome Joy	Executive Director	91,138,558	8,384,551	-	3,105,655	Credit Card	Performing	Perfected
Chijioke Ugochukwu	Executive Director	30,694	-	29,251,259	4,317,906	Term Loan	Performing	Perfected
Mohammed Balarabe	Executive Director	-	-	7,423	3,970,101	Credit Card	Performing	Perfected
Odinkemelu Aku Pauline	Executive Director	1,247,973	-	15,390	-	Credit Card	Performing	Perfected
Umar I Yahaya	Non Executive Director	435,497	-	2,026	242,572	Credit Card	Performing	Perfected
Dim Elias E Nwosu	Non Executive Director	858,466	9,763	1,428,977	-	Term Loan	Performing	Perfected
Ichie Nnaeto Orazulike	Non Executive Director	60,321,176	8,284,932	4,570,851	-	Term Loan	Performing	Perfected
Kayode Gabriel Olowoniyi	Non Executive Director	2,106,430	-	299	-	Credit Card	Performing	Perfected
Lawson Stanley Inye	Non Executive Director	-	-	13,097	-	Credit Card	Performing	Perfected
Nnamdi I. Oji	Non Executive Director	1,038,856	-	153,492	-	Credit Card	Performing	Perfected
Nnana-Kalu Robert Nena	Non Executive Director	4,065,403	-	3,762,617	27	Credit Card	Performing	Perfected
Bashari M. Gumel	Non Executive Director	1,007,248	-	-	-	Credit Card	Performing	
SUB-TOTAL		**292,885,887**	**16,679,245**	**118,320,634**	**44,205,985**			
TOTAL		**5,889,035,268**	**626,758,443**	**6,323,040,592**	**709,829,159**			

35.3 Bank Guarantees in favour of Directors

2015				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
National Universities Commission	Chief Christopher Ezeh	Chief Christopher Ezeh	Chairman	200,000,000
National Universities Commission	Congregation Of The Holy Spirit (Spiritan University Nneochi)	Ichie Nnaeto Orazulike/Mrs. Pauline Odinkemelu	Director/ Executive Director	200,000,000
Bank Of Industry	Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	Director	250,000,000
				650,000,000

2014				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
JMG Limited	John Holt Plc	Chief Christopher Ezeh	Chairman	94,668,000
Maritime Academy Of Nigeria	John Holt Plc	Chief Christopher Ezeh	Chairman	27,930,000
Bank Of Agric	John Holt Plc	Chief Christopher Ezeh	Chairman	9,526,870
University Of Lagos	John Holt Plc	Chief Christopher Ezeh	Chairman	23,819,931
National Universities Commission	Chief Christopher Ezeh	Chief Christopher Ezeh	Chairman	200,000,000
JMG Limited	John Holt Plc	Chief Christopher Ezeh	Chairman	67,995,450
JMG Limited	John Holt Plc	Chief Christopher Ezeh	Chairman	67,995,450
				491,935,701

35.4 Key management compensation

	2015	2014
	N'million	N'million
Salaries and other short-term employee benefits (Executive directors only)	346	355
Pension cost	14	14
Post-employment benefits paid- Gratuity	114	-
Post-employment benefits paid- Retirement	398	-
Other employment benefits paid	504	-
	1,376	**369**

36. Employees

The number of persons employed by the Bank during the year was as follows:

	Number	Number
	2015	2014
Executive directors	6	7
Management	526	537
Non-management	2,979	2,853
	3,511	**3,397**

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	Number
	2015	2014
N300,000 - N2,000,000	154	150
N2,000,001 - N2,800,000	424	469
N2,800,001 - N3,500,000	775	946
N3,500,001 - N6,500,000	956	998
N6,500,001 - N7,800,000	570	290
N7,800,001 - N10,000,000	278	323
N10,000,001 and above	354	221
	3,511	**3,397**

37. Directors' emoluments

Remuneration paid to the Bank's executive and non-executive directors (excluding certain allowances) was:

	Number	Number
	2015	2014
	N'million	N'million
Fees and sitting allowances	75	65
Executive compensation	346	355
Other director expenses	345	193
	766	**613**

