



Going Further

Expanding Possibilities

Annual Report 2018

Going Further

We are leveraging new growth models and improving customer service through digitization to grow value for stakeholders.



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Corporate Information

Head Office

Fidelity Place, 2 Kofo Abayomi Street
Victoria Island, Lagos, Nigeria
Tel + 234-1-4485252, 2700530 – 3
E-mail: info@fidelitybank.ng
www.fidelitybank.ng
Facebook: facebook.com/fidelitybankplc
Twitter: twitter.com/fidelitybankplc
Instagram: instagram.com/fidelitybankplc

Auditors

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

Correspondent Banks Include:

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

Vision

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



About Us

Fidelity Bank is a full-fledged commercial bank operating in Nigeria, with over 4.2 million customers who are serviced across its 231 business offices and various other digital banking channels.

Focused on select niche corporate banking sectors as well as Micro Small and Medium Enterprises (MSMEs), Fidelity Bank is rapidly implementing a digital based retail banking strategy which has resulted in exponential growth in savings deposits over the last three (3) years, with 40 percent customer enrollment on the Bank's flagship mobile/internet banking products.

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

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

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

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

Mission

To make financial services easy and accessible.



Performance Highlights

Revenue & Efficiency Ratio

- Total Interest Income up by 4.2% to N153.7 billion in 2018FY (2017FY: N147.4 billion)
- Operating Expenses up by 8.0% to N72.1 billion in 2018FY (2017FY: N66.8 billion)
- Cost to Income Ratio inched up to 71.1% in 2018FY from 68.6% in 2017FY
- PBT up by 31.57% to N25.1 billion in 2018FY (PAT came in at N22.9 billion)

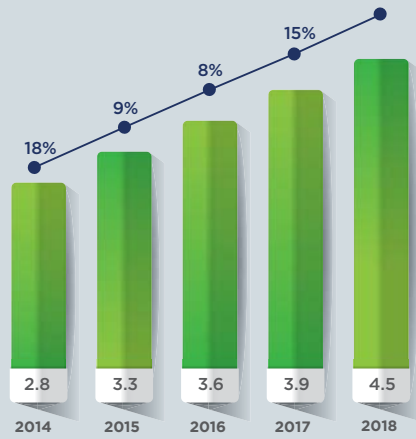
Asset Quality

- Cost of Risk down to 0.5% in 2018, compared to 1.5% in 2017FY
- NPL Ratio down to 5.7% in 2018FY from 6.4% in 2017FY
- Coverage Ratio improved to 110.7% in 2018FY from 109.4% in 2017FY
- FCY Loans accounted for 41.1% of Net Loans from 46.0% in 2017FY

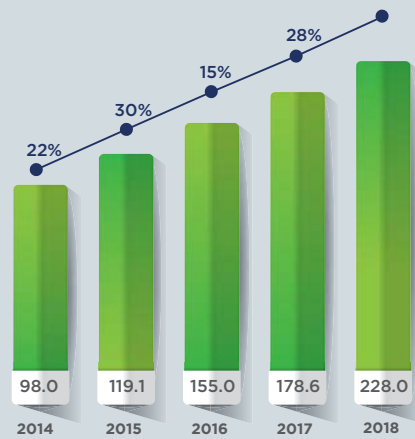
Capital Adequacy & Liquidity

- Capital Adequacy Ratio of 16.7%, based on Basel II computation
- Liquidity Ratio of 39.0% compared to regulatory minimum of 30.0%
- Loans to Interest Bearing Liabilities stood at 62.8% in 2018FY from 69.8% in 2017FY
- Total Equity at N194.4 billion compared to N201.4 billion in 2017FY

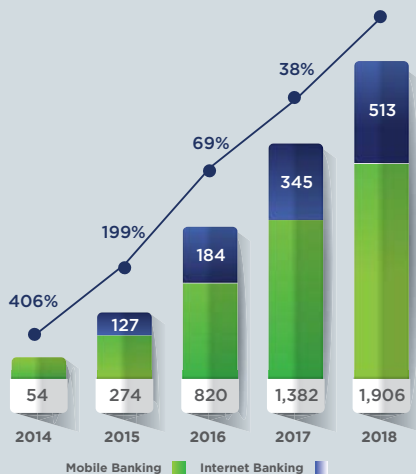
Retail & Digital Banking Evolution



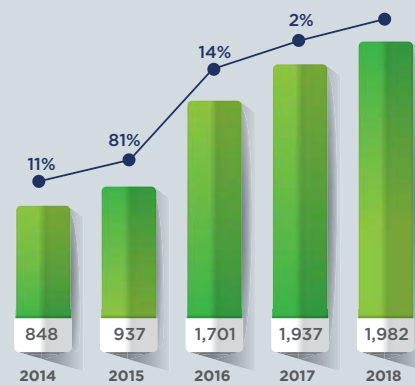
No. of Customer Accounts (#'million)



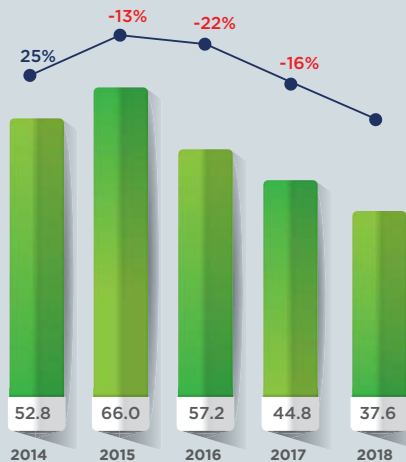
Savings Deposits (N'billion)



Mobile/Internet Banking Customers (#'000)



Number of Debit Cardholders (#'000)



Retail Risk Asset (N'billion)

Commentary

- > Savings deposits recorded the 5th consecutive year of double-digit growth from 2013: Total savings deposits was N83.3 billion in 2013, a CAGR of 22%.
- > Over 40% of our customers now self-enrolled on mobile/internet banking products.
- > Over 81% of customers' transactions are now done on electronic banking channels.
- > Digitized retail lending will drive retail assets growth in 2019FY.

Notice Of Annual General Meeting

Notice is Hereby Given that the 31st Annual General Meeting of Fidelity Bank Plc will be held at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos at 10:00 a.m. on Friday, April 26, 2019 to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2018 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To elect **Mr. Chidi Agbapu** who was appointed as a Non-Executive Director since the last Annual General Meeting.
4. To re-elect **Pst. Kings C. Akuma** and **Chief Charles Umolu** as Non-Executive Directors.
5. To authorize 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, not later than 48 hours before the time fixed for the meeting.

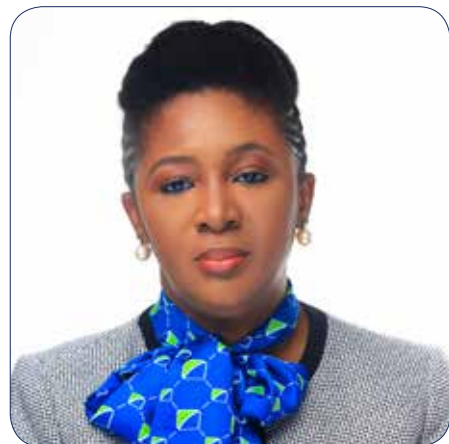
Dated the 3rd day of April, 2019

By Order Of The Board



Ezinwa Unuigboje

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



Notes

(A) Dividend

If the proposed dividend of 11 kobo per Ordinary Share is approved, dividend will be paid on **April 26, 2019** to Shareholders whose names appear in the Register of Members at the close of business on **April 12, 2019**. Shareholders who have completed the e-Dividend mandate will receive direct credit of the dividend to their bank accounts on **April 26, 2019**.

(B) Closure Of Register Of Members

The Register of Members and Transfer Books of the Company will be closed from **April 15, 2019** to **April 19, 2019** (both days inclusive) to enable the Registrar prepare for dividend payment.

(C) Audit Committee

As stipulated in Section 359(5) of the Companies and Allied Matters Act, L.F.N. 2004, a Shareholder may nominate another Shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

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

(D) Unclaimed Dividend Warrants And Share Certificates

Some Dividend Warrants and Share Certificates have been returned to the Registrars as unclaimed. Affected Shareholders are advised to contact the Registrar, First Registrars & Investor Services Limited.

(E) E-Dividend

Shareholders who are yet to mandate their dividend to their bank accounts are advised to complete the e-dividend mandate form and submit same to the Registrar, as dividend will only be paid electronically as directed by the Securities and Exchange Commission.

Detachable application forms for change of address, unclaimed items, e-dividend and e-bonus as well as proxy forms are attached to the Annual Report for the convenience of Shareholders. The forms can also be downloaded from the Company's website at www.fidelitybank.ng or from the Registrar's website at www.firstregistrarsnigeria.com. The completed forms should be returned to First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos, or to the nearest Fidelity Bank Plc Branch..

Notice Of Annual General Meeting

(F) Election/Re-Election of Directors

(i) Election of Director:

Mr. Chidi Agbapu was appointed as a Non-Executive Director of the Company on June 11, 2018. His appointment was approved by the Central Bank of Nigeria on September 3, 2018 and will be presented for Shareholders' approval at the 31st 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 **Pst. Kings C. Akuma** and **Chief Charles Umolu**. The retiring Directors, being eligible, have offered themselves for re-election at the 31st Annual General Meeting.

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

(G) Right of Securities Holders to Ask Questions

Securities holders have the right to ask questions at the Annual General Meeting and may also submit written questions to the Company prior to the meeting. Such questions should be sent by electronic mail to info.investorrelations@fidelitybank.ng or addressed to the Company Secretary and delivered to The Company Secretariat, Fidelity Bank Plc, Block B, No. 2 Kofo Abayomi Street, Victoria Island, Lagos on or before Friday, April 5, 2019.

(H) Website

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

The background features a dark blue city skyline at night, with a network of white lines and dots overlaid, suggesting a digital or global theme. The text is centered in a white rounded rectangle.

CHAIRMAN & CEO'S STATEMENTS

Chairman's Statement



Ernest Ebi, MFR, FCIB
Chairman

Chairman's Statement

Distinguished Shareholders,

It is a great honor to welcome you to the 31st Annual General Meeting of our great institution.

I am delighted to present to you, the financial performance of our bank for the 2018 financial year. The figures were achieved through diligent and meticulous execution of our medium term strategy.

When we set for ourselves the audacious target of achieving Tier 1 status in five years, we did not expect a smooth ride, especially with the slow pace of recovery in the macro environment.

This year, we delivered the highest PBT in our history. Despite the headwinds in the domestic economy, we grew Profit Before Tax by 31.57 percent from NGN19 billion in 2017 to NGN25 billion in FY 2018.

Macro-Economic Review

The 2018 fiscal year began on the heels of a positive forecast for the domestic economy following the consistent drop in the rate of inflation, real GDP growth and the gradual influx of foreign direct investments into the country. However, by mid-year, the level of economic growth was sluggish when compared to initial expectations.

According to data released by the National Bureau of Statistics, the nation's real GDP increased from 0.82 percent in 2017 to 1.93 percent in 2018.

Although the economy grew consistently in the months following the recession, the rate of growth in the GDP (1.93 percent) is slower than that of the population (2.60 percent) hence the low standard of living prevalent in most Nigerian homes.

The monetary policy stance was focused on achieving price stability, with the policy rate maintained at 14 percent throughout the year.

The high policy rate was successful in reining in inflation, which fell from 15.13 percent in January 2018 to 11.44 percent by December 2018. However, it also adversely impacted

the cost of lending. To mitigate against the latter, the Central Bank introduced palliative measures in the form of intervention funds through which players in selected economic sectors could access funds at single digit interest rates.

While the country's monetary policy largely remained unchanged, the US Federal Reserve and other European Central Banks adopted aggressive contractionary frameworks (consistent policy rate increase), consequently leading to capital flight from emerging and frontier markets.

Foreign Portfolio Investors in particular were exiting the Nigerian economy, spurring a bearish run of the capital market, which lost NGN4.2 trillion in market capitalization, falling from NGN15.9 trillion in January 2018 to NGN11.7 trillion in December 2018.

Increasing demand for FX by portfolio investors exiting the local market forced the CBN to draw down on foreign reserves in a bid to "defend" the Naira and keep exchange rates stable. This regulatory action led to a fall in Reserves from a high of USD48 billion in June 2018 to USD43 billion in December of the same year.

The total value of capital importation into Nigeria increased by 37.7 percent year on year from USD12.2 billion in 2017 to USD16.8 billion in the reporting period. However, from a high of USD6.3 billion in Q1 2018, capital inflow into the country trended downwards, decreasing to USD5.5 billion, USD2.9 billion and USD2.1 billion in each of the subsequent quarters.

The largest amount of capital importation by type was received through Portfolio Investment, which accounted for 70.20 percent (USD11.8 billion) of the total capital imported.

The five factors that will determine the performance of the economy in 2019 are as follows:

- Outcome of the 2019 general elections.
- Delayed passage of the budget.
- Review of the minimum wage.

Chairman's Statement

- Crude oil prices and production levels in 2019
- Monetary policy stance of the U.S. Federal Reserve.

Our Strategic Objectives

The Bank has embarked on a robust digital transformation journey that has witnessed the implementation of some digital initiatives including the set-up of a Digital Lab and introduction of various digital lending products.

Plans are on the way for the establishment of a sub-brand that will operate primarily via these digital platforms.

Changes to the Board

The following changes occurred on the Board during the period under review:

- Mr. Adeyeye Adepegba, an Executive Director, retired from the Board on January 24, 2018 to pursue other interests.
- Alhaji Bashari Gumel, an Independent Non-Executive Director (INED), retired from the Board on February 15, 2018, following the completion of the maximum tenure of eight (8) years prescribed for INEDs in the Central Bank's guidelines for the appointment of independent directors.
- Mr. Robert Nnana-Kalu, a Non-Executive Director, retired from the Board on September 4, 2018, upon expiration of his tenure in line with the Bank's internal governance policy.

On behalf of the Board and Management, I would like to express our sincere appreciation to the retired Directors for their contributions to the growth and development of the Bank.
- Mr. Chidozie Agbapu was appointed as a Non-Executive Director in June 2018 and the appointment approved by the Central Bank on September 3, 2018.

Closing Remarks

The prognosis for 2019 is mixed. We expect the economy to pick up towards the middle of the year, when all the election issues would have been resolved. What happens next will depend on the political will of the Government to drive reforms in critical areas of the economy.

Without prejudice to events in the macro environment, in the coming year, we as an institution will focus solely on the execution of our medium term strategy - we will drive innovation through continual process improvement, cutting edge technology, product differentiation and improved service delivery.

Our staff are our greatest assets - we will continue to invest in the development of our human capital by sustaining our policy on attracting and retaining the best talents.

I have every confidence that we will achieve our performance targets for 2019 and beyond.

Thank you and God bless.



Ernest Ebi, MFR, FCIB
Chairman



Nnamdi J. Okonkwo

Managing Director/Chief Executive Officer

CEO's Statement

Distinguished Shareholders, ladies and gentlemen, it is with great pleasure that I welcome you to the 31st Annual General Meeting of Fidelity Bank Plc.

In early 2014, we communicated the first phase of our strategic aspiration which was to dominate the Tier II space of the Nigerian Banking Sector in 4 years. This centered around building a superior customer service franchise through product innovation, digitization, improved service turnaround time and balance sheet optimization.

Within the 4 year period which ended in 2017, we were able to double our savings deposits, grow our customer base by over 70 percent, improve our digital banking penetration from 1 percent to 35 percent, increase net interest margin from 4 percent to 7 percent and your Bank was rated 4th Best Bank in the retail banking segment of the KPMG 2017 Banking Industry Customer Satisfaction Survey (BICSS).

After completing the first phase of our two-prong growth aspirations, I can proudly say your Bank is on track towards becoming a Tier I Bank in 4 to 5 years.

The 2018 financial year, marked the beginning of the second phase of the growth aspirations of your Bank and I am once again proud to say that we closed the year with an impressive financial performance. Our Profit After Tax (PAT) increased by 29.0 percent to NGN22.9 billion from NGN17.8 billion in 2017 financial year. It is important to mention that we would not have achieved this feat if the staff and management team of Fidelity Bank did not receive the unwavering support of the Board, Shareholders and our esteemed customers.

Thank you for keeping your promises.

Please, permit me to tell you more about the financial performance of your Bank and some of the initiatives we introduced in the 2018 financial year.

Review of The Financial Performance of Your Bank In 2018

We started the financial year with vigor, riding on the achievements of the last 4 years of our growth aspirations. Our 2018 Audited Financial Statement shows strong double-digit growth in earning assets, customer deposits, and revenues, while we were able to sustain our cost discipline with growth in total operating expenses remaining below the average headline inflation rate in 2018.

Gross earnings increased by 4.8 percent to close at NGN188.9 billion primarily driven by 22.7 percent growth in earning assets which led to 4.2 percent increase in interest income to NGN153.7 billion and 9.2 percent increase in net fee and commission income to NGN31.8 billion. Digital Banking gained traction during the year with almost 40 percent of our customers now enrolled on mobile/internet banking products and about 81 percent of total transactions now done on our digital platforms.

Net interest margin came in at 5.8 percent on account of lower yields on earning assets. Though overall cost of funds dropped, the yield on treasury bills and bonds dropped significantly, especially in the last two quarters of 2018.

The implementation of the initiatives from our business process review project and digital banking focus continued to impact positively on our operational efficiency though total operating expenses grew by 8.0 percent to NGN72.1 billion. Our cost to income ratio was slightly above our guidance of below 70 percent despite the double digit inflationary environment and increased investments in information technology.

Total deposits increased by 26.3 percent to NGN979.4 billion from NGN775.3 billion as we recorded strong double-digit growth in current, savings and domiciliary accounts which resulted in lowering funding costs. However, term deposits increased marginally

by 1.1 percent in line with our commitment to focus on cheaper and stable funds. Our retail banking strategy continued to deliver impressive results as savings deposits increased by 27.7 percent to NGN228.0 billion marking the 5th consecutive year of double-digit savings growth. The share of total low cost deposits to total deposits improved from 77.0 percent in 2017 financial year to 81.6 percent in 2018, attesting to the inroads we have made in the retail banking space during the year under review.

Risk assets increased by 10.6 percent to NGN849.9 billion from NGN768.7 billion in the 2017 financial year. The growth in risk assets was largely anchored on our increased participation in on-lending facilities created by the Federal Government, Development Financial Institutions (DFIs), Bank of Industry (BoI) Nigeria, etc. Cost of risk declined to 0.5 percent from 1.5 percent in the 2017 financial year due to impairment charges passed through equity on IFRS 9 adoption and reduced impairment charges in the telecommunications and downstream sectors.

Non-performing Loans (NPLs) Ratio improved to 5.7 percent from 6.4 percent in the 2017 financial year due to a combination of recoveries, loan write-offs and absolute growth in the loan book. Other regulatory ratios remained above the required thresholds with Capital Adequacy Ratio (CAR) at 16.7 percent and Liquidity Ratio at 39.0 percent.

Deepening Our Medium, Small and Micro Enterprise (MSMEs) Franchise

Just like we have done in the previous years, our resolve to support growing businesses in the economy received a boost with the nomination of your Bank as the warehousing bank for the Bank of Industry (BOI) Trader Moni Scheme, an initiative of the Federal Government targeted at providing soft loans to the Nigerian traders. The scheme

warehoused and remitted a total of NGN13 billion to beneficiaries through your Bank in 2018.

We were also selected as the lead bank in SMEDAN's Conditional Grant Scheme (CGS), with pilot run starting in 4 states namely Oyo State, Ebonyi State, Katsina State, and Akwa Ibom State. The scheme is designed to stimulate, monitor and coordinate the development of the Micro, Small and Medium Scale Enterprises (MSME) sub-sector, with the intent of making the sub-sector more efficient and financially viable. Over 3,000 beneficiaries have been enumerated by SMEDAN and are currently being availed grants of NGN50,000 each. We have so far provided financial advisory as well as opened current accounts for over 3,200 potential MSMEs which makes them financially included to access banking and other financial services for their micro businesses.

Nonetheless, we have partnered with several Development Financial Institutions (DFIs) including African Development Bank (AfDB) to provide funding and advisory services to the MSME sub-sector. Our activities have continued to be recognised by associations and operators in the MSME sub-sector. At the 37th Annual General Conference, the Association of Community Pharmacists of Nigeria (ACPN) recognised your Bank with awards for being the first and only Bank in Nigeria to develop a bespoke loan product for community pharmacists in Nigeria. The BusinessDay in partnership with BOSSMAN also gave your Bank an Award in recognition of its support of the BusinessDay Top 100 Fastest Growing SMEs in Nigeria in 2018. In addition, the Association of Small Business Owners of Nigeria (ASBON) in collaboration with Small Business Club also recognised your Bank as the SME Friendliest Bank of the Year 2018. The Award was given to your Bank during the 2nd edition of the Nigeria SME National Business Awards 2018.

CEO's Statement

Expanding Our Product Offerings in The Public Sector Space

As part of our commitment to providing accessible and convenient banking services to our esteemed customers, we expanded our product offerings in fleet management by leveraging our investments in technology to provide Self Service Motor Vehicle Renewal through our Fleet Manager Solution. This unique feature on our internet banking platform allows customers to initiate and pay for the renewal of their vehicle licenses from the comfort of their homes and offices. We have successfully concluded the pilot run with Benue State Government, with plans for full launch by June 2019.

Anchored on an enduring partnership with agents of the Federal Government at various levels, the implementation of Treasury Single Account (TSA) got a boost from your bank with the deployment of specially configured Point of Sales (POSes) for TSA collections. We worked with a Fintech Company to re-configure the dedicated POS machines for payment and remittance of TSA collections directly to the Federal Government purse. The uniqueness and ease of using the machines have made them suitable for TSA collections in under-banked communities.

Outlook for 2019 Financial Year

As already predicted by several analysts, 2019 financial year will be largely shaped by the outcome of the general elections. We expect economic activities to be relatively slow in the first two quarters of the year, however, economic activities will begin to pick up in Q3 and then stabilize in Q4 2019.

Our focus will remain on redesigning our systems and processes to enhance service delivery, deepen our cost optimization initiatives to reduce operating expenses and cost-to-serve, and enhance our overall risk monitoring capacities to ensure both internal and external risks are identified and

mitigated before they crystalize. 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.

The introduction of artificial intelligence and robotic process automation like Chatbots in our internal processes and service delivery channels will be used to drive growth in all sectors we are currently servicing.

We will remain focused on the execution of our medium term strategic objectives and targets for the 2019 financial year while we look forward to sustaining the momentum and delivering another strong set of results in the next financial year.

Thank you.