Fees and other emoluments disclosed above include amounts paid to:		
Chairman	18	15
Highest Paid Director	102	94

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	Number
	2015	2014
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N3,000,001 - and above	15	15
	15	**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	
	2015	2014
Nature of Contravention	(N'000)	(N'000)
Penalty payment on CBN FINA returns	28,000	-
Penalty for discrepancy of information on a staff	4,000	-
Penalty on AML/CFT	4,000	-
Penalty for failure to meet TSA deadline	4,000	-
Penalty for hiring a blacklisted person	2,000	-
Penalty for CBN/NDIC risk based supervisory report	2,000	-
Penalty on late rendition of daily returns	450	-
Penalty for late rendition of mobil payment	50	-
CBN-late submission of returns through FinA stop-gap regulatory application	-	2,000
CBN-Penalty fee for not refunding un-utilized WDAS (Wholesale Dutch Auction System) funds to the CBN within two working days from date of settlement	-	2,000
Failure to notify CBN of the position of a dismissed staff	-	2,000
	44,500	**6,000**

38.2

In line with circular FDR/DIR/CIR/GEN/01/020, the returns on customers' complaints for the year ended 31 December 2015 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		2015	2014	2015 [Million]	2014 [Million]	2015 [Million]	2014 [Million]
1	Pending complaints b/f	28	84	199	117	N/A	N/A
2	Received complaints	929	1,824	2,212	2,785	N/A	N/A
3	Resolved complaints	912	1,879	1,658	2,610	124	100
4	Unresolved complaints escalated to CBN for intervention	-	1	-	94	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	45	28	876	199	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 2015.

39. Gender Diversity

2015	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	11	24%	35	76%	46
Total	**14**		**46**		**60**

2014	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	20%	12	80%	15
Management staff (AGM & Above)	7	16%	38	84%	45
Total	**10**		**50**		**60**

40. Statement Of Prudential Adjustments

Transfer to regulatory risk reserve

Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Commission (NDIC) stipulates that provisions recognized in the profit or loss account shall be determined based on the requirements of IFRS (International Financial Reporting Standards). The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the retained earnings to a non-distributable regulatory reserve.

(ii) Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the retained earnings to the extent of the non-distributable regulatory reserve previously recognized.

	2015	2014
	N'million	N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	19,950	17,254
General provision	10,355	5,263
Provision for other assets	1,382	1,678
Provision for litigations and claims	545	89
Provision for investments	408	1,253
Total prudential provision (A)	**32,640**	**25,537**
IFRS provision:		
Specific impairment	13,440	10,848
Collective impairment	7,336	6,603
Provision for other assets	1,382	1,678
Provision for litigations and claims	545	89
Provision for investments	408	1,253
Total IFRS provision (B)	**23,110**	**20,471**
Difference in the impairment provision figures (A-B), transfer from Regulatory Reserve	9,530	5,066
Opening non-distributable regulatory reserve	23,950	18,884
Closing non-distributable regulatory reserve	**33,480**	**23,950**

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 2015	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and balances with Central Bank	185,332	-	185,332
Due from banks	79,942	-	79,942
Loans and advances to customers	27,416	550,787	578,203
Investments:			
• Held for trading (fair value through profit or loss)	4,070	-	4,070
• Available for sale	4,723	111,884	116,607
• Held to maturity	23,491	157,245	180,736
Other assets	28,246	17,656	45,902
Property, Plant and equipment	-	40,036	39,985
Intangible assets	177	768	945
TOTAL ASSETS	**353,396**	**878,377**	**1,231,722**

LIABILITIES			
Deposits from customers	769,636	-	769,636
Current income tax liability	2,332	-	2,332
Other liabilities	124,832	-	124,832
Debt issued and other borrowed funds	-	141,975	141,975
Retirement benefit obligations	770	8,661	9,431
TOTAL LIABILITIES	**897,570**	**150,636**	**1,048,206**

As at 31 December 2014			
	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and balances with Central Bank	258,131	-	258,131
Due from banks	68,735	-	68,735
Loans and advances to customers	165,540	376,146	541,686
Investments:			
• Held for trading (fair value through profit or loss)	83,363	-	83,363
• Available for sale	75,973	14,891	90,864
• Held to maturity	54,733	14,793	69,526
Other assets	16,628	19,628	36,256
Property, Plant and equipment	-	37,958	37,958
Intangible assets	-	506	506
TOTAL ASSETS	**723,103**	**463,922**	**1,187,025**

	Maturing within 12 months	Maturing after 12 months	Total
LIABILITIES	N'million	N'million	N'million
Deposits from customers	820,034	-	820,034
Current income tax liability	1,719	-	1,719
Deferred tax liabilities	-	1,410	1,410
Other liabilities	66,230	-	66,230
Debt issued and other borrowed funds	24,606	92,935	117,541
Retirement benefit obligations	743	6,237	6,980
TOTAL LIABILITIES	**913,332**	**100,582**	**1,013,914**

42. Events After Reporting Period

There are no significant events after the reporting period which could have had a material effect on the state of affairs of the Bank as at 31 December 2015 and on the profit for the year then ended, which have not been adequately provided for or disclosed.

Statement Of Value Added

	2015		2014	
	N'million	%	N'million	%
Interest and similar income	121,158		104,307	
Interest and similar expense	(60,294)		(55,481)	
	60,864		**48**,826	
Administrative overheads				
• Local	(4,753)		5,263	
Value added	**56,111**	**100**	**54,089**	**100**
Distribution				
Employees:				
Salaries and benefits	27,125	48	25,874	47
Government:				
• Income tax	1,390	2	2,109	4
• IT levy	140	-	155	-
The future:				
• Dividend paid during the year	5,213	9	4,057	7
• Deferred taxation	(1,410)	(3)	545	1
• Asset replacement (depreciation and amortisation)	3,985	7	3,792	7
• Asset replacement (provision for losses)	5,764	10	4,306	8
• Expansion (transfers to reserves)	13,904	25	13,796	26
	56,111	**100**	**54,633**	**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	2015	2014	2013	2012	2011
As at 31 December	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with Central Bank	185,332	258,131	207,834	117,291	82,271
Due from other banks	79,942	68,735	80,875	98,000	98,411
Loans and advances to customers	578,203	541,686	426,076	345,500	280,421
Investments:					
Held for trading (Fair value through P or L)	4,070	83,363	254,909	201,806	20,620
Available for sale	116,607	90,864	21,041	21,835	131,849
Held to maturity	180,736	69,526	45,104	76,258	75,622
Interest in subsidiaries		-	-	-	-
Investment property		-	-	-	343
Property, plant and equipment	39,985	37,958	37,470	35,358	32,811
Intangible assets	945	506	-	470	349
Other assets	45,902	36,256	7,908	17,842	11,842
Assets classified as held for sale	-	-	-	-	3,193
	1,231,722	**1,187,025**	**1,081,217**	**914,360**	**737,732**
Financed by:					
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	23,016	20,930	18,861	17,703	12,244
Retained earnings	8,797	11,721	9,118	7,916	(2,962)
Small scale industries reserve	764	764	764	764	764
Non-distributable regulatory reserve	33,480	23,950	18,884	19,608	20,395
AFS/Remeasurement reserve	1,706	(7)	75	(289)	(222)
Debts issued and other borrowed funds	141,975	117,541	70,328	-	-
Customer deposits	769,636	820,034	806,320	716,749	564,390
Current income tax payable	2,332	1,719	1,307	2,275	2,613
Deferred income tax liabilities	-	1,410	1,955	1,955	617
Other liabilities	124,832	66,230	30,286	26,354	16,535
Retirement benefit obligations	9,431	6,980	7,566	5,572	7,605
	1,231,722	**1,187,025**	**1,081,217**	**914,360**	**737,732**