Nnamdi Okonkwo

*Managing Director/Chief
Executive Officer*

DIRECTORS' PROFILE/REPORT

Board Of Directors



Standing (From Left To Right)

Chidozie B. Agbapu, Michael Okeke, Nneka Onyeali-Ikpe, Seni Adetu, Ezinwa Unuigboje *(Company Secretary), Charles Umolu,*



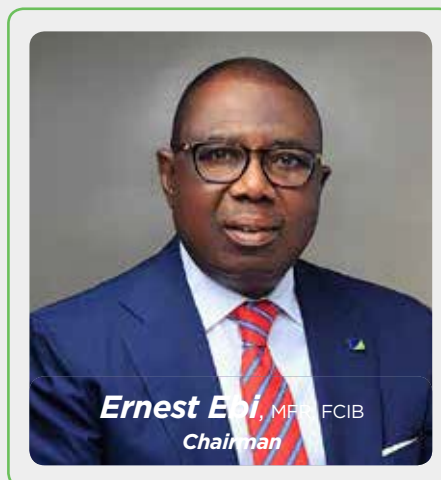
Sitting (From Left To Right)
Alex Ojukwu, Aku Odinkemelu, Mohammed Balarabe,
Ernest Ebi, Nnamdi Okonkwo, Chijioke Ugochukwu, Kings Akuma

Directors Profile

Mr. Ernest C. Ebi serves as Chairman of the Board of Directors of Fidelity Bank Plc. He started his banking career in 1978 at the Community Federal Savings and Loan Association, Washington D.C., U.S.A. where he held the position of Assistant Vice President / Controller. In November 1981, he returned to Nigeria and joined International Merchant Bank (IMB) Plc, where he served in various capacities including heading the Treasury Department and becoming the Chief Credit Officer of the bank from June 1989 to January 1992. From January 1992 to June 1993, he was the Head of the Audit and Risk Management Department.

In a very distinguished career within the financial services industry, he went on to serve in leadership positions across a number of banks, until June 1999, when he was appointed as a Deputy Governor at the Central Bank of Nigeria where he covered the policy and corporate services portfolios over a ten-year period. He maintained oversight functions over Nigeria's External Reserves, International Economic Relations, Trade & Exchange and Research Departments among other responsibilities. He was a key member of the banking sector reform team, especially during the major consolidation process in 2006 and was chairman of the implementation committee of the legendary Project EAGLES that transformed the Central Bank of Nigeria into a leading global reserve bank.

In recognition of his sound professional background and track record of meritorious service, the Federal Government of Nigeria in 2007 awarded him the National Honor of Member of the Order of the Federal Republic (MFR). In the same year, the Chartered Institute of Bankers of Nigeria also awarded him a Fellow of the Institute (FCIB). He attended Howard University, Washington D.C., U.S.A. where he graduated with a BBA in Marketing and an MBA. He has also attended many high profile leadership courses and programs at institutions such as IMD Switzerland, INSEAD, Harvard University, Oxford University and Brandeis University. He sits on the board of several blue-chip companies. He is also a Fellow of the Institute of Directors Nigeria (FIoD)



Since assumption of office as MD/CEO of Fidelity Bank on January 1, 2014, Mr. Nnamdi J. Okonkwo has significantly transformed and grown the fortunes of the bank, implementing a digital banking strategy that has resulted in exponential growth across all business segments.

He is well experienced in all aspects of banking and has had a very successful banking career for nearly 3 decades. He started out at Merchant Bank for Africa and he later worked at Guaranty Trust Bank Plc and United Bank for Africa Plc (UBA), where he held various managerial and leadership positions. He was Head of Corporate Banking and Multinational Corporates Division, UBA Group, Managing Director, UBA Ghana and later Regional CEO of UBA's West Africa Monetary Zone covering Ghana, Liberia and Sierra Leone.

In 2012, Nnamdi took advantage of an existing opportunity and joined Fidelity

Bank as Executive Director, South with responsibilities for the Bank's businesses in Southern Nigeria; a position he held until he was appointed Managing Director/CEO.

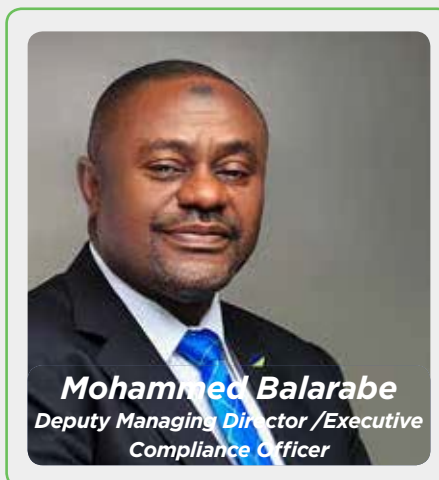
He holds a Bachelor of Science Degree in Agricultural Economics from the University of Benin, Benin City, Nigeria and an MBA in Banking and Finance from the Enugu State University of Technology, Enugu, Nigeria. He is also a graduate of the Advanced Management Programme of INSEAD Business School, Fontainebleau, France and has attended business, leadership and management training programs at Harvard Business School, Wharton Business School and Stanford Graduate School.

Okonkwo is a Honorary Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and 4th Vice President of the Nigerian British Chamber of Commerce. He served on the Board of the Nigeria Inter-Bank Settlement System Plc (NIBSS) and is currently a Non-Executive Director at Unified Payment Services Limited (UPSL).

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

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

Mohammed Balarabe was an Executive Director with Oceanic Bank International Plc and Ecobank Nigeria Limited prior to joining Fidelity Bank Plc. He was also a General Manager in United Bank for Africa (UBA) Plc and had been the General Manager & Chief Executive of Newdevco Finance Services Company Limited. He was appointed to the Board in April, 2012.



As Executive Director, Shared Services and Products, Chijioke Ugochukwu currently supervises the bank's Retail Banking, Managed SMEs, Agriculture and Exports Divisions, Legal, Corporate Services and Human Resources Divisions.

Ugochukwu was General Manager, Legal Services and Company Secretary of Fidelity Bank Plc until April 2012, when she joined the Board of the Bank as Executive Director, Shared Services and Chief Information Officer.

She has over 29 years of banking experience and has worked at Fidelity Bank from her days as a Youth Corper in 1989. She holds a Bachelor of Laws (LL. B Hons.) degree from Obafemi Awolowo University, Ile-Ife and Barrister at Law (BL) from the Nigerian Law School.

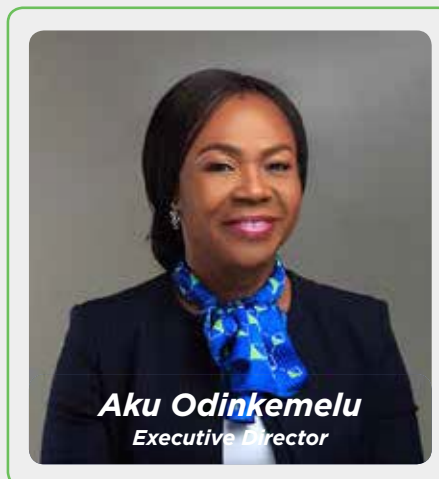
She has a Master of Business Administration degree from IESE, Barcelona, Spain and has attended Executive Education programs at the Massachusetts Institute of Technology (MIT), International Institute of Management Development (IMD), Harvard Business School,

Stanford Graduate School of Business and Oxford Said Business School amongst others. Chijioke is also an Honorary Member, Chartered Institute of Bankers of Nigeria (CIBN), Associate Member, Institute of Directors and Member, Chartered Institute of Registrars.

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

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

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



Directors Profile



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

She has over 28 years' industry experience across various banks namely Enterprise Bank Plc, Standard Chartered Bank Plc, Zenith International Bank Plc and Citizens International Bank Limited, where she worked in various departments including Legal, Treasury, Investment Banking, Retail/Commercial Banking and Corporate Banking. Nneka has been involved in the structuring of complex transactions in various sectors including Oil & Gas Downstream, Manufacturing, Aviation, Real Estate and Export.

As an Executive Director at Enterprise Bank Plc, she received formal commendation from the Asset Management Corporation of Nigeria (AMCON) as a member of the management team that successfully turned around Enterprise Bank Plc.

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

Kings C. Akuma currently heads the Non-Oil & Gas business of ALCON Nigeria Limited, a major player in the oil, gas and power sector. Prior to joining ALCON, he was the Managing Director of Hammakopp Consortium Limited, an affiliate of Nestoil Group Plc, where he served as the Executive Director in charge of Operations and Quality. He holds a B. Sc in Accounting from the University of Nigeria, Nsukka and a Master's in Business Administration from the University of Lagos.

Akuma is a Fellow of both the Institute of Chartered Accountants of Nigeria, and the Chartered Institute of Taxation of Nigeria, and is regarded by his peers and contemporaries as a thoroughbred strategic change management specialist with core competence in organisational structure and financial due diligence review. He coordinated comprehensive financial due diligence on several banks and has over three decades of in-depth understanding of banking/finance operations, consulting, manufacturing, oil & gas, due diligence and forensic accounting. Pst. Akuma is a fellow of the Institute of Credit Administration. He joined the Board of Fidelity Bank on November 25, 2016.



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

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

He was the Executive Director, Risk Management, Western Goldfields Group Limited and also the founder and Managing Partner of Damos Practice - Risk Management Consultants.

For five years until 2016, he was on secondment from Chicason Group to Afro Asia Automobile and Manufacturing Company Limited (a member of the Group) as Managing Director. He is currently the Executive Director in charge of Mining and Special

Projects in Chicason Group. He joined Fidelity Bank Plc as a Non-Executive Director on October 23, 2014.



Michael E. Okeke
Non-Executive Director

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

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

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

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

He is a fellow of the Chartered Institute of Stockbrokers and has extensive experience in capital market operations spanning over thirty years. He has served as Chief Dealer/Analyst in various capital market firms including Equator Finance & Securities Limited and Prominent Securities Limited. He is currently Co-CEO/Managing Director of Planet Capital Limited, a product of a merger between Strategy & Arbitrage Limited and Emerging Capital Limited, both members of The Nigerian Stock Exchange. Mr. Agbapu was a Founding Partner/Managing Director of Emerging Capital Limited from 2004 to 2010.

Mr. Agbapu currently serves on the board of various companies including Coral Properties Limited (a subsidiary of the Nigerian Stock Exchange), MTI Nigeria Plc and MTI Limited, Accra, Ghana. He served as a Director of Bendel Feeds and Flour Mills Limited and Central Securities Clearing System (CSCS) Limited for seven (7) years and is currently a Member of the National Council of the Nigerian Stock Exchange, where he also serves on the Disciplinary, Audit & Risk and Rules & Adjudication Committees.

Until his appointment as a Non-Executive Director of the Bank, Mr. Chidi Agbapu was a member of its Statutory Audit Committee. His appointment to the Board was approved by the Central Bank of Nigeria on September 3, 2018.



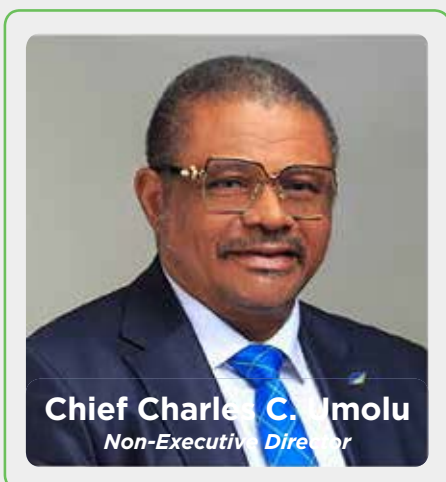
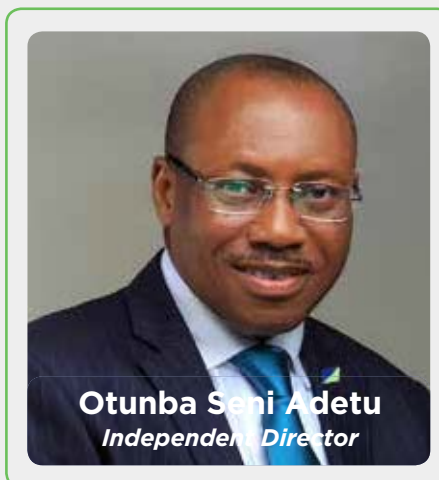
Chidozie B. Agbapu
Non-Executive Director

Directors Profile

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

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

Adetu is the Founder/Group CEO of First Primus W.A. Limited, an upscale integrated marketing communications company, in partnership with WPP - one of the world's largest communications networks; having as its subsidiaries - Ogilvy Nigeria Limited and Algorithm Media Limited. He is a leadership coach and facilitates on the Chief Executive Program of the Lagos Business School. He joined the Board of Fidelity Bank on April 28, 2016.



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

Umolu has served on the board of various organizations as Executive and Non-Executive Director, including a five-year stint with Keystone Bank Limited as a Non-Executive Director. He was the Managing Director/CEO of Comet Merchant Bank Limited (1995-1997) a position he held until he retired in 1997 to set up Corimol Consulting Limited. He joined the Board of Fidelity Bank on November 25, 2016.

Management Staff

As At December 31, 2018

Executive Management

Nnamdi Okonkwo
Managing Director/Chief Executive Officer

Mohammed Balarabe
Deputy Managing Director

Chijioke Ugochukwu
ED, Shared Services & Products

Aku Odinkemelu
ED, Commercial & Consumer
Banking - South

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

General Managers

Victor Abejegah
Chief Financial Officer

Adeboye Ogunmolade
Chief Compliance Officer

Obaro Odeghe
Regional Bank Head

Hassan Imam
Regional Bank Head

Martins Izuogbe
Division Head, Operations

Gbolahan Joshua
Chief Operations & Information Officer

Kevin Ugwuoke
Chief Risk Officer

Kenneth Opara
Regional Bank Head

Deputy General Managers

Abolore Solebo
Head, Energy

Charles Nwachukwu
Chief Human Resource Officer

Charles Aigbe
Division Head, Brand & Communications

Richard Madiebo
Division Head, Retail Bank

Adeyinka Omotoso Adebayo
Regional Bank Head

Jude Monye
Regional Bank Head

Chinwe Iloghalu
Regional Bank Head

Halilu Malabu
Regional Bank Head

Mannir Ringim
Regional Bank Head

Frank Anumele
Regional Bank Head

Unuigboje Ezinwa
Company Secretary

Assistant General Managers

Samuel Okeke
Head Fast Moving Consumer Goods

Paschal Nzeribe
Regional Bank Head

Tonie Obiefuna
Division Head, Corporate Services

Damian Orizu
Division Head, Remedial And Asset Management

Micheal Nnaji
Head Loan Portfolio Reporting And Monitoring

Chioma Nwankwo
Head, Private Banking

Adebayo Ogunbiyi
Head Conglomerates

Janet Nnabuko
Head Savings Accounts

Adewale Mesioye
Regional Bank Head

Sadi Zawiya
Regional Bank Head

Musa Tarimbuka
Regional Bank Head

Chukwudi Egbuna
Regional Bank Head

Ovie Mukoro
Regional Bank Head

Evi Kanu
Regional Bank Head

Henry Asiegbu
Regional Bank Head

Report Of The Directors

For The Year Ended 31 December 2018

Report Of The Directors

For The Year Ended December 31, 2018

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and Independent Auditors report for the Year ended 31 December 2018.

Results

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

	31 Dec, 2018	31 Dec, 2017
	N'million	N'million
Profit before income tax	25,089	19,213
Income tax expense	(2,163)	(1,445)
Profit after tax	22,926	17,768
Earnings per share		
Basic and Diluted (in Kobo)	79.16	61.35

Proposed Dividend

In respect of the 2018 financial year, the Board of Directors recommend a dividend of 11 kobo per Ordinary Share of 50 kobo each amounting to NGN3.186 Billion for approval at the Annual General Meeting. If approved, dividend will be paid to Shareholders whose names appear on the Register of Members at the close of business on April 12, 2019. The proposed dividend is subject to Withholding Tax at the appropriate tax rate, which will be deducted before payment.

Legal Form

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

Principal Business Activities

The principal activity of the Bank continues to be the provision of banking and other financial services to corporate and individual customers from its Headquarters in Lagos and 235 business offices. These services include retail banking, granting of loans and advances, equipment leasing, collection of deposit and money market activities.

Beneficial Ownership

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

Share Capital

The range of shareholding as at December 31, 2018 is as follows:

Range Analysis		Position As at 31/12/2018			
Range	No. of Holders	Holders %	Holders Cum	Units	Units %
1 - 1,000	94,559	23.49%	94,559	79,857,987	0.28%
1,001 - 5,000	172,066	42.75%	266,625	473,908,777	1.64%
5,001 - 10,000	52,647	13.08%	319,272	432,401,382	1.49%
10,001 - 50,000	59,376	14.75%	378,648	1,423,661,230	4.92%
50,001 - 100,000	11,108	2.76%	389,756	869,947,965	3.00%
100,001 - 500,000	9,761	2.43%	399,517	2,134,546,061	7.37%
500,001 - 1,000,000	1,427	0.35%	400,944	1,057,726,055	3.65%
100,00,01 - 5,000,000	1,100	0.27%	402,044	2,322,370,113	8.02%
5,000,001 - 10,000,000	169	0.04%	402,213	1,240,203,139	4.28%
10,000,001 - 50,000,000	176	0.04%	402,389	3,384,243,253	11.68%
50,000,001 - 100,000,000	23	0.01%	402,412	1,656,718,485	5.72%
100,000,001 - 28,962,585,692	56	0.01%	402,468	13,887,001,245	47.95%
		402,468	100%	28,962,585,692	100%

Substantial Interest In Shares

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

Directors And Their Interests

Changes On The Board

The following changes occurred on the Board of the Bank after the 30th Annual General Meeting which held on May 25, 2018:

SN	Name	Designation	Board Changes
1	Mr. Robert Nnana-Kalu	Non-Executive Director	Retired from the Board on September 4, 2018
2	Mr. Chidi Agbapu	Non-Executive Director	Appointed to the Board on June 11, 2018. The appointment was approved by the Central Bank of Nigeria on September 3, 2018 and will be presented for Shareholders' approval at the 31st 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 one-third), of the Non-Executive Directors to retire by rotation at each Annual General Meeting, the Directors due to retire by rotation at the 31st Annual General Meeting are Chief Charles Umolu and Pst. Kings C. Akuma. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 31st Annual General Meeting.

A detailed profile of all the Directors, including the Directors due for election and re-election, is on the Bank's website- www.fidelitybank.ng.

Report Of The Directors

For The Year Ended 31 December 2018

Directors And Their Interests

The Directors who held office during the year ended December 31, 2018 together with their interests in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding and as notified by the Directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act (CAMA), CAP C20, Laws of the Federation of Nigeria, 2004 and the listing requirements of The Nigerian Stock Exchange (NSE) are as detailed below:

Name Of Director	31 Dec 2017			31 Dec 2018		
	Direct	Indirect	Total	Direct	Indirect	Total
Mr. Ernest Ebi, MFR, FCIB	8,755,163	NIL	8,755,163	8,755,163	NIL	8,755,163
Mr. Alex C. Ojukwu	3,530,000	NIL	3,530,000	1,229,730	NIL	1,229,730
Mr. Michael E. Okeke	2,311,500	NIL	2,311,500	2,311,500	NIL	2,311,500
Otunba Seni Adetu	NIL	NIL	NIL	NIL	NIL	NIL
Chief Charles C. Umolu	20,870,000	NIL	20,870,000	NIL	NIL	NIL
Pst. Kings C. Akuma	650,455	NIL	650,455	650,455	NIL	650,455
Mr. Chidi Agbapu	24,276	NIL	24,276	24,276	NIL	24,276
Mr. Nnamdi Okonkwo	102,000,000	NIL	102,000,000	102,000,000	NIL	102,000,000
Mr. Mohammed Balarabe	69,081,467	NIL	69,081,467	69,081,467	NIL	69,081,467
Mrs. Chijioke Ugochukwu	74,178,823	NIL	74,178,823	76,250,000	NIL	76,250,000
Mrs. Aku P. Odinkemelu	44,958,500	NIL	44,958,500	44,958,500	NIL	44,958,500
Mrs. Nneka C. Onyeali-Ikpe	52,456,000	NIL	52,456,000	52,456,000	NIL	52,456,000
*Mr. Adeyeye Adepegba	13,786,000	NIL	NIL	NIL	NIL	NIL
**Alhaji Bashari Gumel	NIL	NIL	NIL	NIL	NIL	NIL
***Mr. Robert Nnana-Kalu	2,030,000	NIL	2,030,000	2,030,000	NIL	2,030,000

* Retired on January 24, 2018; **Retired on February 15, 2018; *** Retired on September 4, 2018

Directors' Interests In Contracts

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

Related Director	Interest in Entity	Name of Entity	Services to the Bank
#Mr. Alex Ojukwu	Director	Damos Practice Limited	Debt Recovery
#Mr. Michael Okeke	Director	Okeke, Oriala & Co.	Estate Survey and Valuation
#*Mrs. Chijioke Ugochukwu	Related Party	Chinedu Ugochukwu	Lease of one (1) branch property

#All the transactions were executed at arms' length;

*The lease is in respect of a commercial real estate development at Ahmadu Bello Way, Victoria Island, Lagos.

Disclosure on Directors' Remuneration

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

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

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

Executive Directors' Remuneration:

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

The Board sets operational targets consisting of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance for the Executives at the beginning of each year.

Executive compensation is therefore tied to specific deliverables and includes fixed and variable pay components. Fixed pay includes basic salary, transport, housing and other allowances.

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

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

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

Report Of The Directors

For The Year Ended 31 December 2018

Remuneration element	Objective	Payment mode	Payment detail
<p>Base Pay: This is a fixed pay (guaranteed cash) which is not dependent on performance. It comprises basic salary and all cash allowances paid to the Executive Director.</p>			
Base Pay	<ul style="list-style-type: none"> To attract and retain talent in a competitive market 	<ul style="list-style-type: none"> Monthly/ Quarterly/ Annually 	<ul style="list-style-type: none"> *Reviewed every 2 years and changes made on need basis and market findings Salaries for all roles are determined with reference to applicable relevant market practices
Remuneration Element	Objective	Payment Mode	Programme Detail
<p>Performance Incentives: This represents the pay-at-risk i.e. pay contingent on the achievement of agreed key performance indicators.</p>			
Performance Incentive	<ul style="list-style-type: none"> To motivate and reward the delivery of annual goals at the Bank and individual levels 	<ul style="list-style-type: none"> Annually 	<ul style="list-style-type: none"> Performance incentives are awarded based on the performance of the Bank and individual directors
	<ul style="list-style-type: none"> Rewards contribution to the long-term performance of the Bank 		<ul style="list-style-type: none"> Executive Directors' annual performance incentives are evaluated against the performance metrics defined in his/her approved individual balanced scorecard/KPIs
<p>Benefits and Perquisites: These are the non-monetary compensation provided to the Executive Director, such as official car, club and professional membership subscription.</p>			
Benefits & Perquisites	<ul style="list-style-type: none"> Reflect market value of individuals and their role within the Bank 	<ul style="list-style-type: none"> Actual items are provided or the cash equivalent for one year is given. 	<ul style="list-style-type: none"> Review periodically in line with contract of employment

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

Non-Executive Directors' Remuneration:

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

Non-Executive Directors are paid an annual fee in addition to reimbursable expenses incurred in the course of their role as Board members, where not provided directly by the Bank. The annual fee is approved by Shareholders at the Annual General Meeting and is paid quarterly in arrears.