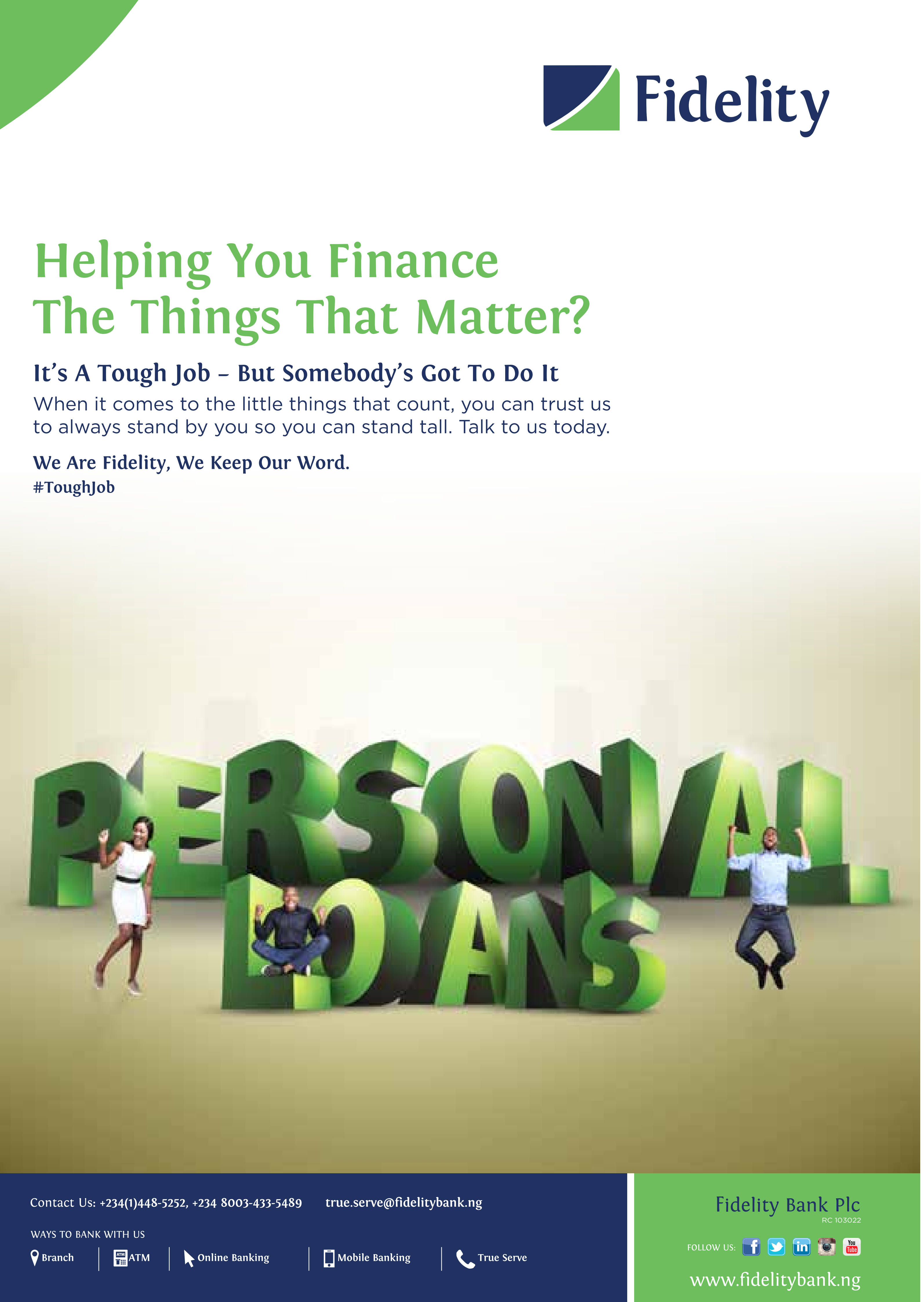
Financial Summary - Continued

Statement of Profit or loss and Other Comprehensive Income For the year ended 31 December	2015	2014	2013	2012	2011
	N'million	N'million	N'million	N'million	N'million
Net interest income	60,864	48,826	30,812	36,810	30,519
Impairment charge for credit losses	(5,764)	(4,306)	(8,140)	(4,610)	(16,236)
Net interest income after impairment charge for credit losses	55,100	44,520	22,672	32,200	14,283
Commission and other operating income	25,442	28,094	40,661	39,100	23,551
Other operating expenses	(64,107)	(57,099)	(54,305)	(50,708)	(36,360)
Operating profit	**14,024**	**15,515**	**9,028**	**20,592**	**1,474**
Profit from sale of subsidiary	-	-	-	757	-
Profit before income tax	**14,024**	**15,515**	**9,028**	**21,349**	**1,474**
Income tax expense	(120)	(1,719)	(1,307)	(3,425)	2,437
Profit after taxation	**13,904**	**13,796**	**7,721**	**17,924**	**3,911**
Other comprehensive income	1,713	(82)	363	1,757	(736)
Total comprehensive income for the year	**15,617**	**13,714**	**8,084**	**19,681**	**3,175**
Per share data in kobo:					
Earnings per share (basic & diluted)	**48k**	**48k**	**27k**	**62k**	**14k**
Net assets per share	**636k**	**603k**	**564k**	**2,350k**	**1,854k**

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, 2015 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 406,000 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 and 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 notice 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. Feedbacks 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 via the Bank's website.

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 a wide-ranging programme of meetings and dialogue with institutional investors. Management participates actively in these meetings thus the Bank is able to develop an understanding of the views or issues of concern to major shareholders and investors where such are raised.

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

Payt. No	Amount Of Dividend Declared	Total Paid Up This Quarter	Total Dividend Paid To Last Qtr	Total Dividend To Date	Date Of Payment	Unclaimed Dividend	Total Amount Returned To Company	% Of Unclaimed Dividend
1	1,629,904,972.14	827,464.75	1,546,757,219.00	1,547,695,912.69	12/20/2006	7,108,374.96	75,100,684.49	5.04
2	2,372,523,026.54	374,194.14	2,223,339,121.25	2,224,010,091.19	12/17/2007	9,518,999.57	138,993,965.78	6.25
3	7,819,898,220.00	572,297.42	7,558,766,736.23	7,560,992,829.28	11/13/2008	19,883,897.87	239,021,492.85	3.31
4	1,303,865,866.04	789,856.57	1,212,861,361.28	1,214,052,182.27	1/4/2010	6,532,892.14	83,280,791.63	6.88
5	651,932,933.02	2,652,608.88	569,278,673.80	572,133,450.71	8/13/2010	4,274,897.25	75,524,585.06	12.24
6	3,649,285,797.30	4,720,592.47	3,502,490,957.93	3,508,640,065.49	5/12/2011	2,411,344.91	138,234,386.90	3.85
7	3,649,285,796.40	984,922.04	3,514,458,573.71	3,517,238,283.92	5/9/2012	2,800,271.72	129,247,240.76	3.61
8	5,492,037,855.15	173,153.62	5,287,651,851.65	5,290,995,503.00	5/21/2013	10,772,485.19	190,269,866.96	3.66
9	3,661,087,989.94	8,880,528.99	3,262,939,664.83	3,274,534,895.96	5/2/2014	25,631,252.77	360,921,841.21	10.55
10	4,722,504,209.50	58,793,788.24	3,957,488,242.20	4,030,326,101.59	5/7/2015	692,178,107.91	-	14.15
						781,112,524.29	1,430,594,855.64	

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 attached to the Annual Report for the convenience of all shareholders.

Recommendations And Explanatory Notes Relating To The Business To Be Conducted At The 28th Annual General Meeting On 5th May, 2016

Resolution 1

To receive the Audited Financial Statements for the year ended December 31, 2015, 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 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, 2015 before the Members at the Annual General Meeting.

During the meeting, representatives of the independent Joint External Auditors and the 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 16kobo per ordinary share.

Rationale:

The Directors recommend payment of a dividend of 16kobo per ordinary share entitled thereto for the year ended December 31, 2015.

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 warrants will be posted on May 5, 2016 to Shareholders whose names are recorded in the Company's Register of Members at the close of business on April 15, 2016, while 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 16Kobo per ordinary share, to enable the Directors pay the recommended dividend.

Resolution 3

To approve the appointment of Mr. Adeyeye Olawale Adepegba and Mrs. Nneka Chinwe Onyeali-Ikpe as Executive Directors.

Rationale:

Since the last Annual General Meeting, three (3) Executive Directors (Mrs. Onome Olaolu, Mr. John Obi and Mr. Ik. Mbagwu), having attained retirement age in accordance with the Bank's Human Capital Policy, retired from the Board of Directors of the Bank.