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

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

Remuneration Element	Objective	Payment Mode	Programme Detail
Annual Fees	<ul style="list-style-type: none"> To attract individuals with relevant skills, knowledge and experience 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> Reviewed every 2 years and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
Sitting Allowances	<ul style="list-style-type: none"> To recognise the responsibilities of the Non-Executive Directors 	<ul style="list-style-type: none"> Per meeting 	<ul style="list-style-type: none"> Reviewed every 2 years and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
	<ul style="list-style-type: none"> To encourage attendance and participation at designated committees assigned to them 		

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

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

Events After Reporting Period

There were no significant events after the reporting period which could have had a material effect on the financial position of the Bank as at December 31, 2018 and on the profit and other comprehensive income for the year then ended, which have not been adequately provided for or disclosed.

Property, Plant And Equipment

Information relating to property, plant and equipment is given in Note 23 to the financial statements. In the Directors' opinion, the fair value of the Bank's properties is not less than the carrying value shown in the financial statements.

Report Of The Directors

For The Year Ended 31 December 2018

Donations And Charitable Contributions

Donations and gifts to charitable organizations during the Year ended December 31, 2018 amounted to N158,362,356.36 (2017FY - N330,818,921.00). There were no donations to political organizations during the year.

The major beneficiaries are:

S/N	Beneficiary	Donation	Amount
1	Centre For Value In Leadership (CVL)	The 15th CVL Annual Lecture & International Leadership Symposium	500,000.00
2	Redhot Concepts- TV CSR Awareness Campaign	CSR Awareness Campaign	500,000.00
3	Empathy Driven Women International Initiative (EDWIIN) / UN	Medical Aid Fair For Women Living With Disabilities In Commemoration Of UN's International Women's Day	200,000.00
4	Chartered Institute Of Bankers Of Nigeria (CIBN), Lagos Branch	2018 Bankers Walk For Fitness	150,000.00
5	Centre For Financial Journalism	Sponsorship of the Bullion Lecture	2,000,000.00
6	Meadow Hall Foundation	Sponsorship Of Education Convention	500,000.00
7	Advocacy For Veritas Addiction Treatment Initiative (AFVATI)	Financial Support For Advocacy For Veritas Addiction Treatment Initiative (AFVATI)	500,000.00
8	Gazelle Business Solutions	Organisation Of The Fidelity Youth Empowerment Programme (YEA5)	20,000,000.00
9	Strap & Safe Child Foundation	Strap & Safe Child 2018 May Day Event	300,000.00
10	Rotary International (The Four Rotary International Districts In Nigeria)	Sponsorship of 2018 Rotary International Conference	5,000,000.00
11	Nigerian Conservation Foundation	2018 Annual Walk For Nature Campaign	800,000.00
12	Dominican University Ibadan (Fund Raising Committee)	The Dominican University, Ibadan Fundraising Dinner	2,000,000.00
13	Centre For Social Awareness Advocacy And Ethics Inc.	International Youth Leadership, Career Building And Entrepreneurship Summit	300,000.00
14	Empathy Driven Women International Initiative (EDWIIN)	Friends Of EDWIIN Intervention Series/Donation Of 10 Sewing Machines To The Disabled	500,000.00
15	Bestman Games	Children's Finance Fair 2018	500,000.00
16	Trucontact CSR Nigeria- CSR/Brand Awareness Sponsorships	The Top 50 Brands Making A Difference In Nigeria	1,000,000.00
17	Lagos State Security Trust Fund	Lagos State Security Trust Fund	50,000,000.00
18	Kody & The Kids	Sponsorship Of Read To Heal Project	1,000,000.00
19	Nigerian Stock Exchange	Nigerian Stock Exchange (NSE) Corporate Challenge 2018	500,000.00
20	Arrow Of God Orphanage	Provision Of Furniture And Repainting Of The Building	622,000.00
21	Flame Academy & Consulting Limited	Beep Conference Sponsorship	500,000.00
22	Chosen Child Orphanage And Care Center	Provision Of Home Appliances, Food Items And Payment Of School Fees	434,000.00

S/N	Beneficiary	Donation	Amount
23	Salvation Army Primary School	Donation Of Back To School Items	780,000.00
24	Sought After Children Orphanage	Education Sponsorship For Some Children At The Orphanage	454,000.00
25	Wesley School For The Hearing Impaired, Lagos.	Renovation And Equipping Of The Existing Home Economics Vocational Center	550,000.00
26	Excellences International School, Jalingo	Purchase Of Additional Books For The Library And Construction Of Electronic Bill Board.	5,000,000.00
27	Sidakod Nursery And Primary School & Granthood School	Provision Of School Band And Educational Materials	180,000.00
28	Lost Hope Restoration Center Motherless Babies Home	Provision Of Water Tank, Repainting Of The Building And Provision Of Food And Essential Items.	500,100.00
29	Wesley School For The Hearing Impaired, Lagos.	Provision Of Learning Aids And Clippers	600,000.00
30	The Heritage Home Orphanage	Donation of School Fees, Toys And Essential Items	280,000.00
31	Down Syndrome Foundation Nigeria	Donation Of Food And Non Food Items To Children Of The Foundation	270,000.00
32	Nigerian Society For The Blind	Donation Of 30 Manual Typewriters And Food Items	370,000.00
33	Benue State Rehabilitation Board, Makurdi, Benue State (School For The Less Privileged, Handicapped And Children With Special Needs.)	Provision Of Back To School Items, Typewriters, Food And Essential Items	2,400,000.00
34	South-East, South-South Professionals Conference-Community Development Initiatives Support	Support For Developmental Initiatives	500,000.00
35	Precious Kids International School, Jalingo	Provision Of Educational Materials, Renovation Of Examination Hall And Borehole	4,844,937.42
36	Eguare Primary And Secondary School, Uromi	Back To School Items, Drum Sets And Renovation Of School Block	2,209,403.70
37	Schools Across The Country	Teaching Of Security Education And Distribution Of Customised Security Books	3,510,000.00
38	Hearts Of Gold Children's Hospice	Provision Of Essential Items	204,075.00
39	Run For A Cure Africa	Mothers' Day Sponsorship	200,000.00
40	The World Sickle Cell Day	World Sickle Cell Day Sponsorship	3,965,000.00
41	Ondo State Government- Community Development Initiatives Support	Renovation Of The MKO Abiola Democracy Park	1,900,000.00
42	Vigilant Heart Orphanage Home	Donation Of Essential Materials	306,000.00
43	Kwarhi B Primary School, Adamawa State	Construction Of A Block Of Three Class Rooms	5,001,424.00
44	Arrows Of God Orphanage	Provision Of Essential Items And Sanitary Wares	560,000.00
45	Dala Hard Court-Community Development Initiative Support (Sports)	Sponsorship of 31st Annual Dala Hard Court Tennis Championship	3,000,000.00
46	Family Support School, Katsina	Construction Of Basketball and Volley Ball Courts	1,075,540.00

Report Of The Directors

For The Year Ended 31 December 2018

S/N	Beneficiary	Donation	Amount
47	Ikoyi Prison	Payment Of GCE Registration Fee For Prison Inmates And Donation Of Essential Items	815,822.96
48	The Sun Newspaper- CSR Awareness Campaign	CSR Centre Spread Sponsorship	500,000.00
49	Minna General Hospital	Renovation and Furnishing Of The Female Surgical And Paediatric Ward Of Minna General Hospital	4,105,386.42
50	The Ogoja Refugee Camp, Cross River	Provision Of Sports Items	3,400,000.00
51	Nigerian Army- Finance Corp Social Awareness Support	Sponsorship Of Tombola Night	400,000.00
52	SEATS - Calabar	Sponsorship of School Education And Technical Support Expo (SEATSE) 2018	3,000,000.00
53	Bishop Crowther Memorial Primary School	Equipment for School Medical Bay	340,000.00
54	Makoko Community	Sponsorship Of Medical Outreach	1,100,000.00
55	Benue State IDP Camp Support	Provision of Essential Items	800,000.00
56	Lokoja IDP Camp	Provision Of Relief Materials To Flood Victims	530,825.30
57	Destitute Home, Ebute Metta, Lagos	Provision Of Essential Materials	255,600.00
58	Down Syndrome Foundation Nigeria	Provision Of Essential Materials	600,700.00
59	Pacelli School For The Blind	Provision Of Additional Study Desks/Chairs	616,000.00
60	Wesley School For The Hearing Impaired, Lagos.	Renovation Of Existing Home For School 1 And 2	550,000.00
61	Special School For Handicapped Children Bayelsa State	Provision Of Two Water Tanks And Renovation Of One Classroom Block	2,000,000.00
62	Santa Maria Nursery And Primary School, Nkpogu Ring Road, Port Harcourt	Provision Of Computers For ICT Centre	2,030,000.00
63	Pacelli School For The Blind	Provision Of Two Inverter Batteries And Food Items	326,600.00
64	Bayelsa State Orphanage Home	Provision Of Various Consumable Items	1,995,000.00
65	Heritage Orphanage Home	Renovation Of Play Ground And Repainting of Building	500,000.00
66	Good News Humanitarian Foundation	Provision Of Essential Materials	2,000,000.00
67	Gusau Orphanage Home	Provision Of Food Items	1,040,000.00
68	Kishimi Shelter And Care Foundation	Provision Of Sewing Machines, Hair Dryers, Grinding Machines And Other Items	4,865,758.02
69	Kaduna Flood Victims/State Emergency Management Agency (SEMA)	Donation Of Relief Items To Flood Victims	2,314,908.92
70	Government Junior College, Gombe	Renovation Of Classrooms	1,774,274.62
			158,362,356.36

Gender Analysis as at December 31, 2018

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the work place. The Bank recognizes that women have different skill sets, viewpoints, ideas and insights which will enable it serve a diverse customer base more effectively. The report on gender analysis as at 31 December 2018 is shown below:

Gender Analysis Of Total Staff As At December 31, 2018		
Gender	Number Of Staff	Percentage Of Total Staff
Female	1,293	44.46%
Male	1,615	55.54%
Total	2,908	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, 2018		
Gender	Number	Percentage
Female	3	60%
Male	2	40%
Total	5	100%

Gender Analysis Of Top Management (AGM-GM) As At 31 December 2018			
Grade	Female	Male	Total
General Manager	0	8	8
Deputy General Manager	2	9	11
Assistant General Manager	3	14	17
Total	5	31	36
Percentage (%)	13.89%	86.11%	100%

Gender Analysis Of The Board Of Directors As At 31 December 2018			
Grade	Female	Male	Total
Executive Director	3	0	3
Deputy Managing Director	0	1	1
Managing Director	0	1	1
Non Executive Director	0	7	7
Total	3	9	12
Percentage (%)	25%	75%	100%

Report Of The Directors

For The Year Ended 31 December 2018

Employment Of Disabled Persons

Fidelity Bank's policy ensures that there is no discrimination in considering applications for employment including those from physically challenged persons. The policy also ensures that disadvantaged persons are afforded, as far as is practicable, identical opportunities with other employees. The Bank currently has in her employment ten (10) physically challenged persons and ensures that the work environment is accessible and conducive for them.

Health, Safety And Welfare Of Employees

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

Fidelity Bank's employees are provided with comprehensive healthcare coverage through a health management scheme with 1,529 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 immunization for cerebrospinal meningitis and Hepatitis B.

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

The Bank has a defined process for preventing the spread of communicable diseases including HIV/AIDS through health campaigns that encourage improvement in personal hygiene and ensures that no person living with HIV/AIDS is discriminated against.

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

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

Fidelity Bank is also actively involved in the Nigerian Bankers Games (NBG), the biggest and most popular sporting event in Corporate Nigeria. In 2017, Fidelity Bank successfully defended its medal table position whilst retaining the football trophy. The Bank won the football trophy three consecutive times thus becoming the first bank to do so in the 18-year history of the tournament. With this performance, the Bank now has the trophy for keeps. In the 2018 games, Fidelity Bank topped the medals table with 20 medals, winning 4 more medals than it won in 2017. A breakdown of the medals won by the Bank in 2018 is as follows:

- Gold - 7
- Silver - 8
- Bronze - 5

While Fidelity won the Football trophy for keeps in 2017, having previously defended and won it 3 consecutive times (2015, 2016 and 2017), Fidelity Bank emerged as first runner up in the football competition in 2018, winning silver. However, Fidelity Bank produced the best goal keeper and the highest goal scorer of the Tournament.

Employee Involvement And Training

The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made thus far in achieving same. The opinions and suggestions of members of staff are valued and considered not only on matters affecting them as employees, but also on the general business of the Bank.

The Bank operates an open communication policy and employees are encouraged to communicate with Management through various media.

Sound management and professional expertise are considered to be the Bank's major assets, and investment in employees' future development continues to be a top priority. Fidelity is a learning organization and believes in the development of her employees, irrespective of their job roles and responsibilities in the Bank.

As an institution committed to maintaining its competitive edge, Fidelity Bank also ensures that employees receive qualitative training within and outside the country. Staff Training

Report Of The Directors

For The Year Ended 31 December 2018

Plans are drawn up yearly and hinged on grade specific base-line and function specific programmes. These include local, offshore and in-house programmes.

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

The Bank currently has nine modern Learning Centers in Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano. A total of 2,335 staff members participated in various training programs in the 2018 financial year.

Auditors

One of the joint external auditors, PKF Professional Services' (whose appointment was approved by Shareholders at the Annual General Meeting of November 6, 2008) completed the maximum ten (10) year tenure for external auditors in November 2018, in line with the provisions of the Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses in Nigeria, 2014.

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

A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine the remuneration of the External Auditors.



Ezinwa Unuigboje

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

18 March 2019

Report Of The Statutory Audit Committee

For The Year Ended 31 December 2018

To The Members Of Fidelity Bank Plc

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

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2018 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2018 and are satisfied that Management is taking appropriate steps to address the issues raised.
- Ascertained that the Bank has complied with the provisions of Central Bank of Nigeria (CBN) Circular BSD/1/2004 dated February 18, 2004 on “Disclosure of insider credits in the financial statements of banks”. In addition, related party transactions and balances have been disclosed in the Notes to the financial statements for the year ended 31 December 2018 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2018 are in accordance with legal requirements and agreed ethical practices.

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



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

March 8, 2019

Members of the Statutory Audit Committee are:

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

In attendance:

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

Corporate Governance Report

For The Year Ended 31 December 2018

Introduction

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

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

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

Corporate Governance Framework

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

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

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

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

The Codes and Rules are quite detailed and cover a wide range of issues, including Board and Management, Shareholders, Rights of other Stakeholders, Disclosure Requirements, Risk Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Ethics and Professionalism, Conflict of Interest, Sustainability, Whistle-blowing, Code of Ethics, Complaints Management Processes and the Role of Auditors. These, in addition to the Bank’s Memorandum and Articles of Association, Board, Board Committees and Management Committee Charters, collectively constitute the bedrock of the Bank’s corporate governance framework. The Bank’s governance structure is hinged on its internal governance framework, which is executed through the following principal organs:

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

Key Governance Developments

(a) Board Changes

The following changes occurred on the Board during the period under review:

- i. Mr. Adeyeye Adepegba, an Executive Director, retired from the Board on January 24, 2018 to pursue other interests.
- ii. Alhaji Bashari Gumel, an Independent Non-Executive Director (INED), retired from the Board on February 15, 2018, following his completion of the maximum tenure of eight (8) years prescribed for INEDs in the Central Bank's guidelines for the appointment of independent directors.
- iii. Mr. Robert Nnana-Kalu, a Non-Executive Director, retired from the Board on September 4, 2018, upon expiration of his tenure in line with the Bank's internal governance policy.
- iv. Mr. Chidozie Agbapu was appointed as a Non-Executive Director on June 11, 2018 and the appointment was approved by the Central Bank on September 3, 2018. He shall be presented to the Shareholders during the 31st Annual General Meeting of the Bank.

(b) Retirement of Joint External Auditor

One of the joint external auditors, PKF Professional Services' (whose appointment was approved by Shareholders at the Annual General Meeting of November 6, 2008), completed the maximum ten (10) year tenure for external auditors, on November 5, 2018.

The second external auditor, Ernst & Young, having indicated its willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004, is now the Bank's sole external auditor. The appointment of Ernst & Young was approved by Shareholders at the 23rd Annual general Meeting which held on May 5, 2011. The firm is currently in its 8th year of service as external auditor and will complete the mandatory maximum ten (10) year term on May 4, 2021.

(c) The Nigerian Code of Corporate Governance, 2018 (NCCG 2018)

The Financial Reporting Council of Nigeria (FRCN), launched the Nigerian Code of Corporate Governance 2018 on January 15, 2019. The Code is applicable to all listed entities including Fidelity Bank. Whilst the Bank is a regulated entity and already in substantial compliance with the provisions of the NCCG 2018, steps are already being taken towards ensuring compliance with the provisions of the new Code.

The Board Of Directors

Board Size

Total Board size during the Year ended 31 December 2018 was twelve (12), comprising five (5) Executive Directors including the Managing Director/CEO and seven (7) Non-Executive Directors.

Corporate Governance Report

For The Year Ended 31 December 2018

Board Structure and Responsibilities

The Board is responsible for creating and delivering sustainable value to all stakeholders through efficient management of the business. The Board is also responsible for determining the strategic direction of the Bank, which said strategy is implemented through Executive Management, within a framework of rewards, incentives and controls.

Executive Management, led by the MD/CEO, constitute the key management organ of the Bank and is primarily responsible for achieving performance expectations and increasing Shareholder value. Executive Management reports regularly to the Board on issues relating to the growth and development of the Bank. The Board plays a major supportive and complementary role in ensuring that the Bank is well managed and that appropriate controls are in place and fully operational.

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

Responsibility for the day-to-day management of the Bank resides with the Managing Director/Chief Executive Officer (MD/CEO), who carries out his functions in accordance with guidelines approved by the Board of Directors. The MD/CEO is ably assisted by the four (4) Executive Directors. In line with best practice and requisite regulations, the roles of the Chairman of the Bank and the MD/CEO are assumed by different individuals to ensure that the right balance of power and authority is maintained.

The effectiveness of the Board is derived from the broad range of skills and competencies of the Directors, who are persons of high integrity and seasoned professionals and are competent, knowledgeable and proficient in their professional career, business and/or vocation.

The Directors bring to the Board their diverse experience in several fields including business, corporate finance, accounting, management, banking operations, risk management, project finance, leasing, law, and treasury management. The diverse professional background of the Directors reflects a balanced mix of skills, experience and competencies that impacts positively on the Board's activities. No individual dominates the decision making process. The Board operated effectively throughout the period and continues to do so.

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

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

The Board has a comprehensive Remuneration Policy which is designed to address the compensation of both Executive and Non-Executive Directors. The Policy is designed to establish a framework for Directors' remuneration that is consistent with the Bank's scale and

scope of operations and is aimed at attracting, motivating and retaining qualified individuals with the talent, skill and experience required to run the Bank effectively.

The Board meets quarterly and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and are also briefed on business developments between Board meetings. The Board met eight (8) times during the year ended 31 December 2018.

Details of the Directors who served on the Board during the year ended 31 December 2018 are indicated below:

No	Name of Director	Designation
1	Mr. Ernest Ebi, MFR, FCIB	Non-Executive Director/Chairman, Board of Directors
2	Otunba Seni Adetu	Independent Non-Executive Director
3	Mr. Alex Ojukwu	Non-Executive Director
4	Mr. Michael Okeke	Non-Executive Director
5	Pst. Kings Akuma	Non-Executive Director
6	Chief Charles Umolu	Non-Executive Director
7	Mr. Chidi Agbapu	Non-Executive Director
8	Mr. Nnamdi Okonkwo	Managing Director/CEO
9	Mr. Mohammed Balarabe	Deputy Managing Director
10	Mrs. Chijioke Ugochukwu	Executive Director
11	Mrs. Aku Odinkemelu	Executive Director
12	Mrs. Nneka Onyeali-Ikpe	Executive Director
13	*Mr. Adeyeye Adepegba	Executive Director
14	**Alhaji Bashari Gumel	Independent Non-Executive Director
15	***Mr. Robert Nnana-Kalu	Non-Executive Director

* Retired on January 24, 2018; ** Retired on February 15, 2018; *** Retired on September 4, 2018

Corporate Governance Report

For The Year Ended 31 December 2018

Directors' Appointments, Retirements and Re-elections

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

The Board Corporate Governance Committee is charged with the responsibility of leading the process for Board appointments and for ascertaining and recommending suitable candidates for the approval of the Board. The process is transparent and may involve external consultants, particularly for Executive positions. The importance of achieving the right balance of skills, experience and diversity is also taken into consideration in making Board appointments.

Board Induction and Continuous Education:

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

The Bank has a Directors Training Policy which provides for formal induction programmes for newly appointed Directors and bespoke training programmes for serving Directors. The Directors also participate in Regulator initiated training programmes.

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

New Directors also receive a comprehensive induction pack which includes copies of Board/ Board Committee Charters, annual goals, relevant legislations and calendar of Board activities. The induction and training programmes are robust and designed to equip all Directors to effectively discharge their responsibilities whilst improving overall board effectiveness. The Bank renders periodic returns on training programmes attended by Directors to the Central Bank.