Consequently, the Board, pursuant to the powers vested on it by Article 98(2) of the Articles of Association of the Company, filled the vacancies occasioned by the retirements by appointing the following persons as Executive Directors:

(a) Mr. Adeyeye Adepegba was appointed as an Executive Director on July 1, 2015 with oversight responsibility for the Bank's Corporate Banking business.

(b) Mrs. Nneka Onyeali-Ikpe was appointed as an Executive Director on July 2, 2015, with responsibility for the Lagos & South West Directorate.

Their appointments was approved by the Central Bank on September 3, 2015.

The new Executive Directors bring to the Board, their robust experience in business origination, Retail, Commercial, Corporate Banking and Treasury Operations.

As required by the Articles of Association, their appointments will be presented for Shareholders approval at the Annual General Meeting.

Their profiles are detailed below and also available on the Bank's website at www.fidelitybank.ng.

Profile of Mr. Adeyeye Olawale Adepegba – Executive Director

Adeyeye Olawale Adepegba holds a Master of Business Administration (MBA) degree from Lancaster University Management School, Lancaster University, UK, a Master's degree in Industrial & Labour Relations (MILR) as well as a Bachelor's degree in History from the University of Ibadan, Nigeria. Prior to his appointment, Adeyeye was the General Manager and Head, Power & Infrastructure, Corporate Banking Division of Fidelity Bank. A banker with 26 years post qualification experience in business origination and Corporate Banking, Adepegba was appointed to the Board on July 1, 2015 and currently oversees the Corporate Banking Directorate of the Bank.

Profile of Mrs. Nneka Chinwe Onyeali-Ikpe – Executive Director

Nneka Chinwe Onyeali–Ikpe has extensive industry experience in Retail/Commercial, Treasury and Corporate Banking spanning over 24 years, having at various times, held middle, senior and executive management positions. Prior to her appointment, Nneka was an Executive Director at Enterprise Bank Limited where she successfully set up the Retail Banking and SME Group using carefully designed product papers tailored towards specific target segments. Onyeali – Ikpe holds a Bachelor of Laws (LLB) and Master of Laws (LLM) degrees from the University of Nigeria, Nsukka and Kings College, London, respectively. She was appointed to the Board on July 2, 2015 and currently oversees the Bank's Lagos & South West Directorate.

Request:

Shareholders are requested to vote in favour of the resolution for approval of the appointment of Mr. Adeyeye Olawale Adepegba and Mrs. Nneka Chinwe Onyeali-Ikpe.

Resolution 4

Re-election of Mr. Kayode Olowoniyi, Ichie (Dr.) Nnaeto Orazulike, Chief (Dr.) Christopher I. Ezeh, MFR 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. Kayode Olowoniyi, Ichie (Dr.) Nnaeto Orazulike and Chief (Dr.) Christopher I. Ezeh, MFR, will retire by rotation at the Annual General Meeting and being eligible, offer 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. Kayode Olowoniyi – Non-Executive Director

Kayode Olowoniyi is an alumnus of the Federal Polytechnic, Ado-Ekiti and the Institute of Chartered Secretaries and Administrators, London. A Chartered Secretary and Administrator of long standing, Mr Olowoniyi is currently a Director of Amazing Inspiration Media Limited and EL-Faida Stores Limited.

Profile of Ichie (Dr.) Nnaeto Orazulike – Non-Executive Director

Ichie (Dr.) Nnaeto Orazulike holds a B.Sc in Accountancy from the University of Nigeria, Enugu Campus. He began private business in 1993 when he started Genesis Foods Limited, a frontline Industrial catering services company. His vast chain of other successful businesses include Orazulike Trading Company Limited, Stanchions Nigeria Limited and Genesis Deluxe Cinemas Limited.

Profile of Chief (Dr.) Christopher I. Ezeh, MFR – Chairman

A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Institute of Directors (IOD), Institute of Cost and Management Accountants (CMA) and a member of the British Institute of Management, Chief Ezeh, also holds a Doctor of Business Administration (DBA) Honoris Causa, from Enugu State University of Technology. He started his career with Chrysler (UK) Limited in 1968. He then joined Shell BP, Zambia, before leaving for John Holt (Nig.) Plc in 1976, becoming Group Managing Director (in 1986) and later, Chairman, a position he has held from 2001 to date.

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 5

To authorize the Directors to fix the remuneration of the Joint External 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 with Section 357 (2) of CAMA.

The Audit Committee has also, in furtherance of Section 359(6)(e) CAMA, recommended the re-appointment of the External Auditors for the 2016 financial year.

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 2016.

Resolution 6

To election 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 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.

Request:

Shareholders are requested to vote on this resolution to elect three (3) representatives to the Audit Committee for the 2016 financial year.

Communications Policy

The Bank 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.

Fidelity

Fidelity Bank Plc

Proxy Form

Twenty-Eighth Annual General Meeting to be held at 11.00 a.m.on the 5th of May, 2016 at the Banquet Hall, The Lagoon Restaurant, No 1c, Ozumba Mbadiwe Road, Victoria Island, Lagos State.

I/We ______________________________ of ______________________________ being a

Shareholder(s) of Fidelity Bank Plc. hereby appoint ______________________ or failing him Chief (Dr.) Christopher I. Ezeh or failing him Mr. Nnamdi Okonkwo as my/our Proxy to act and vote for me/us on my/our behalf at the 28th Annual General Meeting to be held on the 5th of May, 2016 and at any adjournment thereof.

Dated this ________ day of ______________ 2016.

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 Statement of Accounts for the period ended December 31, 2015 together with the Report of the Directors, Joint Auditors and Audit Committee thereon.		
	2.	To declare a dividend.		
	3.	To elect Directors:		
	(i)	To approve the appointment of Mr. Adeyeye O. Adepegba and Mrs. Nneka C. Onyeali-Ikpe who were appointed as Executive Directors since the last Annual General Meeting.		
	4.	To re-elect Directors:		
	(i)	To re-elect Mr. Kayode Olowoniyi, as a Non-Executive Director.		
	(ii)	To re-elect Ichie (Dr.) Nnaeto Orazulike as a Non-Executive Director.		
	(iii)	To re-elect Chief (Dr.) Christopher I. Ezeh, MFR, as a Non-Executive Director, notwithstanding that he is over 70 years old.		
	5.	To authorize the Directors to fix the remuneration of the Joint Auditors.		
	6.	To elect 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 ______________________________

Important Notes:

(I) This proxy form should NOT be completed and sent to the registered office of the company if the Shareholder will attend the meeting.
(ii) Any Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his/her/its stead and may use the attached proxy form for this purpose.
(iii) All proxy forms should be deposited at the registered office of the Registrar (First Registrars & Investor Services Limited) not later than 48 hours before the meeting.
(iv) In line with current practice, the names of two Directors of the Company have been entered on the proxy form to ensure that someone will be at the meeting to act as your proxy. You may however indicate the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf, instead of the Directors named herein.
(v) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
(vi) If the Shareholder is a Company, this form should be executed under its Common Seal or under the hand of its Attorney.
(vii) The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
(viii) It is a requirement of law under the Stamp Duties Act, Cap 58, Laws of the Federation of Nigeria, 2004 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

For 28th Annual General Meeting to be held at 11.00 a.m. on the 5th of May, 2016 at The Banquet Hall, The Lagoon Restaurant, No 1c, Ozumba Mbadiwe Road, Victoria Island, Lagos State.

Please admit ______________________________ to the 28th 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

For 28th Annual General Meeting to be held at 11.00 a.m. on the 5th of May, 2016 at The Banquet Hall, The Lagoon Restaurant, No 1c, Ozumba Mbadiwe Road, Victoria Island, Lagos State.

Please admit ______________________________ to the 28th 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 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.

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

(1) Fidelity Bank Plc

Shareholder's Account Number (If Known)

(2)*Surname/Company's Name (whichever is applicable)

(2.2) *Present Postal Address

(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 shareholders must sign.
c) All asterisked fields must be completed.

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) Shareholder's 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) Current A/C No (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.

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 mus t 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.

We Are Fidelity, We Keep Our Word