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

Course	Vendor	Date	Name
New Developments in the FINTECH Ecosystem	FINTECH Association Nigeria	Jan 24-26, 2017	Ernest Ebi, Charles Umolu, Seni Adetu, Alex Ojukwu, Michael Okeke, Kings Akuma, Robert Nnana-Kalu, Nnamdi Okonkwo, Mohammed Balarabe, Aku Odinkemelu, Nneka Onyeali-Ikpe
NSE Fiduciary Awareness Certification Test	NSE/Center for Business Integrity	Mar 5, 2018	Seni Adetu, Charles Umolu, Kings Akuma
Compliance Risk Management	Euromoney training	Apr 18-20, 2017	Mohammed Balarabe
McGill Executive Leadership Experience	McGill Executive Institute, McGill University, Montreal, Quebec, Canada	May 14-19, 2018	Aku Odinkemelu
Effective Board Risk Oversight Course	FITC	May 21-23, 2018	Ernest Ebi, Nnamdi Okonkwo, Mohammed Balarabe, Chijioke Ugochukwu, Nneka Onyeali- Ikpe, Alex Ojukwu, Michael Okeke, Seni Adetu, Kings Akuma, Robert Nnana-Kalu, Charles Umolu
Leading Digital Business Transformation	IMD	Jun 11-15, 2018	Chijioke Ugochukwu
Institute of Directors Company Direction Course 1 for New Directors	Institute of Directors	Jun 13, 2018	Kings Akuma
Cultivating the Conscience of Stewards and Gatekeepers	Audit Committee Institute	Jul 11-12, 2018	Frank Onwu, Chidi Agbapu, Christian Nwinia, Alex Ojukwu, Kings Akuma, Michael Okeke
Institute of Directors, Independent Directors Masterclass	Institute of Directors	Aug 23, 2018	Seni Adetu
CIBN-FITC Bank Directors Continuous Education Programme	CIBN/FITC	Sep 18-19, 2018	Alex Ojukwu, Seni Adetu, Chijioke Ugochukwu, Aku Odinkemelu, Michael Okeke, Chidi Agbapu, Kings Akuma
Contemporary Issues in AML/CFT and Sustainable Banking Principles	IBFC alliance	Sep 20, 2018	Ernest Ebi, kings Akuma, Mohammed Balarabe, Alex Ojukwu, Seni Adetu, Aku Odinkemelu, Michael Okeke, Chidi Agbapu
Leading Digital Business Transformation	FITC	Oct 8-20, 2018	Nneka Onyeali- Ikpe
Leading Digital Marketing Strategy	INSEAD	Oct 9-12, 2018	Aku Odinkemelu
New York School of Trade Finance (International Trade and Commodity Finance)	Euromoney Training	Nov 5-9, 2018	Mohammed Balarabe
Leading Digital Business Transformation	IMD	Nov 12-16, 2018	Nnamdi Okonkwo

Corporate Governance Report

For The Year Ended 31 December 2018

Course	Vendor	Date	Name
Commercial Risks in Offshore Shipping	C&I Leasing Plc	Nov 29, 2018	Ernest Ebi, Nnamdi Okonkwo, Mohammed Balarabe, Nneka Onyeali-Ikpe, Alex Ojukwu, Chidi Agbapu, Seni Adetu, Michael Okeke, Chijioke Ugochukwu, Kings Akuma
Board Training on IFRS 9	Ernst & Young	Nov 29, 2018	Ernest Ebi, Nnamdi Okonkwo, Mohammed Balarabe, Nneka Onyeali-Ikpe, Alex Ojukwu, Chidi Agbapu, Seni Adetu, Michael Okeke, Chijioke Ugochukwu, Kings Akuma, Frank Onwu, Christian Nwinia

Access to independent advice:

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

Independent consultants engaged during the review period include:

No	Consultant	Brief
1	KPMG Professional Services	Board Appraisal
		Strategy and Management
2	PricewaterhouseCoopers	Business Process Re- engineering
3	IBFCAlliance Limited	Board Training and Development
4	Deloitte	Independent Evaluation of the Internal Audit Function

Board Performance Appraisal:

The Board, 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 occasionally administered on senior management staff of the Bank and the result of the survey is presented to the Board.

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

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

The independent consultant's report on the Board appraisal is presented to Shareholders at the Annual General Meeting in each year and also submitted to the Central Bank of Nigeria.

Board Meetings:

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

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

A. Board Committees

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

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

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

Corporate Governance Report

For The Year Ended 31 December 2018

The Composition of the Board Committees is detailed below:

S/N	Committee	Membership	Designation
1	Board Finance & General Purpose Committee:	Otunba Seni Adetu	Chairman
		Pst. Kings Akuma	Non-Executive
		Mr. Michael Okeke	Non-Executive
		Chief Charles Umolu	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
2	Board Corporate Governance Committee:	Mr. Michael Okeke	Chairman
		Otunba Seni Adetu	Non-Executive
		Mr. Alex Ojukwu	Non-Executive
		Chief Charles Umolu	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
3	Board Risk Committee:	Mr. Alex Ojukwu	Chairman
		Chief Charles Umolu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Michael Okeke	Non-Executive
		Otunba Seni Adetu	Non-Executive
		Mr. Nnamdi Okonkwo	Managing Director/CEO
4	Board Audit Committee:	Otunba Seni Adetu	Chairman (Independent)
		Mr. Alex Ojukwu	Non-Executive
		Chief Charles Umolu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
5	Board Credit Committee:	Chief Charles Umolu	Chairman
		Otunba Seni Adetu	Non-Executive
		Mr. Alex Ojukwu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
		Mr. Nnamdi Okonkwo	Managing Director
		Mr. Balarabe Mohammed	Deputy Managing Director

1. Board Credit Committee:

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

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

2. Board Risk Committee:

This Committee functions as a Standing Committee with responsibility for the enterprise risk management activities of the Bank, approving appropriate risk management procedures, and measurement methodologies, as well as identification and management of strategic business risks of the Bank. It consists of a minimum of four (4) Non-Executive Directors one of whom is an Independent Director and the Managing Director.

Its terms of reference include:

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

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

3. Board Audit Committee:

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

Its terms of reference include:

Corporate Governance Report

For The Year Ended 31 December 2018

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

4. Board Corporate Governance Committee:

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

Its terms of reference include:

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

5. Board Finance & General Purpose Committee:

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

Its terms of reference include:

- (a) Review major expense lines periodically and approve expenditure within the approval limit of the Committee as documented in the financial manual of authorities;
- (b) Participate in and lead an annual strategy retreat for the Board.
- (c) Review annually, the Bank's financial projections, as well as capital and operating budgets and review on a quarterly basis with Management, the progress of key initiatives, including actual financial results against targets and projections.
- (d) Make recommendations to the Board regarding the Bank's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines and the performance of the Bank's investment portfolios.
- (e) Ensure a transparent and competitive tendering process on major contracts to

guarantee the best value for the Bank.

- (f) Review and recommend to the Board for approval, the procurement strategy and policy 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 actions.
- (i) Recommend a comprehensive framework for delegation of authority on financial matters and ensure compliance with same.

B. Attendance at Board and Board Committee Meetings

Records of the Directors' attendance at meetings during Year ended 31 December 2018 are provided below:

Directors	Full Board	Board Corporate Governance Committee (BCGC)	Board Audit Committee (BAC)	Board Credit Committee (BCC)	Board Finance And General Purpose Committee (BFGPC)	Board Risk Committee (BRC)
Total Number Of Meetings	8	8	7	15	12	9
Mr. Ernest Ebi, MFR, FCIB	8	NA	NA	NA	NA	NA
Mr. Michael Okeke	8	8	NA	NA	12	9
Mr. Alex C. Ojukwu	8	8	7	15	NA	9
Otunba Seni Adetu	8	8	7	15	12	9
Pst. Kings Akuma	8	NA	4	15	12	9
Chief Charles Umolu	8	8	7	15	12	9
Mr. Chidi Agbapu	8	NA	1	2	2	NA
Mr. Nnamdi Okonkwo	7	NA	NA	12	NA	7
Mr. Mohammed Balarabe	7	NA	NA	13	NA	NA
Mrs. Chijioko Ugochukwu	7	NA	NA	NA	NA	NA
Mrs. Aku P. Odinkemelu	6	NA	NA	NA	NA	NA

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For The Year Ended 31 December 2018

Directors	Full Board	Board Corporate Governance Committee (BCGC)	Board Audit Committee (BAC)	Board Credit Committee (BCC)	Board Finance And General Purpose Committee (BFGPC)	Board Risk Committee (BRC)
Mrs. Nneka Onyeali-Ikpe	8	NA	NA	NA	NA	NA
Mr. Adeyeye Adepegba	NA	NA	NA	NA	NA	NA
Mr. Robert Nnana-Kalu	4	6	3	11	6	NA
Alhaji Bashari Gumel	NA	NA	NA	2	NA	NA

*NA- Not Applicable

Notes:

- Mr. Adeyeye Adepegba retired on January 24, 2018, before the first Board meeting was convened.
- Alhaji Bashari Gumel retired on February 15, 2018 before the first Board meeting was convened.
- Mr. Robert Nnana-Kalu retired on September 4, 2018.
- Mr. Chidi Agbapu's appointment as a Non-Executive Director was approved by the Central Bank on September 3, 2018.
- Pst. Kings Akuma joined Board Audit Committee in September 2018, following the retirement of Mr. Robert Nnana-Kalu.

C. Statutory Audit Committee

The Statutory Audit Committee was established in compliance with Section 359(3) of the Companies and Allied Matters Act, CAP C20, LFN 2004.

The Committee's primary responsibilities include:

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

Membership and attendance at the Statutory Audit Committee meetings during the year ended 31 December 2018 is as indicated below:

S/N	Name	Designation	MAR 1	APR 18	SEPT 5	SEPT 6	OCT 18	NOV 29	DEC 13	Number Of Meetings	Number Attended
1	Mr Frank Onwu	Chairman/ Shareholder Rep.	√	√	√	√	√	√	√	7	7
2	Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√	√	√	7	7
3	Mr Chidi Agbapu*	Shareholder Representative	√	√	√	√	NA	NA	NA	4	4
4	Mr Michael Okeke	Non-Executive Director	√	√	√	√	√	√	√	7	7
5	Mr Alex Ojukwu	Non-Executive Director	√	√	√	√	√	√	√	7	7

S/N	Name	Designation	MAR 1	APR 18	SEPT 5	SEPT 6	OCT 18	NOV 29	DEC 13	Number Of Meetings	Number Attended
6	Pst.Kings Akuma	Non-Executive Director	√	√	√	√	√	√	√	7	7

Notes

- (i) * Mr. Chidi Agbapu ceased to be a member of the Committee following the Central Bank's approval of his appointment as a Non-Executive Director of the Bank.
- (ii). The Charter of the Statutory Audit Committee requires that at least two (2) representatives of the Shareholders are present at every meeting. This quorum requirement was met throughout the period under review.

Members of the Committee attended the following training programmes during the 2018 financial year:

Course	Vendor	Date	Name
Cultivating the Conscience of Stewards and Gatekeepers	Audit Committee Institute	Jul 11-12, 2018	Frank Onwu, Chidi Agbapu, Christian Nwinia, Alex Ojukwu, Kings Akuma, Michael Okeke
Board Training on IFRS 9	Ernst & Young	Nov 29, 2018	Frank Onwu, Christian Nwinia, Alex Ojukwu, Kings Akuma, Michael Okeke

D. General Meetings

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

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

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

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

E. Management Committees

In addition to the Board, Board Committees, Statutory Audit Committee and the Shareholders in General Meeting, the Bank's governance objectives are also met through the Management Committees. Each Management Committee has a formal Charter which guides its purpose, composition, responsibilities and similar matters. Fuller details on the operations of the Committees are detailed below:

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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 to the Board and the Regulators;
- (f) Review and approve proposals for capital expenditure and acquisitions within its approval limit;
- (g) Make recommendations to the Board on dividend and/or corporate actions for each financial year; and
- (h) Any other matter as the Board may direct.

2. Asset & Liability Committee:

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

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

3. Management Credit Committee:

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

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

- (g) Review and recommend the Bank's loan portfolio limits and classifications.
- (h) Review and recommend changes to credit policy guidelines for Board approval.

4. Criticized Assets Committee:

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

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

5. Quarterly Business Review Committee:

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

- (a) Review the Bank's quarterly performance.
- (b) Monitor budget achievement.
- (c) Assess efficiency of resource deployment in the Bank.
- (d) Review product performance.
- (e) Reappraise cost management initiatives.
- (f) Develop and implement a framework for measuring performance in the Bank.
- (g) Develop Key Performance Indicators (KPI) for business and support units within the Bank.
- (h) Determine the basis for rewards and consequence management.

6. Operational Risk & Service Measurement Committee:

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

The Committee is charged with the following key responsibilities:

- (a) Ensuring full implementation of the risk management framework approved by the Board of Directors.
- (b) Monitoring the implementation of policies, processes and procedures for managing

Corporate Governance Report

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operational risk in all of the Bank's material products, activities, processes and systems.

- (c) Ensuring that clear roles and responsibilities are defined for the management of operational risks throughout all levels of the Bank, including all Business and Support Units.
- (d) Providing support to the Chief Risk Officer and Chief Compliance Officer to ensure that a culture of compliance is entrenched throughout the Bank.

Notes:

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

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

Governance And Management

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

These include the following:

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

Code of Business Conduct and Ethics Policy

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

- (a) Demonstrate the Bank's commitment to the highest standards of ethics and business conduct; and
- (b) Govern the Bank's relationship with employees, customers, suppliers, Shareholders, competitors, the communities in which it operates and the relationship with each other as employees.

The Code requires all Directors, significant Shareholders, officers and employees of the Bank to avoid taking actions or placing themselves in positions that create or could create the appearance of conflict of interest, corruption or impropriety. The Bank must also protect the privacy of its customers' financial and other personal information. The Code provides basic guidelines of business practice, professional and personal conduct that the Bank expects all employees to adopt and uphold as members of Team Fidelity. Employees are also expected to comply with other policies referred to in the Code, additional policies that apply to their specific job functions, and the spirit and letter of all laws and regulations.

At the beginning of each year and upon resumption, all employees are required to formally disclose that they have no material or any other conflicting interests as well as declare their

interest in any account, customer, transaction or person who is a party to a material contract or proposed contract with the Bank.

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

Directors' Code of Conduct Policy

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

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

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

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

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

The Bank has established a mechanism for monitoring compliance with the Policy and affected persons are required to notify the Company Secretary of transactions undertaken on their accounts in the Bank's securities. Enquiries are also made to confirm the Directors compliance with the Policy and in event of non-compliance, the reasons for same and the remedial steps taken. In addition to being hosted on the Bank's website and Share Points Portal (an internal web-based application), the Policy is circulated to all 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

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therefore aim to strengthen its corporate governance and risk management architecture whilst enhancing value for all stakeholders.

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

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

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

- i. Email to ethicscommittee@fidelitybank.ng
- ii. Click on www.fidelitybank.ng/index.php/contact/whistle-blowing-form/
- iii. Call 01-448-5252 (Fidelity True Serve)

A policy statement on whistle-blowing is available on the Bank's website along with a whistle-blowing form, to ease the reporting process. This can be accessed at:

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

The Board is responsible for implementation of the Policy and communication of same to stakeholders. To facilitate implementation of the Policy, the Bank has established an Ethics Committee comprised of staff drawn from key areas of the Bank including Operations, Legal, and Human Resources.

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

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

Gender Diversity

Fidelity Bank is an equal opportunity employer and is committed to promoting gender diversity in the work place. The Bank recognizes that women have different skill sets, viewpoints, ideas and insights which will enable it serve a diverse customer base more effectively. The report on Gender Analysis and steps being taken to enhance gender diversity are detailed in the Directors Report and Sustainability Report at pages 41 and 72 of this Annual Report.

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 adopted a Shareholders' Complaints Management Policy in July 2015. The Company Secretary is vested with the responsibility for implementation of the Policy, resolution of complaints and achievement of outcomes.

The Complaints Management framework includes the process for 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:

- (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 Bank's shares.
- (c) Provide an avenue for Shareholder communication and feedback.
- (d) Recognize, promote and protect Shareholders rights, including the right to comment and provide feedback on service.
- (e) Provide an efficient, fair and accessible framework for resolving Shareholder complaints and feedback to improve service delivery.
- (f) Inform Shareholders on the Shareholder feedback handling processes.
- (g) Establish a framework to guide against trade manipulation, accounting frauds, Ponzi schemes and such other complaints as may be determined by the SEC from time to time.
- (h) Establish and maintain an electronic complaints register and provide information on a quarterly basis to the NSE in line with regulations.
- (i) Protect the Bank from sanctions from regulatory bodies and ensure strict compliance by the responsible parties.

The Company Secretary

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

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

The Company Secretary also acts as a liaison between the Shareholders, the Bank's Registrars

Corporate Governance Report

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and the Investor Relations Desk and ensures timely communication with Shareholders in relation to issuance of shares, calls on shares, replacement of share certificates, managing of shareholding accounts, dividend payment, production and distribution of annual reports amongst others. The Board is responsible for the appointment and disengagement of the Company Secretary.

Governance And Compliance

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

SUSTAINABILITY/ CSR REPORTS

Sustainability Report

Fidelity Bank's mission is to make financial services easy and accessible to customers. Execution of this mission connects us with the goals of driving sustainable economic development and poverty reduction. As a Bank, we recognize that the long term survival of our institution depends on our determination and discipline to abide by sound Environmental Social Governance practices. Fidelity Bank is therefore committed to delivering value edge products and services with the intent to "do no harm" to the environment and the people.

We understand the need to ensure our lending and investment decisions meet the tripod objectives of economic viability, environmental responsibility and social relevance. This way, we continue to ensure that the costs of economic development do not fall disproportionately on those who are poor or vulnerable, that the environment is not degraded in the process, and that renewable natural resources are managed sustainably. With this understanding, Fidelity Bank will continue to observe relevant local and international standards such as the Nigerian Sustainable Banking Principles (NSBP), Equator Principles and the International Finance Corporations (IFC) Performance Standards in managing environmental and social risks in its own operations as well as that of clients it finances.



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

At Fidelity Bank, we understand that our lending and investment decisions could in uncontrolled circumstances, produce negative environmental and social impacts. Consequently, we have developed systems and processes to identify, assess, mitigate, monitor and report such impacts. Our robust E&S risk management procedures which are well entrenched in the Bank's credit and investment processes, afford the Bank the opportunity to help clients secure long term sustenance of their businesses. By so doing, we meet our own objectives of engaging in responsible banking. In line with the strategic aspiration to become a Tier 1 Bank by 2022, the Bank also aspires to be a leader in the provision of sustainable finance by ensuring ESG criteria is integrated into the credit and investment decisions.

Compliance with Equator Principles

Equator Principles (EPs) are the financial sector's leading voluntary standard for identifying, assessing and managing environmental and social risks in relation to projects and project related financing. The Principles are based on the International Finance Corporation's (IFC) Performance Standards (PS) and the World Bank Group's Environmental, Health & Safety (EHS) Guidelines. Equator Principles were launched in 2003, later updated in 2006, and the Equator Principles III (EP III) version released in June, 2013.

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

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business related credit is screened/assessed against a set of Environmental and Social Risk criteria and then classified based on category definitions. Measures to mitigate identified risks are presented as part of loan preconditions and covenants. Fidelity Bank has also instituted measures including maintaining a robust database that supports effective monitoring and reporting on credits assessed to E&S requirements. In the course of our monitoring/inspection visits, the Bank endeavours to provide client education on approaches to achieving long term sustainability of their businesses through effective environmental and social risk management.

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

As a financial institution adopting the EPs, Fidelity Bank undertakes not to support projects where the borrower will not or is unable to comply with the environmental and social requirements arising from the application of the EPs. As part of our E&S assessment procedures, we classify projects in line with the International Finance Corporation's Performance Standards for project categorization as follows:

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

Below, we report our project finance activity, in line with Equator Principle III requirements for the period, January 1 to December 31, 2018. During the review period, Fidelity Bank did

Sustainability Report

not participate in any project finance related advisory services, project-related corporate loans and bridge financing, as defined in the Equator Principles:

Project Finance - Sector Reporting

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

Project Finance - Regional Reporting

Region	E&S Risk Categories		
	A	B	C
Americas	0	0	0
Europe, Middle East and Africa	0	1	0
Asia Pacific	0	0	0
Total	0	1	0

Project Finance - Country Designation

Designation	E&S Risk Categories		
	A	B	C
Designated Countries	0	0	0
Non-Designated Countries	0	1	0
Total	0	1	0

Project Finance - Independent Review

	E&S Risk Categories		
	A	B	C
Yes	0	1	0
No	0	0	0
Total	0	1	0

Fidelity Managed SME As A Vehicle For Poverty Reduction

At Fidelity Bank, our goal is to become the foremost and most innovative SME support banking business in Nigeria while helping our clients build sustainable businesses. Our support for the growth and development of SME businesses is premised on our strong conviction that SMEs hold the key to unlocking the economic fortunes of Nigeria as they spur productivity and growth in the economy, create jobs and alleviates poverty.

It is in recognition of this critical role that Fidelity Bank established the Managed SMEs Division to serve as the fulcrum for its intervention in the SMEs space. Our core banking services include a bouquet of tailored products that are designed to meet the needs of the various segments in the SMEs space whilst fully integrating the unbanked and underbanked SMEs into the financial system.

Fidelity Bank has continued to support artisans under the auspices of the Leather Products Manufacturers Association of Abia State (LEPMASS). We partnered with the Bank of Industry (BOI) to finance over 300 eligible artisans under the BOI-Fidelity Aba Finished Leather Goods Cluster Finance Scheme. Under the scheme, our bank secured and renovated a secretariat for LEPMASS while also building the capacity of its members in sustainable business practices such as - business registration, operating a business account, importance of sustainable business continuity/succession plan, the need to separate the finance of a business from that of its owner etc.

Furthermore, Fidelity Bank is in partnership with the Small and Medium Enterprises Development Agencies of Nigeria (SMEDAN) for disbursement of grants under the SMEDAN Conditional Grants Scheme (SMEDAN CGS) with the pilot of four states on the scheme - Oyo, Ebonyi, Katsina and Akwa-Ibom States. Over 3,000 beneficiaries were enumerated by SMEDAN and were availed grants of N50,000 each.

Beyond providing the tailored, low-cost financial solutions, we also respond to the unique and dynamic needs of the SMEs segment by developing capacity building initiatives that

provides practical guidance to entrepreneurs. Through effective use of the electronic media, business icons, captains of industry and leaders in the public sector are sponsored by the Bank to enlighten SME owners on how to identify and optimize sustainable business opportunities. The Fidelity SME Radio Forum, the Regional SME Conferences and related TV Series remain key platforms for delivery of these capacity building initiatives.

Fidelity Bank also provides sector focused capacity building programmes through its Export Leadership Institute established in partnership with the Lagos Business School (LBS), Pan-Atlantic University and the Nigerian Export Promotions Council (NEPC) to deliver impactful, world-class export management education to existing and potential business leaders.

As proof of commitment to the support of SME businesses, the Bank's SME customer footprint as at date is in excess of 350,000 customers across Nigeria.

Contributing to Greenhouse Emissions Reduction

Fidelity Bank is actively committed to preserving the environment and the struggle against climate change. The Bank recognizes that climate change is one of the most urgent and gripping threats facing human kind and that climate-related impacts poses threat to economic and social well-being and development efforts.

Fidelity will continue to embrace adaptation measures that promote sustainable investments in its business. In pursuit of greenhouse gas emission reduction, we are constantly reviewing our strategy which is channeled towards ensuring efficient energy use and the reduction of the amount of greenhouse gases emanating from our business in the environment. Apart from fitting our new branch buildings with energy saving LED lighting, we have also embarked on the systematic replacement of conventional incandescent lighting in our existing branch facilities, which has helped to reduce our energy consumption of lighting by about 65%. In addition, the energy saver light bulbs are estimated to last 25 times longer than traditional incandescent lighting currently being replaced in the Bank.

The Bank continuously seeks initiatives to help cut down on energy requirements and manage resources more efficiently. These initiatives have impacted positively on the use of fossil fuels in powering generators and reduced consumption from the national grid thus reducing the Bank's Greenhouse Gas footprint and related global warming. One example is the strict implementation of the Bank's early closure policy which mandates employees to close at 6pm, thereby reducing power consumption by 7% bank-wide. We are also progressively introducing solar power at our ATM Galleries especially at the off-site E-locations.

Our video conferencing facilities reduces the carbon footprint from employees travel to the Head Office for meetings.

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

Guided by The International Bill on Human Rights

Fidelity Bank has continued to identify with the International Bill on Human Rights and the conventions of the International Labour Organization in its commitment to uphold Human Rights. The Bank ensures that business is done in a mode that respects human rights while dealing with employees, suppliers and third-party contractors as well as ensures everyone is treated fairly and without discrimination.

The Bank's non-discrimination policy is encapsulated in the Personnel Policies and Procedure Guideline. The policy prohibits use of child labour; forced labour and discrimination on grounds of race, tribe, religion, age, gender or economic background.

Below represents percentage of employee per employee category in each of the following diversity category:

Sustainability Report

Gender

Gender	Percentage Representation (%)
Female	44.46
Male	55.54

Board Seat - Gender Composition

Gender	Numbers	Percentage Representation (%)
Female	3	25
Male	9	75

Age Group

Age	Percentage Representation (%)
0 - 25	3.82
26 - 30	10.08
31 - 35	21.01
36 - 40	36.89
41 - 45	19.74
46 - 50	6.77
51 - 55	1.69

Fidelity Bank maintains effective whistle blowing platforms and grievance mechanism that assist prompt identification and remediation of grievances to ensure that we meet this responsibility always. The Bank's HR Clinic platform was put in place in pursuit of these objectives as the initiative is designed to provide an interactive platform between the HR team and employees bank-wide. The HR Clinic Initiative creates opportunity for counselling to staff and promotes freedom of expression. It also encourages staff to provide feedback on HR processes.

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. As part of the Bank's commitment to driving high standards in health and safety management, the Bank in 2018 was certified to the British Standard OHSAS 18001 on Occupational Health and Safety Management Systems. The Bank therefore has a robust occupational health and safety management systems which promotes safe and healthy working environment.

The Bank is also committed to supporting the good health and wellbeing of every employee and continues to adopt best practices that cater for their healthcare including but not limited to access to appropriate medical intervention through an HMO, annual medical check-up, cancer care treatment, guidance and counseling, equal opportunity policy structures and workplace inclusiveness. Also in 2018, the Bank in collaboration with the HMO launched an in house Medical Bay with a sit-in Medical Doctor and Nurse to provide primary health care to staff around the Victoria Island environs.

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

Empowering And Creating Opportunities For Women

Fidelity Bank believes that gender equality is imperative to the development of any society. Women play a crucial role in achieving sound economic growth and poverty reduction. When empowered, she has the willpower to elevate herself out of poverty and contribute significantly to family income.

Recognizing that women are often prevented from realizing their economic potentials because of gender inequity, Fidelity is committed to creating opportunities for them in its employment as well as through lending, investment and advisory activities.

In this regard and in compliance with the Central Bank of Nigeria requirement, Fidelity Bank ensures adequate female representation in its workforce. Fidelity Bank had 60% female representation on the Executive Board and 44.46% of total staff as at December 31st 2018. Also given the Bank's commitment to ensure equity in employee development, 44% of total expenditure on capacity building was spent on female employees and the trend is on the upper trajectory. Female employees are also given equal access to the staff health care programme as well as financing schemes available in the Bank. Fidelity Bank has several policies which supports the female employees as well as welfare of their families.

In 2018, Fidelity Bank, working with its strategic alliance partners directly implemented a number of business and financial management capacity building programme for women-entrepreneurs. The 'Improving Access to Finance Programme' for Women-owned businesses was held in partnership with ImpactHER, a non-governmental organization (NGO) focused on empowering African women-entrepreneurs. During the period, the programme directly impacted about 800 female entrepreneurs engaged in various sectors of the economy as it gave them insight on how to position their businesses to attract funding from different financiers.

Similarly, we partner with the International Women Society (IWS) to advance social and economic empowerment of women. Working with the leadership of the International Women Society (IWS), we supported an initiative to provide vocational training for 100 young women in areas including Computer Literacy, Hairdressing and Salon Services, Sewing and Fashion Design, Catering and Events Management. The women trained under this programme have gone on to setup their own businesses thereby directly creating 100 addition new jobs and over 300 indirect jobs while improving their economic status and that of their families.

Furthermore, our business management capacity building programme for women in partnership with Perspectives Productions Limited has reached and directly impacted over 2,000 women. These women have experienced business growth and success on account of the platforms to learn business management skills required to better run their businesses.

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 is guided by relevant statutes and codes on Corporate Governance as well as the Company's and Allied Matters Act (2004). 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 continues to pride itself in its long standing good professional and ethical reputation which are sustained through a combination of policies, systems and cultural practices. The Bank has a very effective Code of Conduct and Ethics Policy in place which clearly communicates the Bank's zero tolerance for corruption, money laundering, bribery, abuse of office and similar transgressions. The Bank in 2007 put in place a robust Whistle Blowing Policy in partnership with the professional firm of KPMG, which enables staff

Sustainability Report

report unethical activities affecting any aspect of its operations anonymously. Also, the Bank's Insider Trading Policy defines clear boundaries and consequences for associated contraventions while the Bank's Anti-Bribery and Corruption policies and procedures are recurrently communicated to employees and management in the Bank. These systems have continued to work in concert to strengthen staff confidence, integrity and ensuring a more disciplined staff.

Collaborating With Partners

Fidelity Bank acknowledges that it can do more working together with others than it could acting alone. The Bank therefore endeavors to collaborate with clients who identify and manage environmental and social risks and who pursue environmental and social opportunities and outcomes in their business activities with a view to continually improving sustainability performance. Fidelity participates actively in sector-wide efforts and international initiatives to promote sustainable development. Fidelity is a signatory to the United Nations Environmental Programme-Finance Initiative (UNEP-FI), United Nations Global Compact and Equator Principles. The Bank also partners with the Nigerian Conservation Foundation (NCF) on environmental advocacy initiatives.

Leading By Example In E&S Footprints Management

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

In this regard, the Bank has since 2008 embraced the environmental management concepts of reduce, reuse and recycle. Strategies to realize our commitment to these concepts led to the adoption of digitalization as a key approach to drive process efficiency and resource reduction. The launch of the bank's Expense Management Portal for electronic processing of payments, approvals and issuance of contract award letters/LPOs brought about 20% reduction in paper consumption in 2018 compared to 2017.

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 2018, the Bank continued to maintain its environmental advocacy programme through financial sponsorship and physical participation in the Nigerian Conservation Foundation / Lagos State Government organized Walk-for-Nature programme.

As part of E&S footprint management, Fidelity is committed to creating enduring partnerships for sustainable development whilst adding immense value to the diverse communities in which it operates. The Bank strives for positive social contributions in these communities by providing basic needs, reducing poverty, supporting education, improving health and increasing long-term employment through its internal community help initiative tagged "Fidelity Helping Hands Project (FHHP)". Fidelity also raises staff awareness regarding this commitment.

In 2018, key projects completed and handed over to beneficiary communities under the scheme include renovation of health care centres, construction and renovation of schools, drilling of boreholes, donation of healthcare materials to hospitals, educational materials to schools and relief materials to Internally Displaced Persons (IDP) camps and orphanages/special children's centres, payment of children's school fees and educational support to

inmates etc.

Fidelity Bank also extended its support through sponsorship of the World Sickle Cell day awareness programme held in Lagos in 2018.

Deepening Economic Development Through Financial Inclusion

Fidelity Bank believes that Financial inclusion is a key enabler in alleviating poverty and improving prosperity. The Bank believes that convenient and affordable access to financial services will have significant positive impact not only for the individuals but also for their families, society and the country at large. Fidelity Bank is therefore committed to ensure the poor, marginalized people and those vulnerable to low economic power, engage in formal economic process through ownership and regular usage of formal financial services.

Fidelity Bank's commitment to Financial Inclusion led to the development of the Fidelity Financial Inclusion Policy and Strategy document in alignment with the CBN National Financial Inclusion Strategy and the 2020 targets.

The Bank embeds a no-frills zero balance feature into its savings offerings and coupled with aggressive cluster marketing drive in remote locations, over a 100,000 unbanked were on-boarded in 2018. To incentivize the target market, the bank through a special electronic draw rewarded some customers with cash and consolation prizes.

As part of the Bank's innovative channels which support the Financial Inclusion drive, a digital account opening service called QR-Code for account opening was launched. This initiative which is mainly targeted at the youth segment is a self-service that works with smart phones. The QR-Code has an embedded account opening link that allows easy onboarding of these customers. This innovation complements the Bank's instant banking (USSD/*770#) channel to open instant Tier 1 bank account on any phone. All the digital accounts created instantly all have zero balances. As part of our promotional campaign, customers who immediately fund their accounts are rewarded via digital platforms with N500 airtime. All the aforementioned initiatives have contributed to the increase in the number of uptake among the financially excluded.

Fidelity Bank in 2018, partnered with a FINTECH company to develop an agent banking app to manage the Bank's direct agent network. The Bank adopted a hybrid approach with further partnership with super agents under the CBN Shared Agent Network Expansion Facility (SANEF) to drive financial inclusion especially in areas where the Bank has minimal or no presence. Fidelity Bank got a mandate in November 2018 to partner with NIPOST under the aegis of their Super-Agent network Bank@post. The Bank will leverage this partnership to have financial access points across local government areas in the country.

Fidelity Bank is also committed to the activities of the Financial Inclusion State Steering Committee (FISSCO) working group which was created to stimulate grassroots' participation in Financial Inclusion. The Bank's retail representatives at the various Regional Offices are charged with the responsibility of driving financial inclusion in their respective states and across local governments, more so, accountability metrics have been aligned with the existing performance indicators to drive performance.

Creating Sustainable Solutions For Our Communities

At Fidelity Bank, we are committed to creating sustainable solutions for our communities through the environment, education, health, economic empowerment and youth development.

- | | |
|--|---|
|  <p>Supplied
4million
Books</p> |  <p>Served
2 million
IDPS</p> |
|  <p>Empowered
12,000
Youths</p> |  <p>Supplied
5000
Hospital Equipment</p> |
|  <p>Built
10
Health Centres</p> |  <p>Donated
400
Water Projects</p> |
|  <p>Rebuilt
10
Skill Centres</p> |  <p>Adopted
10
Orphanages</p> |
|  <p>Constructed
10
Security Facilities</p> |  <p>Renovated
300
School Facilities</p> |



Awards & Recognitions



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Corporate Social Responsibility (CSR)

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

In open communities, every man chooses the acreage to till. The focus areas enshrined in our CSR Policy rests on the following areas:

 **Environment**  **Education**  **Health/Social Welfare**  **Youth Empowerment**

Through our CSR initiatives, we strongly believe that intervention in these areas will help build stable and prosperous communities that will shape the future.

Our CSR initiatives are implemented through;

1. The Fidelity Helping Hands Programme (FHHP) – A volunteer programme that supports the communities where we live and do business.
2. The Fidelity Youth Empowerment Academy (YEA)– A bi-annual skills acquisition programme that teaches students to become entrepreneurs whilst still at school.
3. Sponsorships of other impactful CSR projects.
4. Collaborations with partners (both local and international) in the area of Environment, Health and the implementation of Sustainable Development Goals.

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

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

Corporate Social Responsibility

The Environment

On Environment, we promote the preservation, protection and beautification of the environment in two fronts:

Environmental Beautification:

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

Environmental Protection and Renewal:

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



Beautification of Eko Court, Lagos



Beautification of Eko Court, Lagos



Beautification of Falomo Garden, Lagos



Beautification of Onikan Roundabout, Lagos

Education

Fidelity Bank in realization that education is key to development, devotes resources to supporting education at all levels. To this end we have embarked on several schools renovation projects including the provision of educational materials, furniture, sporting facilities to schools across the country. In 2018 and as with previous years, we participated actively in the financial literacy programme of the CBN. We visited several schools and taught financial literacy to 1,845 students during the year.



The Permanent Secretary, Ministry of Education Alh. Mahmud Abubakar with the Fidelity Bank team inspecting the newly constructed block of classrooms at Kwarhi 'B' Primary School, Adamawa State



Katsina State Commissioner for Education Badamasi Lawal Charanchi hands over a basketball to His Excellency, the Executive Governor of Katsina State Hon. Aminu Bello Masari during the official commissioning of the sports facility built by Fidelity Bank



L-R: Commissioner for Youth and Social Development, Agboola Dabiri, Head of Service, Lagos State, Hakeem Muri-Okunola and the Fidelity Bank team during the official commissioning of the renovated and furnished shoe making lab at Lagos State Correctional Facility for Junior Boys, Yaba



The Executive Director, Commercial and Consumer Banking-South, Aku Odinkemelu and the Fidelity Bank team together with students of Santa Maria Nursery and Primary School, Nkpogu, Rivers State, practising with the computers at the official handover ceremony of desktop computers donated to the school



Wife of the Governor of Taraba State, Barr. Anna Darius Ishaku (centre) at the unveiling of the Special Learning Aids and other materials donated by Fidelity Bank to Precious Kids International School in Jalingo. With her is the Commissioner, Urban & Regional Planning, Taraba State, Honourable Hassan Beppah (1st left); Head, CSR & Sustainability, Chris Nnakwe; RBH North East, Musa Tarimbuka; all of Fidelity Bank Plc.



The renovated and furnished Home Economics Centre at Wesley School For The Hearing Impaired, Surulere, Lagos.

Corporate Social Responsibility

Health/Social Welfare

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

Over the years, our activities in these areas include renovation and furnishing of hospitals, provision and renovation of boreholes to provide water, provision of food and other essential items to orphanages and the **Skills Acquisition Programmes** through the **Fidelity Youth Academy (YEA)** where about **3,000 undergraduates** of tertiary institutions were trained and duly empowered towards financial independence across the country. We will continue with this progress in the years ahead.

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

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

1. Donation of relief materials to flood victims at Kaduna flood victims/state emergency management agency SEMA. Lagos State.
2. Provision of sewing machines, hairdryers, grinding machines and other items at kishmi Shelter and Care Foundation, Gombe State.
3. Renovation of playground and repainting of the building at Heritage Homes Orphanage, Anthony Village, Lagos.
4. Provision of computers for the ICT Centre at Home of the Handicapped Nkpogu, Port Harcourt.
5. Provision of two water storage tanks and renovation of one classroom block for Special School for Handicapped Children, Bayelsa State.
6. Provision of various consumable items for Bayelsa State Orphanage Home, Bayelsa.
7. Provision of two inverter batteries and essential materials at Pacelli School for the blind, Surulere, Lagos.
8. Renovation and furnishing of Home Economics Centre at Wesley School for the Hearing Impaired, Lagos State.
9. Provision of study desks/chairs for Pacelli School for the Blind, Lagos.
10. Provision of essential materials for Down Syndrome Foundation Nigeria, Fagba
11. Provision of essential materials at Destitute Home, Akokoba, Yaba, Lagos.
12. Provision of relief materials for flood victims at IDP Camp, Lokoja, Kogi State.
13. Medical outreach at Makoko Community, Lagos Mainland, Lagos State.
14. Furnished School Medical Bay of Bishop Crowther Memorial School (Primary), Bariga, Lagos State.
15. Provision of sports items for refugees at the Ogoja Refugee Camp, Ogoja, Cross River State.
16. Renovation and furnishing of the Female Surgical and Pediatric Ward of Minna General Hospital, Niger State.
17. Payment of GCE registration Fees for prison inmates and donation of essential items at Ikoyi Prison, Alagbon, Lagos State.
18. Construction of basketball and volley ball courts at Family Support School, Katsina State.
19. Provision of essential items and sanitary wares at Arrow of God Orphanage, Ajah, Lagos State.
20. Construction of a block of three class rooms at Kwarhi B Primary School, Mubi, Adamawa State.

21. Provision of essential materials for Vigilant Heart Orphanage, Lekki, Lagos State.
22. Renovation of the MKO ABIOLA DEMOCRACY PARK at Ondo state.
23. Fidelity Bank partnership with Coalition of NGOs and SAMI Red Umbrella Awareness Walk for World Sickle Cell Day, Lagos State.
24. Provision of essential items for Heart of Gold Childrens' Hospice, Surulere, Lagos State.
25. Nationwide presentation of security education and distribution of customized security books at Public Schools across Nigeria.
26. Back to school items, drum sets and renovation of school block at Eguare Primary and Secondary School, Uromi, Edo State.
27. Provision of educational materials, renovation of examination hall and borehole for Precious Kids' International School, Magami, Jalingo, Taraba State.
28. Provision of back to school items, typewriters, consumables, sanitary wares, and mattresses for Benue State Rehabilitation Board, Makurdi, Benue State (school for the less privileged, handicapped and children with special needs).
29. Donation of 30 manual typewriters and essential items to Nigerian Society for the Blind, Oshodi, Lagos.
30. Donation of food and non-food items to Children at Down Syndrome Foundation Nigeria, Lagos.
31. Payment of school fees and donation of toys and other essential items to Heritage Homes Orphanage, Anthony Village, Lagos State.
32. Provision of learning aids and clippers for Wesley School for the Hearing Impaired, Lagos State.
33. Provision of water tank, repainting of the building and provision of food and sanitary items for Lost Hope Restoration Center Motherless Babies Home, Newui, Anambra State.
34. Provision of school band and educational materials for Sidakod Nursery and Primary School & Grant Hood School, Lagos.
35. Provision of books for School Library and construction of electronic bill board for Excellences International School, Jalingo, Taraba State.
36. Renovation and equipping of the Shoe Making Centre at Lagos State Correctional Centre, Lagos State.
37. Education sponsorship for some children at Sought After Childrens' Orphanage Ajah, Lagos.
38. Donation of back-to-school items to Salvation Army Primary School Ebute Metta, Lagos Mainland, Lagos.
39. Provision of home appliances, food items and payment of school fees at Chosen Child Orphanage and Care Center.
40. Provision of furniture and repainting of the building at Arrow of God Orphanage, Ajah.

Our CSR is not only externally driven, we are also committed to a number of internal initiatives including annual free medical checks for staff. These initiatives help to promote healthy work-life balance.



Fidelity Bank Medical Outreach at Makoko Community, Lagos State.

Fidelity Helping Hands Programme (FHHP)



Apapa Regional Bank pays children's school fees at Chosen Child Orphanage Home, Gaskiya Estate, Badia Lagos.



Kaduna Branch donates essential materials to Kaduna flood victims



South Directorate donate mattresses, mosquito nets and food items to Bayelsa State Orphanage Home



Lokoja Branch provides food and sanitary wares to Lokoja flood victims



Inductees in training donate essential items to the Destitute Home, Okokoba, Ebute-Metta, Yaba, Lagos State.



Retail Team donates home appliances and essential materials to Down Syndrome Foundation Nigeria



Fidelity Bank participates in the Sickle Cell Red Umbrella Walk Awareness Campaign



The renovated female surgical ward of Minna General Hospital by Minna Branch of Fidelity Bank



Fidelity Bank UNICAL Branch Partners COHEB to Bring Succour to Ogoja Refugee Camp



Children at the refugee camp playing at the recreational facility donated by Fidelity Bank

CSR Awards



Lagos Albinism Awareness Society Award of Excellent Service to Humanity



Sickle Cell Advocacy and Management Initiative Special Recognition Award



School Educational and Technical Support Award. In appreciation of SEATS EXPO 2018 sponsorship

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REPORTS

Compliance Report

Compliance Management Philosophy and Culture

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

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

Regulatory Pressure

With an increasing Anti Money Laundering (AML) Sanctions regime, regulators across jurisdictions are sending a clear message of zero tolerance for Money Laundering and Terrorist Financing infractions, thereby demanding 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 other related programmes of the Bank. The Bank leverages relevant technology to enable it cope with the ever evolving regulatory compliance environment and requirements that ensures that we deliver excellent services to our customers.

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

- Instituting an independent Compliance Division and appointing a Chief Compliance Officer (CCO) at senior management level and an Executive Compliance Officer (ECO) at Board level to oversee the compliance function, and report to the Board. The Bank provides sufficient human and material resources to the Compliance Division to ensure its effective management.
- Adequate allocation of Compliance Officers in Head Office, Regional Offices and Branches of the Bank through our clustering arrangements to effectively cover all identified risks.
- 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 mitigating controls.

- 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.
- The Bank's Code of Business Conduct and Ethics Policy is made available to every staff to read and understand, and each 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 sanction list/watchlist).
- Employee training.
- Correspondent Banks.
- Customer records.
- Testing adequacy of the framework through independent review by Internal and External

Compliance Report

Auditors.

- Cooperation with Regulators and Law Enforcement Agencies..

Board and Management Responsibilities

The Board of Directors has oversight and overall responsibility for managing compliance in the Bank. However, the Board has delegated this function to the Board Audit Committee (BAC).

The BAC provides supporting oversight on the management of compliance within the Bank. The Committee has the responsibility of ensuring the implementation of the approved compliance risk policies, procedures, processes and tool-sets. The Committee receives quarterly AML/CFT reports and reviews same to ensure compliance with all statutory, regulatory and internal procedures of the Bank. The Committee in turn, submits a quarterly report to the full Board on the foregoing to give assurance.

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

Reports to Board and Senior Management

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

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

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

Fidelity continually conducts appropriate and detailed due diligence on new and existing relationships by monitoring the operation of all accounts to ensure that their activities comply with the laws and regulations which govern their operation and that no account has been used as a conduit for 'dirty' money. Our AML/CFT/KYC policy stipulates that an effective procedure is put in place to identify customers, decline and promptly report suspicious transactions to regulatory authorities and cooperate with law enforcement agencies. In addition, the policy ensures that:

- Due diligence and KYC requirements are carried out on all new relationships (real and legal persons) before on-boarding them. These include obtaining proof of identity (name), verification of the identity using reliable independent source documents and address visitation using independent accredited third party vendors.
- The Bank does not keep anonymous accounts or banking relationships in obviously fictitious names. Relationships are not maintained with "Shell Banks" or with correspondent foreign financial institutions that permit their accounts to be used by Shell Banks.
- The Bank takes requisite measures as required by law during on-boarding of Designated Non-Financial Businesses and Professionals (DNBP). Beneficial-owners of pooled-accounts held by Designated Non-Financial Businesses and Professionals (DNFBPs) are scrutinized to ensure they are consistent with the provisions of the Money Laundering (Prohibition) Act 2011.

Transaction Monitoring

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

The Wolfsberg Group of financial institutions (the “Wolfsberg Group”) emphasized the need for appropriate and continuous monitoring of transactions and customers to identify potentially unusual or suspicious activities and transactions, and for reporting such to relevant regulatory authorities. Fidelity Bank Plc continues to carry out online real-time screening or filtering of account opening, transactions processing, and payment instructions, inclusive of wire or funds transfers, prior to their execution in order to ensure funds are not made available in breach of sanctions, embargoes and other prohibitive measures. Apart from proactive screening, the Bank also carries out retroactive searches through the system to identify specific past transactions as well as existing and closed accounts in order to take timely decisions on further investigation and reporting where necessary.

Basic Statutory Reports

The Nigerian Financial Intelligence Unit (NFIU), the regulatory body in charge of collating financial intelligence requires that all financial institutions render routine reports in a specified format to it. In compliance with this requirement and in accordance with the relevant provisions of Sections 2, 6 and 10 of the Money Laundering Act 2011 (as amended), the Bank renders the following reports to the NFIU.

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

Compliance Report

we also subscribe to the use of international screening systems like The SWIFT sanctions screening for screening of inbound and outbound wire transfers and Acuity (by Bankers Almanac) for screening of 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 failure 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

In accordance with the Statutes of Limitation and Money Laundering Prohibition Act 2011 which stipulate 6 and 5 years respectively for retention of records, Fidelity Bank keeps and retains customer identification documents, account opening records and business correspondence of all customers and related documents for at least a period of six (6) years after closure of the account or severance of the relationship with the customer.

Individual financial transaction records are kept for at least six (6) years after the transaction has taken place.

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

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

Compliance Report

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 which pertain to effectiveness and efficiency of operations, including operational and financial performance goals, and safeguarding assets against loss.

Reporting Objectives which pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or the entity's policies.

Compliance Objectives which pertain to adherence to laws and regulations to which the entity is subject.

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

Control Environment

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

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

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

Risk Assessment

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

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

Control Activities

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

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

Information and Communication

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

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

Monitoring Activities

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

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

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

Fraud and Forgeries

The Bank implemented different mitigating measures to reduce/eliminate fraud and forgeries in 2018. These include:

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

Compliance Report

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

Other measures implemented to mitigate the upsurge in e-fraud are:

- (i) Implementation of mandatory Personal Identification Number requirements for all POS transactions for debit cards except for hotels and web.
- (ii) Implementation of One Time Password (OTP)/second factor authentication for web transactions.
- (iii) 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.

Cybersecurity

As the bank's business process continues to depend on technology, the cyber threat to it continues to increase in volume, frequency and sophistication as a result of risks through exposure from inaction, employee activated cyberattacks, maintaining a static cybersecurity defense, failing to map data vulnerability, etc.

Cybersecurity therefore becomes a business critical concern with an offshoot of CBN mandatory directives. As a result, the bank embarks on a massive investment in future-proof cybersecurity framework that is comprehensive, proactive, resilient, ingrained and evolving. This is targeted at driving an assurance of confidentiality, integrity and availability of the bank's digital space

In recognizing the need for cyber intelligence and in compliance with CBN Risk-Based Cyber Security Framework, the Bank has commenced the process of setting up a Security Operations Centre (SOC). The implementation when completed will better place the Bank to effectively counter these emerging cyber threats.

The bank has also put adequate structures and systems in place that enables it manage, detect, analyze and respond to cyber incidences. Appropriate lessons and reports are also the outcomes of each situation. We are building capacity among our team and also invested in relevant technologies that we help us achieve safety.

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

Customer complaints and feedback

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

Complaints Channels

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

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

Complaints Handling

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

Customer Complaints and Protection Department

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

Complaints tracking and reporting

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

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

Reports on customer complaints are also sent to the Central Bank of Nigeria as required.

A break-down of complaints received and resolved by the bank from January 1 to December 31, 2018 are provided in the schedule below:

S/N	Description	Number of Complaints		Amount Claimed		Amount Refunded	
		2018 (million)	2017 (million)	2018 (million)	2017 (million)	2018 (million)	2017 (million)
1	Pending Complaints B/F	75	48	4,590	1,320	N/A	NA
2	Received Complaints	1,199	1079	8,034	11,249	N/A	NA
3	Resolved Complaints	1,181	1052	3,060	7,979	61	408
4	Unresolved complaints escalated to CBN	-	0	-	0	N/A	NA
5	Unresolved complaints pending with the Bank	93	75	9,564	4,590	N/A	NA



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

In compliance with the guidelines of section 2.8.3 of 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 2018. The CBN code mandates an annual appraisal of the Board with specific focus on the Board’s structure and composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

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

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

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 code. 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 on the continuous improvement on the oversight of the Bank’s assurance functions and succession planning.

A handwritten signature in black ink, appearing to read 'Olumide Olayinka'. The signature is fluid and cursive, written over a light grey rectangular background.

Olumide Olayinka

Partner, KPMG Advisory Services

FRC/2013/ICAN/00000000427

8 March, 2019

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

For the year ended 31 December 2018

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 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 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,

Statement of Directors' Responsibilities

the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

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

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:



Nneka Onyeali-Ikpe
Executive Director
FRC/2017/NBA/00000016998
March 18, 2019



Nnamdi J. Okonkwo
Managing Director/Chief Executive Officer
FRC/2013/ICANI/00000006963
March 18, 2019



Independent Auditors' Report To The Members Of Fidelity Bank Plc

Opinion

We have audited the financial statements of Fidelity Bank PLC (“the Bank”) which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria (CBN) Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants (IESBA), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 (CAMA) and other independence requirements applicable to performing audits of financial statements of Fidelity Bank PLC. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and CAMA applicable to performing the audit of Fidelity Bank PLC. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report

Key Audit Matter	How the matter was addressed in the audit
<p>Financial Asset credit loss (impairment)</p> <p>Financial assets constitute a significant portion of the Bank's statement of financial position, as a major component of the Bank's financial intermediation function revolves around granting of credit and other counter party dealings. The adoption of the International Financial Reporting Standards (IFRS 9) - Financial Instrument recognition and measurement effective 01 January 2018 introduced an expected credit loss model (ECL) for recognizing impairments for financial instruments different from the incurred loss model under IAS 39.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> • Determining criteria for significant increase in credit risk (SICR) for staging purpose. (At origination, financial asset is classified under stage 1, when there is significant increase in credit risk, the financial asset is migrated to stage 2 and subsequently to stage 3 when there is default). • Assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables. • Incorporating forward looking information in the model building process • Factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD) • Factors considered in cash flow estimation including timing and amount • Factors considered in collateral valuation including hair cut and time to realisation. 	<p>Our audit approach was a mix of both control and substantive procedures.</p> <p>We reviewed the Application and IT General Controls governing the IFRS reporting application deployed by the Bank; such as data migration from the core banking application to the IFRS reporting application for processing the IFRS numbers, access controls over inputs into the system, change management controls and staging configuration within the system. We gained an understanding of how the PD's and LGD's were derived by the system by performing a walkthrough using live data.</p> <p>For financial assets classified under stages 1 & 2, we selected material assets and reviewed the repayment history for possible repayment default. We challenged the various factors considered in classifying the financial assets within stage 1 & 2 and in the measurement of ECL.</p> <p>For stage 3 financial assets, we challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization. In instances where we were not satisfied with the assumptions used by the management in its cash flow estimation and discounting, we challenged management assumptions by re-computing the cash flows to determine the recoverable amounts.</p> <p>We also challenged the assumptions in determining the Credit Conversion Factor (CCF) for undrawn commitments and off-balance sheet exposures.</p> <p>Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures.</p>

Key Audit Matter	How the matter was addressed in the audit
<ul style="list-style-type: none"> • Incorporating multiple scenarios • Determining credit conversion factor for undrawn commitments and off -balance sheet exposures such as bonds and guarantees and letters of credits. <p>Adopting IFRS 9 for the first time also requires some judgements in taking certain key decisions which will impact the transitional disclosures as at 01 January 2018.</p> <p>Refer to notes: 2.1.2a, 2.1.3, 8 and 21.</p> <p>This is considered a key audit matter given the level of complexity and judgement involved which required considerable audit time and expertise.</p>	

Other Information

The Directors are responsible for the other information. The other information comprises the Statement of Value Added, the Five year Financial Summary, the Directors' Report as required by Section 342 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Report of Statutory Audit Committee, the Corporate Governance Report and Statements of Directors' responsibility in relation to the preparation of the financial statements, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the 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 relevant Central Bank of Nigeria circulars and for such internal control as the Directors determine is necessary to

Independent Auditor's Report

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of 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) In our opinion proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;
- iii) The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.
- iv) In our opinion, the financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Section 28(2) of the Insurance Act 2003 so as to give a true and fair view

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) Returns on customers' complaints are disclosed in Note 38.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.
- iii) As stated in Note 38.1 to the financial statements, the Bank paid penalties for contraventions of certain sections of the Banks and Other Financial Institutions Act CAP B3, Laws of the Federation of Nigeria 2004 and relevant Central Bank of Nigeria Circulars during the year ended 31 December 2018.



Signed:

Jamiu Olakisan, FCA,
FRC/2013/ICAN/00000003918

For: Ernst & Young (Chartered Accountants)
Lagos, Nigeria

Date: 19 March 2019





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FINANCIAL STATEMENTS

Financial Statement

For The Year Ended 31 December 2018
Attributable to equity holders

Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2018

	Note	2018 N'million	2017 Restated* N'million
Gross Earnings		188,873	180,244
Interest and similar income	6	153,682	147,419
Interest and similar expense	7	(84,095)	(79,278)
Net interest income		69,587	68,141
Credit loss expense	8	(4,215)	(11,315)
Net interest income after credit loss expense		65,372	56,826
Fee and commission income	9	20,410	18,229
Fee and commission expense	9	(3,346)	(3,674)
Other operating income	10	11,144	10,925
Net gains from financial assets at fair value through profit or loss	11	3,637	3,671
Personnel expenses	12	(23,910)	(24,535)
Depreciation and amortisation	13	(6,247)	(4,373)
Other operating expenses	14	(41,971)	(37,856)
Profit before income tax		25,089	19,213
Income tax expense	15	(2,163)	(1,445)
Profit For The Year		22,926	17,768
Other comprehensive income:	32		
Items that will not be reclassified subsequently to profit or loss			
Revaluation gains on equity instruments at fair value through other comprehensive income**		1,612	-
Total items that will not be reclassified subsequently to profit or loss		1,612	-
Items that will be reclassified subsequently to profit or loss			
Debt instruments at fair value through other comprehensive income**:			
- Net change in fair value during the year		(2,424)	-
- Changes in allowance for expected credit losses		277	-
- Reclassification adjustments to profit or loss	16	(1,671)	-
Net losses on debt instruments at fair value through other comprehensive income		(3,818)	-
Available-for-sale financial assets**:			
- Unrealised net gains arising during the year		-	3,732
- Net reclassification adjustments for realised net gains	16	-	(622)
Net gains on available-for-sale financial assets		-	3,110
Total items that will be reclassified subsequently to profit or loss		(3,818)	3,110
Other comprehensive (loss)/income for the year, net of tax		(2,206)	3,110
Total comprehensive income for the year, net of tax		20,720	20,878
** Income from these instruments is exempted from tax			
Earnings per share			
Basic and diluted (in kobo)	17	79.16	61.35

*Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 44.
The accompanying notes to the financial statements are an integral part of these financial statements.

Statement Of Financial Position As At 31 December 2018

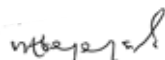
	Note	31 Dec 2018 N'million	31 Dec 2017 Restated* N'million	01 Jan 2017 Restated* N'million
ASSETS				
Cash and balances with central bank	18	384,931	269,625	207,061
Due from banks	20	111,633	52,287	49,200
Loans and advances to customers	21	849,880	768,737	718,401
Investment securities:				
• Financial assets at fair value through profit or loss	22.1	14,052	20,639	18,098
• Debt instruments at fair value through other comprehensive income	22.2	157,639	-	-
• Equity instruments at fair value through other comprehensive income	22.3	9,977	-	-
• Debt instrument at amortised cost	22.4	118,662	-	-
• Available-for-sale	22.5	-	76,815	88,586
• Held to maturity	22.6	-	108,784	138,134
Other assets	26	35,124	43,194	37,510
Property, plant and equipment	23	36,909	38,504	40,356
Intangible assets	24	1,076	629	795
Total Assets		1,719,883	1,379,214	1,298,141
Liabilities				
Deposits from customers	27	979,413	775,276	792,971
Current income tax payable	15	1,609	1,445	1,327
Deferred tax liabilities	25	-	-	-
Other liabilities	28	300,335	185,154	158,725
Provision	29	3,343	2,745	1,546
Debts issued and other borrowed funds	30	240,767	213,233	159,035
TOTAL LIABILITIES		1,525,467	1,177,853	1,113,604
EQUITY				
Share capital	31	14,481	14,481	14,481
Share premium	32	101,272	101,272	101,272
Retained earnings	32	37,133	23,372	25,053
Other equity reserves:				
• Statutory reserve	32	30,744	27,305	24,476
• Small scale investment reserve (SSI)	32	764	764	764
• Non-distributable regulatory reserve (NDR)	32	408	28,837	16,271
• Fair value reserve	32	7,038	5,330	2,220
• AGSMEIS reserve	32	2,576	-	-
Total equity		194,416	201,361	184,537
TOTAL LIABILITIES AND EQUITY		1,719,883	1,379,214	1,298,141

*Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 44. 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 08 March 2019 and signed on its behalf by:



Ernest Ebi
Chairman
FRC/2017/CIBN/00000016317



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



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

Financial Statement

For The Year Ended 31 December 2018
Attributable to equity holders

Statement Of Changes In Equity For The Year Ended 31 December 2018

	Share capital N'million	Share premium N'million	Retained earnings N'million	Statutory reserve N'million	Small scale investment reserve N'million	Non-distributable regulatory reserve N'million	Fair value reserve N'million	AGSMEIS reserve N'million	Total equity N'million
At 31 December 2017	14,481	101,272	23,372	27,305	764	28,837	5,330	-	201,361
Impact of adopting IFRS 9 (Note 2.18)	-	-	(28,393)	-	-	-	3,915	-	(24,478)
Transfers between reserves (Note 32)	-	-	28,393	-	-	(28,393)	-	-	-
Restated opening balance under IFRS 9	14,481	101,272	23,372	27,305	764	444	9,245	-	176,883
Profit for the year	-	-	22,926	-	-	-	-	-	22,926
Other comprehensive income									
Net change in fair value of debt instrument at FVOCI	-	-	-	-	-	-	(2,424)	-	(2,424)
Net change in fair value of equity instrument at FVOCI	-	-	-	-	-	-	1,612	-	1,612
Changes in allowance for expected credit losses	-	-	-	-	-	-	277	-	277
Net reclassification adjustment for realised net gains	-	-	-	-	-	-	(1,671)	-	(1,671)
Total comprehensive income	-	-	22,926	-	-	-	(2,206)	-	20,720
Dividends paid	-	-	(3,186)	-	-	-	-	-	(3,186)
Transfers between reserves (Note 32)	-	-	(5,979)	3,439	-	(36)	-	2,576	-
At 31 December 2018	14,481	101,272	37,133	30,744	764	408	7,038	2,576	194,416
Balance at 1 January 2017	14,481	101,272	25,918	24,476	764	16,271	2,220	-	185,402
Correction of error (See note 44)	-	-	(865)	-	-	-	-	-	(865)
01 January 2017, as restated	14,481	101,272	25,053	24,476	764	16,271	2,220	-	184,537
Profit for the year, as restated (See note 44)	-	-	17,768	-	-	-	-	-	17,768
Other comprehensive income									
Unrealised net losses arising during the year	-	-	-	-	-	-	3,732	-	3,732
Net reclassification adjustment for realised net (gains)	-	-	-	-	-	-	(622)	-	(622)
Total comprehensive income	-	-	17,768	-	-	-	3,110	-	20,878
Dividends paid	-	-	(4,055)	-	-	-	-	-	(4,055)
Transfers between reserves (Note 32)	-	-	(15,395)	2,829	-	12,566	-	-	-
At 31 December 2017, (restated)	14,481	101,272	23,372	27,305	764	28,837	5,330	-	201,361

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

Statement Of Cash Flows For The Year Ended 31 December 2018

		2018	2017 Restated*
	Note	N'million	N'million
Operating Activities			
Cash flows from/(used in) operations	33	113,294	(95,553)
Interest received		146,676	139,724
Interest paid		(81,853)	(77,083)
Paid to staff in respect of Staff gratuity		-	(4,118)
Income tax paid	15c	(1,053)	(996)
Net cash flow (used in)/ from operating activities		177,064	(38,026)
Investing activities			
Purchase of property, plant and equipment	23	(2,281)	(2,057)
Proceeds from sale of property and equipment		76	154
Purchase of intangible assets	24	(2,879)	(369)
Purchase of AFS and HTM financial assets-2017		-	(187,625)
Purchase of FVTOCI financial assets		(246,754)	-
Purchase of amortised cost financial assets		(54,244)	-
Redemption of HTM financial assets at maturity		-	87,975
Proceed from sale of AFS financial assets		-	144,504
Redemption of amortised cost financial assets		51,842	-
Proceed from sale of FVTOCI financial assets		154,647	-
Proceed from sale of equity instruments at FVOCI		1,299	-
Dividend received	10	229	891
Net cash flows (used in)/ provided by investing activities		(98,065)	43,473
Financing activities			
Dividends paid		(3,186)	(4,055)
Proceeds of debts issued and other borrowed funds	30	57,498	135,128
Repayment of long term borrowings	30	(32,317)	(87,318)
Net cash flows (used in)/ from financing activities		21,995	43,755
Net increase in cash and cash equivalents		100,994	49,202
Net foreign exchange difference on cash and cash equivalents		5,061	5,678
Cash and cash equivalents at 1 January	19	140,895	86,015
Cash and cash equivalents at 31 December	19	246,950	140,895

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 for Fidelity Bank Plc (the “Bank”), a company incorporated in Nigeria on 19 November 1987.

The registered office address of the Bank is at Fidelity Place, 2 Kofo Abayomi Street, Victoria-Island, Lagos, Nigeria.

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

2. Summary Of 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 the period presented, unless otherwise stated.

2.1.1 Basis of Preparation

Statement of Compliance

The Bank’s financial statements for year ended 31 December 2018 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 profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, statement of cashflows, significant accounting policies and the notes to the financial statements.

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

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

2.1.2 Changes on Accounting Policies and Disclosures

New and Amended Standards and interpretations

In these financial statements, the Bank has applied IFRS 9, IFRS 7R (Revised) and IFRS 15, effective for annual periods beginning on or after 1 January 2018, for the first time. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Bank.

a) IFRS 9 - Financial Instruments: Impact on Adoption

The Bank has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Bank did not early adopt any earlier versions of IFRS 9 in previous periods. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018.

As permitted by the transitional provisions of IFRS 9, the Bank has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as at 1 January 2018 and are disclosed in Note 2.18 (i.e. Transitional disclosures). Consequently, for notes disclosures, the amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

Changes to Classification and Measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and loans have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39.

The Bank's classification of its financial assets and liabilities is explained in Notes 2.18. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.18.

Changes to the impairment Calculation

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Bank's impairment method are disclosed in Note 2.4.3. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.18 (i.e. Transitional disclosures).

b) IFRS 7 Revised (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Bank has adopted it, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 2.18, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 3.

Reconciliations from opening to closing ECL allowances are presented in Notes 2.18 (Transitional disclosures).

c) IFRS 15 Revenue From Contracts With Customers

The Bank adopted IFRS 15 Revenue from contracts with customers on its effective

Financial Statement

Accounting Policies

date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Bank to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Bank recognises revenues or when revenue should be recognised gross as a principal or net as an agent. Therefore, Fidelity Bank will continue to recognise fee and commission income charged for services provided by the Bank as the services are provided (for example on completion of the underlying transaction). Revenue recognition for trading income and net investment income are recognised based on requirements of IFRS 9. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

d) Impact of Adoption of New Standard on the Third Statement of Financial Position

The Bank adopted new IFRS standards during the period which led to changes in its accounting policies. The Bank applied these changes in accounting policies retrospectively and as such it is expected to present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements as required by IAS 1.40A. However, the third statement of financial position is not presented because the retrospective adjustments have no impact on the third statement of financial position. This is because the Bank opted not to restate the comparative figures as permitted by IFRS 9.

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

Going Concern

The 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.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 3 for further disclosures.

Allowances for Credit Losses

Measurement of the Expected Credit Loss Allowance

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

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

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

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.

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:

Depreciation and Carrying Value of Property, Plant and Equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

2.2 Standards Issued But Not Yet Effective

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

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IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In applying IFRS 16 for the first time, the Bank will use the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases

The Bank plans to adopt IFRS 16 using modified retrospective approach. The Bank has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease. Thus, the adoption of IFRS 16 in 2019 will not have material impact on the Bank.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

Amendment to IAS 1 and 8: Definition of Material

The IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) in October 2018 to clarify and align the definition of material. The amendments are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

The amendments are a response to findings that some companies experienced difficulties using the old definition when judging whether information was material for inclusion in the financial statements.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The changes are effective from 1 January 2020, but companies can decide to apply them earlier. These amendments will not have any impact on the Bank.

Amendment to IFRS 3: Definition of Business

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business

The amendments:

Confirmed that a business must include inputs and a process, and clarified that:

The process must be substantive; and the inputs and process must together significantly contribute to creating outputs.

Narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Earlier application is permitted. Since the Bank is not a consolidated entity, the Bank does not expect any effect on its financial statements.

IFRIC Interpretation 23 Uncertainty Over Income Tax Treatment

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

The Interpretation specifically addresses the following:

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Bank will apply the interpretation from its effective date. Applying the interpretation may affect its financial statements. In addition, the Bank may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis. The Bank is still assessing the impact of these amendments.

Amendments to IFRS 9: Prepayment Features With Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. The Bank is still assessing the impact of these amendments.

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

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

The Bank will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. The Bank does not expect any effect on its financial statements.

These amendments will not have any impact on the Bank.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Bank does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

• IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments do not have any impact on the Bank.

• IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Bank but may apply to future transactions.

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• IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Bank is still assessing the impact of these amendments.

• IAS 23 Borrowing Costs

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

2.3 Foreign Currency Translation and Transaction

(a) Functional and Presentation Currency

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

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

(b) Transactions and Balances

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

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

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

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Translation differences on non-monetary financial instruments, such as equities classified as FVOCI financial assets, are included in other comprehensive income.

2.4 Financial Assets and Liabilities (Policy Applicable for Financial Instruments from 1 January 2018)

2.4.1 Initial Recognition

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

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

Day 1 Profit or Loss

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

Amortised Cost and Gross Carrying Amount

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

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

Effective Interest Method

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

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

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

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Interest Income

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

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

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

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

2.4.2 Financial Assets - Subsequent Measurement

a) Debt Instruments

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

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

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

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

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

Business Model Assessment

The Bank makes an assessment of the objective of a business model in which an asset is

held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

Solely Payments of Principal and interest (SPPI) Assessment

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

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

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

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

Reclassifications

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

Modifications

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset.

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In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

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

b) Equity instruments

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

2.4.3 Impairment of Financial Assets

Overview of the ECL Principles

The Bank assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

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

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

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

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

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

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted

EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Calculation of ECLs

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

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

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

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

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

When estimating the ECLs, the Bank considers only a single scenario which is considered to be the most likely scenario. When relevant, the assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

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

The mechanics of the ECL method are summarised below:

Stage 1

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

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

Stage 2

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

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Stage 3

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

POCI

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

Loan Commitments and Letters of Credit

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

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

Financial Guarantee Contracts

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

Bank Overdraft and Other Revolving Facilities

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

Restructured Financial Assets

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

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

Credit-Impaired Financial Assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets

are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

Collateral Valuation

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

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

Collateral Repossessed

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

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

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processes are not recorded on the statement of financial position.

2.4.4 Presentation of Allowance for ECL

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

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

Write-Off

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

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

2.4.5 Financial liabilities

Initial and Subsequent Measurement

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

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

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

Derecognition

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

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

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

Financial Guarantee Contracts and Loan Commitments

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

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

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

2.5 Accounting Policy Applicable for Financial Instruments before 1 January 2018

2.5.1 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.

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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.

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 and similar income and dividend income on financial assets held for trading are included in ‘Interest and similar income’ and ‘Other operating income’ respectively.

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.

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.

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.

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

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are presented in the Statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

f) 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.

g) 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.

h) Impairment of Financial Assets

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'.

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

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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.

2.6 Revenue Recognition

Interest income and expense

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

Fees and Commission Income

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

Income From Bonds or Guarantees and Letters of Credit

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

Dividend Income

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

2.7 Impairment of Non-Financial Assets

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is

reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.8 Statement of Cash Flows

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

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

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

2.9 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.

2.10 Leases

Leases are divided into finance leases and operating leases.

(a) The company 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 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 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.

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(b) The Company 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.

2.11 Property, Plant and Equipment

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

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

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

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

The assets' residual values 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.

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

2.13 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 Income tax

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

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

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

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

2.14 Provisions

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

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

2.15 Share Capital

(a) Share Issue Costs

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

(b) Dividends on Ordinary Shares

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

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

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

2.16 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.

2.17 Segment Reporting

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

IFRS 8.20 states that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the types of business activities in which it engages and the economic environments in which it operates. Following the management approach to IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Managing Director (the chief operating

decision maker). The following summary describes each of the bank's reportable segments.

Retail Banking

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

Corporate Banking

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

Investment Banking

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

	Note	IAS 39 measurement		Reclassification	Re-measurement		IFRS 9	
		Category	Amount		ECL	Other	Amount	Category
Financial assets			N'million	N'million	N'million	N'million	N'million	
Total Financial assets measured at amortised cost								
Cash and balances with Central Bank	c	Loans and receivables	269,625	-	-	-	269,625	Amortised cost
Due from banks	c	Loans and receivables	52,287	-	-	-	52,287	Amortised cost
Loans and advances to customers	c	Loans and receivables	768,737	-	(27,924)	-	740,813	Amortised cost
Debt instruments at amortised cost:				116,117	(11)	(80)	116,026	Amortised cost
From: Investments - held to maturity (HTM)				108,784				
From: Investments -Available-for-sale(AFS)	a			7,333		(80)		
Other assets	c	Loans and receivables	33,955				33,955	Amortised cost
Total Financial assets measured at amortised cost			1,124,604	116,117	(27,935)	(80)	1,212,706	Amortised cost
Equity instruments at fair value through other comprehensive income (FVOCI)			N/A	5,888	-	3,986	9,874	Fair value through OCI (FVOCI)
From: Investment securities - Available for sale (AFS)	b			5,888		-		
Total equity instruments at fair value through other comprehensive income (FVOCI)				5,888		3,986	9,874	Fair value through OCI (FVOCI)

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	Note	IAS 39 measurement		Reclassification	Re-measurement		IFRS 9	
		Category	Amount		ECL	Other	Amount	Category
Financial liabilities			N'million	N'million	N'million	N'million	N'million	
Debt instruments at fair value through other comprehensive income (FVOCI)			N/A	63,108	-	-	63,108	Fair value through OCI (FVOCI)
From: Investment securities - Available for sale (AFS)	c			63,108				
Total debt instruments at fair value through other comprehensive income (FVOCI)				63,108			63,108	Fair value through OCI (FVOCI)
Financial assets at fair value through profit or loss: Investments (Held for trading)		Fair value through profit or loss (FVPL)	20,639		-	-	20,639	Fair value through profit or loss (FVPL)
Total financial assets at fair value through profit or loss (FVPL)			20,639				20,639	Fair value through profit or loss (FVPL)
Investment: Available for sale (AFS)		AFS	76,815	(76,815)			N/A	
To: Debt instruments at amortised cost	a			(7,333)				
To: Debt instruments at FVOCI	c			(63,108)				
To: Other assets	f			(486)				
To: Equity instruments at FVOCI	b			(5,888)				
		AFS	76,815	(76,815)				
Investments: Held to maturity (HTM)	c	HTM	108,784	(108,784)			N/A	
To: Debt instruments at amortised cost				(108,784)				
		HTM	108,784	(108,784)				
Non-financial assets								
Deferred tax assets	d	N/A	-				-	
Total assets			1,330,842		(27,935)	3,906	1,306,327	

	Note	IAS 39 measurement		Reclassification	Re-measurement		IFRS 9	
		Category	Amount		ECL	Other	Amount	Category
Financial liabilities			N'million	N'million	N'million	N'million	N'million	
Deposits from customers		Other financial liabilities	775,276	-	-	-	775,276	Amortised cost
Other liabilities		Other financial liabilities	185,154	-	-	-	185,154	Amortised cost
Debts issued and other borrowed funds		Other financial liabilities	213,233	-	-	-	213,233	Amortised cost
			1,173,663				1,173,663	
Non-financial liabilities								
Provisions	e	N/A	2,745	-	449	-	3,194	N/A
Total liabilities			1,176,408	-	449	-	1,176,857	

The impact of transition to IFRS 9 on reserves and retained earnings is as follows:

	"Reserves and retained earnings"
	N'million
Fair value reserve - Debt	
Closing balance under IAS 39 (31 December 2017)	5,330
Reclassification of debt securities from available-for-sale to amortised cost	(80)
Recognition of fair value gains on equity investments previously carried at cost	3,986
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	9
Opening balance under IFRS 9 (1 January 2018)	9,245
Non-distributable regulatory reserve	
Closing balance under IAS 39 (31 December 2017)	28,837
Excess charges from IFRS 9 ECL computation (see below)	(28,393)
Opening balance under IFRS 9 (1 January 2018)	444
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	23,997
Recognition of IFRS 9 ECLs including those measured at FVOCI, loan commitments and financial guarantee contracts (see below)	(28,393)
Transfer from non-distributable regulatory reserve	28,393
Deferred tax in relation to the above	
Opening balance under IFRS 9 (1 January 2018)	23,997
Total change in equity due to adopting IFRS 9	3,915

The following table reconciles the aggregate opening allowance for impairment under IAS 39-Financial instruments and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37-Provisions Contingent Liabilities and Contingent Assets to the ECL allowances under IFRS 9.

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		Allowance for impairment under IAS 39/IAS 37 at 31 Dec 2017	Re-measurement	ECLs under IFRS 9 at 1 Jan 2018
		N'million	N'million	N'million
Impairment allowance for:				
Loans and receivables (IAS 39) / Financial assets at amortised cost (IFRS 9)				
Due from banks		-	-	-
Loans and advances to customers		26,578	27,746	54,324
Other assets		1,869	-	1,869
Held to maturity (IAS 39) / Financial assets at amortised cost (IFRS 9)				
Investment securities at amortised cost		-	11	11
Available for sale financial instruments (IAS 39) / Financial assets at FVOCI (IFRS 9)				
Investment securities at FVOCI		-	9	9
		28,447	27,766	56,213
Loan commitments and financial guarantee contracts				
Loan commitments - Loans and advances to customers	e	-	178	178
Financial guarantees - Provisions	e	-	449	449
		-	627	627
Total		28,447	28,393	56,840

2.18 Transition Disclosures

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Bank as detailed below:

a. Classification of Debt Instrument at Amortised Cost

After assessing the Bank's business model for securities within its available for sale portfolio, which are mostly held to collect the contractual cash flows and sell, the Bank has identified certain securities which are managed separately and for which the past practice has been (and the Bank's intention remains) to hold to collect the contractual cash flows. Consequently, the Bank assessed that the appropriate business model for this group of securities is hold to collect. These securities, which amounted to N7.3 billion and which were previously classified as available-for-sale, are classified as being measured at amortised cost from the date of initial application. The remainder of the available for sale portfolio is held to collect contractual cash flows and sell.

The cumulative fair value gains of N79.7 million has been reclassified against the carrying value at 1 January 2018.

b. Designation of Equity Instruments at FVOCI

The Bank has elected to irrevocably designate investments in equity of N5.9 billion in a portfolio of non-trading equity securities at FVOCI as permitted under IFRS 9. These securities were previously classified as available-for-sale with some measured at cost less impairment and others carried at fair value. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

The cumulative fair value gains of N3.9 billion has been recognised at 1 January 2018 for those previously measured at cost less impairment.

c. Reclassification from Retired Categories with no Change in Measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired', with no changes to their measurement basis:

- (i) Those previously classified as available for sale and now classified as measured at FVOCI;
- (ii) Those previously classified as held to maturity and now classified as measured at amortised cost; and
- (iii) Those previously classified as loans and receivables and now classified as measured at amortised cost.

d. Deferred Tax Implication of IFRS 9

Deferred tax assets have not been recognised in respect of the impact of IFRS 9 at the date of initial application; as there is no evidence that there will be sufficient taxable profits available to the Bank in future periods to utilize the asset and the Bank has a recent history of making tax losses, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Bank were able to recognise all deferred tax assets related to the impact of transition, the Bank's equity would increase by N9.1 billion.

e. ECL Computation on Loan Commitment and Financial Guarantee Contracts Under IFRS 9

Provision for financial guarantee contracts and other contingent liabilities were previously determined in accordance with IAS 37- Provisions Contingent Liabilities and Contingent Assets. The impairment computation for loan commitments and financial guarantee contracts is now in accordance with IFRS 9. As at 1 January 2018, the Bank recognise additional impairment of N627million on these instruments in accordance with IFRS 9.

f. Reclassification of Deposit for Investment in Agri-Business/Small and Medium Enterprise Investment Scheme (AGSMEIS) from AFS Investments to Other Assets

This relates to reclassification of deposit for investment in AGSMEIS from available-for-sale investments to Other assets pending actual treatment by the regulator.

Reclassifications to amortised cost	N'million
From available-for-sale (IAS 39 classification)	
Fair value-closing balance	9236
Fair value loss that would have been recognised during the year if the financial asset had not been reclassified	(8)

2.19 Transition Disclosures - continued

For financial assets and liabilities that have been reclassified to the amortised cost category, the following table shows their fair value as at 31 December 2018 and the fair value gain or loss that would have been recognised if these financial assets and liabilities had not been reclassified as part of the transition to IFRS 9:

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3. Financial Risk Management And Fair Value Measurement And Disclosure

3.1 Introduction and Overview

IFRS 7 par 31: An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period.

Enterprise Risk Management

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

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

(ii) Clearly defined governance structure.

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

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

Risk Management Governance Structure

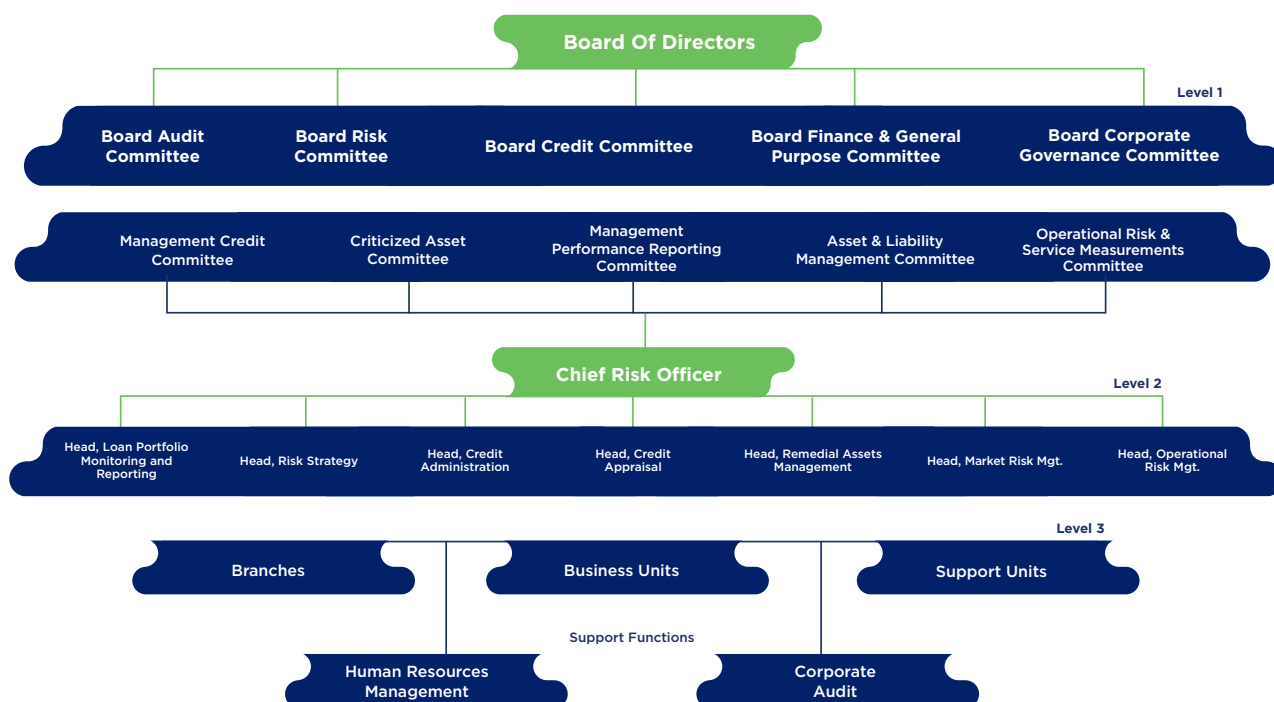
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

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

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

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

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



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

Risk Culture

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

Risk Appetite

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

The Bank define 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

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by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

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

The Bank measures and manages credit risk following the principles below:

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

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

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

3.2.2 Credit Risk Ratings

A primary element of the Bank's credit approval process is a detailed risk assessment of every credit associated with a counter-party. The Bank's risk assessment procedures

consider both the credit worthiness of the counter-party and the risks related to the specific type of credit facility or exposure. This risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the level of decision-making authority required to extend or materially change the credit and the monitoring procedures we apply to the on-going exposure.

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

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

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

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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.

Monitoring Default Risk

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

3.2.4 Expected Credit Loss Measurement

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

Change in credit quality since initial recognition

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

(a) Significant Increase in Credit Risk

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

defined and calibrated such that the risk of default occurring increases as the credit risk deteriorates.

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

Backstop Indicators

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

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

(b) Definition of Default

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

Quantitative Criteria

- Internal credit rating - Downgrade from Performing to Non-performing
- Days past due (Dpd) observation - DPDs of 90 days and above

(c) Measuring ECL – Explanation of Inputs, Assumptions and Estimation Techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

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thereof.

The Lifetime PD is derived by using historical data to develop specific lifetime PD models for all asset classes. The long term span of historical data is then used to directly model the PD across the life of an exposure. For debt instruments that are not internally rated, the Bank obtains the issuer ratings of such instruments and matches them to its internal rating framework to determine the equivalent rating. The lifetime PD curves developed for that rating band will then be used.

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

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

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

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

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

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

In addition to the base economic scenario, the Bank’s strategy team also provides other possible scenarios along with scenario weightings. The number of other scenarios used is based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2018 and 31 December 2018, the Bank concluded that three scenarios appropriately captured non-linearities for all its portfolios.

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

Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2018 are set out below. The scenarios “base”, “upside” and “downside” were used for all portfolios.

		2019	2020	2021
Foreign exchange rate (N)				
	Base Case	375	380	385
	Best Case	355	360	365
	Worse Case	395	400	405
Inflation rate				
	Base Case	11.30%	10.80%	8.50%
	Best Case	9.30%	8.80%	7.50%
	Worse Case	13.30%	12.80%	10.50%
Crude Oil (\$)				
	Base Case	55.00	50.00	50.00
	Best Case	70.00	65.00	60.00
	Worse Case	40.00	35.00	30.00
Foreign Reserves (\$ Bn)				
	Base Case	35.14	31.94	30.44
	Best Case	43.33	40.24	39.44
	Worse Case	26.82	23.47	21.97
Unemployment rate				
	Base Case	23.93%	24.33%	24.73%
	Best Case	22.43%	22.83%	23.23%
	Worse Case	25.43%	25.83%	26.23%
Real Gross Domestic Product				
	Base Case	2.90%	3.40%	3.60%
	Best Case	3.40%	3.90%	4.10%
	Worse Case	1.40%	1.90%	2.10%
Monetary Policy Rate (MPR)				
	Base Case	13.00%	13.50%	13.50%
	Best Case	11.00%	11.50%	11.50%
	Worse Case	15.00%	15.50%	15.50%

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(e) Grouping Financial Instruments for Collective Assessment

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

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

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

3.2.5 Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements

The Bank's maximum exposure to credit risk as at 31 December 2018 and 31st December 2017 is represented by the net carrying amounts of the financial assets set out below:

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	31 December 2018			
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	340,307	-	-	340,307
Due from banks	111,633	22,980	-	88,653
Loans and advances to customers	906,624	9,541,020	8,634,396	
Investments:				
• Financial assets at fair value through profit or loss	14,052	-	-	14,052
• Debit instruments at fair value through other comprehensive income	157,639	-	-	157,639
• Debit instruments at amortised cost	118,872	-	-	118,872
Other assets	30,470	-	-	30,470
Financial guarantee contracts:				
Performance bonds and guarantees	238,443	-	-	238,443
Letters of credit	188,641	188,641	-	0
Other commitments				
	2,106,681	9,752,640	8,634,396	988,437

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	31 December 2017			
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	242,091	-	-	242,091
Due from banks	52,287	-	-	52,287
Loans and advances to customers	795,315	3,477,099	2,708,362	-
Investments:				
• Held for trading(Fair value through profit or loss)	20,639	-	-	20,639
• Available for sale*	70,441	-	-	70,441
• Held to maturity	108,784	-	-	108,784
Other assets	33,955	-	-	33,955
Financial guarantee contracts:				
Performance bonds and guarantees	231,014	-	-	231,014
Letters of credit	138,975	-	-	138,975
	1,693,501	3,477,099	2,708,362	898,186

*Excluding equity instruments

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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 2018, is set out below:

31 Dec 2018					
	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	340,307	111,633	849,880	290,353	30,470
Concentration by sector					
Agriculture	-	-	17,033	-	-
Oil and gas	-	-	207,918	-	-
Consumer credit	-	-	37,641	-	-
Manufacturing	-	-	131,894	-	-
Mining and Quarrying	-	-	1,406	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	30,355	-	-
Construction	-	-	31,154	-	-
Finance and insurance	-	112,439	4,944	3,561	-
Government	-	-	112,595	287,002	-
Power	-	-	112,709	-	-
Other public utilities	-	-	5,714	-	-
Transportation	-	-	96,757	-	-
Communication	-	-	22,463	-	-
Education	-	-	3,951	-	-
Other	340,307	-	90,089	-	30,470
Total gross amount	340,307	112,439	906,623	290,563	30,470

Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	112,439	-	-	-
Nigeria:					
North East	-	-	8,935	-	-
North Central	340,307	-	59,394	-	-
North West	-	-	19,194	-	-
South East	-	-	36,544	-	-
South South	-	-	99,456	-	-
South West	-	-	683,099	290,563	30,470
Total gross amount	340,307	112,439	906,623	290,563	30,470

31 Dec 2017					
	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Investment securities	Other assets
Financial assets with credit risk:	N'million	N'million	N'million	N'million	N'million
Carrying amount	214,557	52,287	768,737	199,864	33,955
Concentration by sector					
Agriculture	-	-	12,657	-	-
Oil and gas	-	-	204,695	-	-
Consumer credit	-	-	44,751	-	-
Manufacturing	-	-	77,368	-	-
Mining and Quarrying	-	-	1,152	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	24,506	-	-
Construction	-	-	27,979	-	-
Finance and insurance	214,557	52,287	3,915	199,864	33,955
Government	-	-	107,489	-	-
Power	-	-	102,727	-	-
Other public utilities	-	-	5,256	-	-
Transportation	-	-	72,302	-	-
Communication	-	-	37,874	-	-
Education	-	-	3,549	-	-
Other	-	-	69,095	-	-
Total gross amount	214,557	52,287	795,315	199,864	33,955

Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	52,287	-	-	-
Nigeria:					
North East	-	-	9,409	-	-
North Central	214,557	-	73,942	-	-
North West	-	-	23,288	-	-
South East	-	-	39,658	-	-
South South	-	-	76,340	-	-
South West	-	-	572,679	199,864	33,955
Total gross amount	214,557	52,287	795,315	199,864	33,955

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3.2.7 Credit Quality

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

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

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

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Investment grade	10,121	-	-	10,121	-
Standard monitoring	267,059	136,853	-	403,912	418,182
Default	-	-	10,957	10,957	16,518
Gross carrying amount	267,059	136,853	10,957	424,990	434,700
Loss allowance	(6,107)	(13,776)	(2,220)	(22,103)	(10,260)
Carrying amount	260,952	123,077	8,737	402,887	424,441

b) Government, Public Sector & NBFIs Portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Investment grade	3,412	-	-	3,412	-
Standard monitoring	96,713	-	-	96,713	102,369
Default	-	-	86	86	49
Gross carrying amount	100,125	-	86	100,211	102,418
Loss allowance	(369)	-	-	(369)	(365)
Carrying amount	99,756	-	86	99,842	102,053

c) Transport, Communication, Commerce & General Portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Investment grade	1,598.00	-	-	1,598	-
Standard monitoring	161,060	32,555	-	193,615	113,104
Default	-	-	22,894	22,894	5,854
Gross carrying amount	162,658	32,555	22,894	218,107	118,958
Loss allowance	(4,677)	(2,679)	(12,208)	(19,564)	(6,073)
Carrying amount	157,981	29,876	10,686	198,543	112,885

d) Automobile, Equipment & Mortgage Loans Portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-	-
Standard monitoring	19,721	72	-	19,793	18,187
Default	-	-	7,049	7,049	10,099
Gross carrying amount	19,721	72	7,049	26,842	28,286
Loss allowance	(67)	-	(4,483)	(4,550)	(4,872)
Carrying amount	19,654	72	2,566	22,292	23,415

e) Medium and Small Scale Enterprises Portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-	-
Standard monitoring	62,431	3,325	-	65,756	38,153
Default	-	-	6,803	6,803	3,512
Gross carrying amount	62,431	3,325	6,803	72,559	41,664
Loss allowance	(274)	(48)	(3,466)	(3,788)	(1,333)
Carrying amount	62,157	3,277	3,337	68,771	40,332

f) Personal & Employee Loans Portfolio

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-	-
Standard monitoring	60,023	79	-	60,102	66,471
Default	-	-	3,812	3,812	2,816
Gross carrying amount	60,023	79	3,812	63,914	69,287
Loss allowance	(2,958)	-	(3,411)	(6,369)	(3,726)
Carrying amount	57,065	79	401	57,545	65,561

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

31 Dec 2018					
	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Not Due & Not impaired	340,307	-	-	14,052	30,470
Past due and not impaired (0-30 days)	-	111,633	682,138	276,511	-
Past due and not impaired (31-90 days)	-	-	172,884	-	-
Past due and impaired (aged above 90 days)	-	-	51,601	-	-
Gross	340,307	111,633	906,623	290,563	30,470
Impairment Allowance	-	(744)	(56,743)	(210)	-
Net	340,307	110,889	849,880	290,353	30,470

31 Dec 2017					
	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Collectively impaired	214,557	52,287	751,983	199,864	33,955
Individually impaired	-	-	43,332	-	-
Gross	214,557	52,287	795,315	199,864	33,955
Impairment allowance					
Collective impairment	-	-	(10,501)	-	-
Individual impairment	-	-	(16,077)	-	-
Net	214,557	52,287	768,737	199,864	33,955

(a) Financial Assets Due And Not Impaired - By Rating Class

The credit quality of the portfolio of financial assets that were past due and not impaired can be assessed by reference to the internal rating system adopted by the Bank.

	Due from Banks	Overdrafts	Term loans	Finance lease	Total loan	Other assets
31 December 2018						
	N'million	N'million	N'million	N'million	N'million	N'million
Grades:						
1. AAA to AA	71,818	279	-	208	487	-
2. A+ to A-	40,621	1,405	12,776	462	14,644	-
3. BBB+ to BB-	-	25,533	771,568	4,781	801,881	-
4. Below BB-	-	-	21,215	16,795	38,010	-
5. Unrated	-	-	-	-	-	30,470
	112,439	27,217	805,559	22,245	855,022	30,470
Impairment Allowance	(806)	(543)	(30,066)	(346)	(30,955)	-
Net Amount	111,633	26,674	775,493	21,899	824,067	30,470

	31 December 2017						
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Grades:							
1. AAA to AA	52,287	164	-	251	-	415	-
2. A+ to A-	-	2,221	52,370	-	-	54,590	-
3. BBB+ to BB-	-	11,250	100,200	1,524	-	112,973	-
4. Below BB-	-	14,990	77,226	12,523	-	104,739	-
5. Unrated	-	18,052	459,678	1,536	-	479,266	33,955
	52,287	46,676	689,474	15,834	-	751,983	33,955
Collective Impairment	-	(4,360)	(5,941)	(200)	-	(10,501)	-
Net Amount	52,287	42,316	683,533	15,634	-	741,482	33,955

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(b) Financial Assets Past Due And Impaired - By Rating Class

	Overdrafts	Term loans	Finance lease	Total
31 December 2018	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	-	-	-	-
3. BBB+ to BB-	105	-	-	105
4. Below BB-	7,899	39,008	4,590	51,497
5. Unrated	-	-	-	-
	8,003	39,008	4,590	51,601
Impairment	(4,794)	(16,439)	(4,555)	(25,788)
Net amount	3,210	22,570	34	25,814

	Overdrafts	Term loans	Finance lease	Total
31 December 2017	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	-	-	-	-
3. BBB+ to BB-	-	-	-	-
4. Below BB-	9,651	26,050	7,021	42,721
5. Unrated	610	-	-	610
	10,261	26,050	7,021	43,332
Individual impairment	(3,553)	(8,784)	(3,740)	(16,077)
Net amount	6,708	17,266	3,281	27,255

B) Maximum Exposure to Credit Risk - Other Financial Assets

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

Financial assets designated at fair value through profit or loss	Maximum exposure to credit risk N'million
• Debt securities	
Federal Government bonds	86
Treasury bills	13,966

The credit quality of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal ratings as at 31 December 2018 and 31 December 2017:

Investments in Government Securities						
	Cash & cash equivalents	Treasury bills	Federal Govt bonds	State bonds	Corporate bonds	Total
31 December 2018	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	206,329	189,236	89,363	-	-	484,928
A+ to A-	-	-	-	6,566	-	6,566
BBB+ to BB-	40,621	-	-	-	5,398	46,019
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	246,950	189,236	89,363	6,566	5,398	537,513

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

Loss Allowance

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

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

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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 collateralise its credit exposure to a customer, such an obligor is expected to repay the loan in the ordinary course of business without forcing the Bank to look to the collateral for ultimate repayment. Therefore, if while reviewing a loan request, there is the possibility that the collateral will need to be relied upon to repay the loan, the Bank will not grant the facility.

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

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

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

The Bank's policies regarding obtaining collateral have not significantly changed during the

reporting year and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

The following table indicates the Bank's credit exposures by class and value of collaterals:
The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as

	31 December 2018		31 December 2017	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against real estate	63,635	189,758	503,293	2,905,383
Secured by shares of quoted companies	-	-	158,718	299,269
Secured by Others	834,417	9,351,270	133,304	272,447
Unsecured	8,571	-	-	-
Gross loans and advances to customers	906,623	9,541,028	795,315	3,477,099

it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

3.3 Liquidity risk

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

3.3.1 Management of Liquidity Risk

The Bank's principal liquidity objective is to ensure that the Bank holds sufficient liquid reserve to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the bank to meet all payment obligations as they fall due. 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 Risk Committee (BRC) as well as Asset and Liability Committee (ALCO) and daily by the ALM group. The liquidity management framework is designed to identify, measure and manage the Bank's liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

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

Short-Term Liquidity

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

Asset Liquidity

The asset liquidity component tracks the volume and booking location of the Bank's inventory of unencumbered liquid assets, which 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.

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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 which take place in the Bank's operating environment, the Bank conducts stress tests to evaluate the size of potential losses related to movements in relevant factors under extreme market conditions. These are conducted on elements of its trading portfolio and the balance sheet in response to the economic and market outlook. Consideration is given to historical events, prospective events and regulatory guidelines. The 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 2018	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	135,317	-	-	249,868		385,185
Due from banks	71,625		43,353	-	-	114,978
Loans and advances to customers	50,982	82,054	77,812	409,207	290,020	910,075
Investment securities	-	-	-	-	-	-
- Financial instrument at FVTPL	242	808	12,901	730	-	14,681
- Debt instruments at amortised	2,134	18,241	32,608	28,919	38,320	120,222
- Debt instruments at FVOCI	12,859	36,144	88,741	6,205	14,147	158,097
Other assets	25,525		3,515		1,430	30,470
Total financial assets	298,684	137,248	258,930	694,929	343,917	1,733,708
Financial liabilities						
Customer deposits	133,040	163,327	129,069	553,982	1	979,419
Other liabilities	62,215	31,671	69,966		136,815	300,667
Debt issued and other borrowed funds	23,087	11,108	33,922	173,102	-	241,219
Total financial liabilities	218,342	206,106	232,957	727,084	136,816	1,521,305
Gap (assets-liabilities)	80,342	(68,858)	25,973	(32,155)	207,101	
Cumulative liquidity gap	80,342	11,484	37,458	5,302	212,403	
Financial guarantee contract:						
Performance bonds and guarantees	9,695	67,453	27,364	79,231	54,700	238,443
Letters of credit	77,752	97,280	9,691	3,918	-	188,641
Total	87,447	164,733	37,055	83,149	54,700	427,084

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2017	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	89,094	-	-	181,017	-	270,111
Due from banks	52,287	-	-	-	-	52,287
Loans and advances to customers	54,140	34,862	101,589	456,370	224,415	871,377
Investment securities						
- Held for trading	456	1,434	11,013	1,995	6,743	21,640
- Available for sale	2,901	11,542	30,706	11,847	16,236	73,232
- Held to maturity	4,088	14,000	30,397	39,617	26,001	114,104
Other assets	4,021	6,089	23,845	-	-	33,955
Total financial assets	206,987	67,927	197,551	690,847	273,394	1,436,707
Financial liabilities						
Customer deposits	186,804	175,392	71,541	375,693	-	809,430
Other liabilities	59,312	9,968	6,064	-	112,295	187,639
Debt issued and other borrowed funds	-	-	14,954	56,479	220,736	292,169
Total financial liabilities	246,116	185,360	92,559	432,172	333,031	1,289,238
Gap (assets-liabilities)	(39,129)	(117,433)	104,992	258,675	(59,637)	
Cumulative liquidity gap	(39,129)	(156,562)	(51,570)	207,105	147,469	
Financial guarantee contract:						
Performance bonds and guarantees	21,423	36,331	28,050	90,868	54,342	231,014
Letters of credit	20,128	112,304	6,543	-	-	138,975
Total	41,551	148,635	34,593	90,868	54,342	369,989

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 refer to interest rates, equity prices, foreign exchange rates, commodity prices, the correlations among them and their levels of volatility. Interest rate and equity price risks consist of two components each: general risk, which describes value changes due to general market movements, and specific risk which has issuer-related causes.

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

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

3.4.2 Measurement of Market Risk

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

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2018.

31 December 2018					
	USD	GBP	Euro	Naira	Total
	N'million	N'million	N'million	N'million	N'million
Financial assets					
Cash and balances with Central Bank	21,246	719	554	362,411	384,931
Due from banks	104,170	2,235	5,011	218	111,633
Loans and advances to customers	348,453	287	389	500,751	849,880
Investment securities:					
- Financial assets at FVTPL	-	-	-	14,052	14,052
- Debt instruments at FVOCI	3,835	-	-	153,804	157,639
- Equity instruments at FVOCI	-	-	-	9,977	9,977
- Debt instruments at amortised cost	-	-	-	118,662	118,662
Other financial assets	-	-	11	30,456	30,467
	477,704	3,241	5,964	1,190,332	1,677,241
Financial liabilities					
Customer deposits	205,750	3,198	4,956	765,508	979,413
Other liabilities	81,062	2,365	737	216,171	300,334
Debt issued and other borrowed funds	143,516	-	-	97,250	240,766
	430,327	5,563	5,693	1,078,929	1,520,513
Net exposure	47,377	(2,322)	270	111,403	156,728

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	47,377	(2,322)	270
Closing Exchange Rate (Naira/ Currency)	359	465	416
1% Currency Depreciation (+)	362	470	420
Net effect of depreciation on Profit or loss (pre-tax)	474	(23)	3
1% Currency Appreciation (-)	355	461	412
Net effect of appreciation on Profit or loss (pre-tax)	(474)	23	(3)

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2017.

31 December 2017					
	USD	GBP	Euro	Naira	Total
	N'million	N'million	N'million	N'million	N'million
Financial assets					
Cash and balances with Central Bank	-	-	-	269,625	269,625
Due from banks	40,954	2,041	818	8,475	52,287
Loans and advances to customers	352,928	463	398	414,948	768,737
Investment securities:					
- Financial assets held for trading	-	-	-	20,639	20,639
- Available for sale	-	-	-	77,211	77,211
- Held to maturity	13,857	-	-	94,927	108,784
Other financial assets	1,784	0	-	32,171	33,955
	409,523	2,504	1,215	917,996	1,331,238
Financial liabilities					
Customer deposits	90,756	2,312	2,501	679,707	775,276
Other liabilities	66,837	543	3,608	119,424	183,200
Debt issued and other borrowed funds	179,515	-	-	33,718	213,233
	337,108	2,855	6,109	832,849	1,171,709
Net exposure	72,415	(352)	(4,893)	85,147	159,529

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	72,415	(352)	(4,893)
Closing Exchange Rate (Naira/Currency)	333	451	400
1% Currency Depreciation (+)	337	455	404
Net effect of depreciation on Profit or loss	724	(4)	(49)
1% Currency Appreciation (-)	330	446	396
Net effect of appreciation on Profit or loss	(724)	4	49

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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.

3.4.3 Interest Rate Risk

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

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2018	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	384,931	-	-	384,931
Due from banks	111,633	-	58,124	53,510
Loans and advances to customers	849,880	231,563	618,317	-
Investment securities				
- Financial assets at FVTPL	14,052	-	14,052	(0)
- Debt instruments at FVOCI	157,639	-	157,639	-
- Debt instruments at amortised cost	118,662	-	118,662	-
Other financial assets	30,470	-	-	30,470
	1,667,267	231,563	966,795	468,910
Financial liabilities				
Customer deposits	979,413	-	473,950	505,463
Other liabilities	300,334	-	133,840	166,494
Debts issued and other borrowed funds	240,767	44,577	196,190	-
	1,520,514	44,577	803,980	671,957

	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
31 December 2017	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	270,111	-	-	270,111
Due from banks	52,287	-	8,483	43,804
Loans and advances to customers	768,737	284,810	483,927	-
Investment securities				
- Financial assets held for trading	20,639	-	20,639	-
- Available for sale	70,441	-	64,425	6,016
- Held to maturity	108,784	-	108,784	-
Other financial assets	33,955	-	-	33,955
	1,324,954	284,810	686,258	353,886
Financial liabilities				
Customer deposits	775,276	-	356,804	418,472
Other liabilities	185,154	-	109,810	75,344
Debts issued and other borrowed funds	213,233	35,529	177,704	-
	1,173,663	35,529	644,318	493,816

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(a) 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 on maturity
- For variable rates linked to prime, it is the date prime is next expected to change unless the instrument is expected to mature sooner
- For non-interest bearing items it is not included in the table.

31 December 2018	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	17,940		40,184			58,124
Loans and advances to customers	30,831	79,730	73,160	388,096	278,062	849,880
Investment securities						-
- Financial assets at FVTPL	242	808	12,901	101	-	14,052
- Debt instruments at FVOCI	12,859	36,144	88,741	6,182	13,712	157,639
- Debt instruments at amortised cost	2,134	18,241	32,608	27,359	38,320	118,662
Total assets	64,006	134,924	247,595	421,738	330,094	1,198,357
Financial liabilities						
Customer deposits	88,806	74,834	150,701	159,609		473,950
Other liabilities				133,840		133,840
Debts issued and other borrowed funds	23,088	11,108	33,469	173,102	-	240,767
Total liabilities	111,894	85,942	184,170	466,551	-	848,557
Net financial assets/ (liabilities)	(47,888)	48,982	63,425	(44,813)	330,094	349,800

31 December 2017	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	-	-	-	-	-	-
Due from banks	8,483	-	-	-	-	8,483
Loans and advances to customers	30,679	34,862	101,589	380,309	221,298	768,737
Investment securities						
- Available for sale			20,639			20,639
- Held to maturity			20,639			20,639
Total assets	39,162	34,862	142,867	380,309	221,298	818,498
Financial liabilities						
Customer deposits	553,320	105,054	25,593	91,309	-	775,276
Debt issued and other borrowed funds	-	-	14,954	56,479	137,960	213,233
Total liabilities	553,320	105,054	40,547	147,788	137,960	988,509
Net financial assets and liabilities	(514,158)	(70,192)	102,320	232,521	83,338	(170,011)
Net financial assets and liabilities excluding Available for sale	(514,158)	(70,192)	81,681	232,521	83,338	(190,650)

(b) Interest rate sensitivity analysis on variable rates instruments on profit and equity - 31 Dec 2018

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million
Loans and advances to customers	+200bp/-200bp	231,563	4,631	(4,631)
Debts issued and other borrowed funds	+200bp/-200bp	44,577	(892)	892

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

Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit
		N'million	N'million	N'million
Loans and advances to customers	+/-200bp	284,810	5,696	(5,696)
Debts issued and other borrowed funds	+/-200bp	35,529	(711)	711

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(c) interest rate sensitivity analysis on fixed rate instruments on profit and equity - 31 Dec 2018				
Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million
Investments:				
-Financial assets held for trading	+/-200bp	14,052	(281)	281
-Debt instruments at FVOCI*	+/-200bp	157,639	(3,153)	3,153

(c) interest rate sensitivity analysis on fixed rate instruments on profit and equity - 31 Dec 2018				
Asset with variable interest rate	Increase/Decrease in bp	Amount	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million
Investments:				
-Financial assets held for trading	+/-200bp	20,639	(413)	413
-Debt instruments at FVOCI*	+/-200bp	64,425	(1,289)	1,289

* Debt instruments at FVOCI and available for sale financial assets will affect other comprehensive income instead of profit or loss.

3.4.4 Equity Price Risk

The Bank holds a number of investments in unquoted securities which are carried at fair value with a market value of N9.977billion (31 December 2017: N5.125 billion).

3.5 Fair Value Of Financial Assets And Liabilities

	31 December 2018		31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	384,931	384,931	269,625	269,625
Cash	44,624	44,624	27,534	20,335
Balances with central bank other than mandatory reserve deposits	90,693	90,693	61,074	13,858
Mandatory reserve deposits with central banks	249,614	249,614	181,017	151,139
Due from banks	111,633	112,439	52,287	52,287
- Current balances with foreign banks	53,684	53,684	43,812	43,812
- Placements with other banks and discount houses	57,949	58,755	8,475	8,475

	31 December 2018		31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	N'million	N'million	N'million	N'million
Loans and advances to customers	849,880	906,623	712,284	703,763
- Term loans	744,967	784,903	689,817	682,100
- Advances under finance lease	21,193	26,835	22,467	21,663
- Other loans	83,719	94,885	-	-
Fair Value Through Profit and Loss	14,052	14,052	20,639	20,639
- Treasury bills	13,966	13,966	18,337	18,337
- Federal Government bonds	86	86	2,302	2,302
- State bonds	-	-	-	-
Debt instruments at FVOCI	157,639	157,902	-	-
- Treasury bills	137,545	137,660	-	-
- Federal Government bonds	14,131	14,150	-	-
- State Government bonds	4,437	4,529	-	-
- Corporate Bonds	1,526	1,562	-	-
Equity instruments measured at FVOCI	9,977	9,977	-	-
Debt instruments at amortised	118,662	118,872	-	-
- Treasury bills	37,702	37,725	-	-
- Federal Government bonds	75,051	75,146	-	-
- State Government bonds	2,090	2,129	-	-
- Corporate Bonds	3,820	3,872	-	-
Available for sale	-	-	75,566	75,566
- Treasury bills	-	-	39,570	39,570
- Federal Government bonds	-	-	23,538	23,538
- State Government bonds	-	-	7,333	7,333
- Equity investments	-	-	5,125	5,125
Held to maturity investment	-	-	108,784	112,461
- Treasury bills	-	-	32,316	32,708
- Federal Government bonds	-	-	63,430	66,828
- State Government bonds	-	-	3,026	3,017
- Corporate Bonds	-	-	10,012	9,908
Financial liabilities				
Deposit from customers	349,336	348,089	267,313	235,673
Term	235,889	234,642	171,744	153,871
Domiciliary	113,447	113,447	95,569	81,802
Debts issued and other borrowed funds	240,767	240,766	213,233	212,132

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(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 2018	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds	-	86	-	86
- State Government bonds	-	-	-	-
- Treasury bills	-	13,966	-	13,966
				-
Debt instruments measured at FVOCI				-
- Treasury bills	-	137,545	-	137,545
- Federal Government bonds	-	14,131	-	14,131
- State Government bonds	-	4,437	-	4,437
- Corporate bonds	-	1,526	-	1,526
Equity instruments measured at FVOCI	2,474	7,503	-	9,977
Assets for which fair values are disclosed				
Loans and advances to customers				
- Term loans	-	-	784,912	784,912
- Advances under finance lease	-	-	26,835	26,835
- Other loans and overdrafts	-	-	94,885	94,885
Debt instruments at amortised cost				
- Treasury bills	-	37,725	-	37,725
- Federal Government bonds	-	75,146	-	75,146
- State Government bonds	-	2,129	-	2,129
- Corporate Bonds	-	3,872	-	3,872

	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	-	-	240,767	240,767
31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Assets measured at fair value				
Held for trading				
- Treasury bills	-	13,966	-	13,966
- Federal Government bonds	-	2,382	-	2,382
- State Government bonds	-	-	-	-
Available for sale				
- Treasury bills	-	39,570	-	39,570
- Federal Government bonds	-	23,538	-	23,538
- State Government bonds	-	7,333	-	7,333
- Equity investments	-	-	5,125	5,125
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-	-	689,817	689,817
- Advances under finance lease	-	-	22,467	22,467
Held to maturity investment				
- Treasury bills	-	32,316	-	32,316
- Federal Government bonds	-	63,430	-	63,430
- State Government bonds	-	-	3,026	3,026
- Corporate bonds	-	-	10,012	10,012
Liabilities for which fair value are disclosed				
Financial Liabilities	Level 1	Level 2	Level 3	Total
Borrowings	N'million	N'million	N'million	N'million
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	-	213,233	-	213,233

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(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 December 31 2018 and 31 December 2017 based on yields for identical assets. Fair value is determined using discounted cashflow model.

(iv) Equity Securities

The Bank uses the market approach to value its investments in unquoted equity instruments. In deriving the fair values, the Bank adopts price/earnings and price/book multiples method for comparable companies. Adjustments are made to exclude outliers that are not representative of the general market conditions. The average/median multiple is applied to the entity's book value or profit after tax and adjustment is made for marketability discount as the instruments are not actively traded on any stock market. In addition, where applicable, a small stock discount is applied to arrive at the recognised fair value.

(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 that the fair value of Overdrafts approximate 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

reflecting the entity's own non-performance risk.

(ix) Other Liabilities

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

(x) Debt issued and Other Borrowed Funds

The fair value of the Bank's Eurobond 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 DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. The fair value is determined by using discounted cashflow method reflecting the entity's own non-performance risk.

3.6 Operational Risk Management

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

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

Organizational Set-Up

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

Operational Risk Framework

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

Loss Data Collection

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

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from point of occurrence to closure.

Risk and Control Self Assessments (RCSA)

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

Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

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

4 Capital Management

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

- (a). To comply with the capital requirements set by regulators of the banking markets where the entities within the Bank operate;
- (b). To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and
- (c). To maintain a strong capital base to support the development of its business.

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

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

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the period ended 31 December 2018 and the comparative period 31 December 2017 is in line with the new circular. The computations are consistent with the

requirements of Pillar I of Basel II Accord (Internal Convergence of Capital Measurement and Capital Standards). Although the guidelines comply with the requirement of the Basel II accord certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

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

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

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

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

1. The Regulatory Risk Reserve created pursuant to Section 12.4 (a) of the Prudential Guidelines which was effective on 1 July 2010 is excluded from regulatory capital for the purposes of capital adequacy assessment;
2. Collective impairment on loans and receivables and other financial assets no longer forms part of Tier 2 capital; and
3. Other Comprehensive Income (OCI) Reserves is recognized as part of Tier 2 capital subject to the limits on the Calculation of Regulatory Capital.

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2018 and as at 31 December 2017. During those two periods, the Bank as an entity complied with all of the externally imposed capital requirements to which it is subject to.

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Risk Management Report

	31 December 2018	31 December 2017
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings (less proposed dividend)	33,948	22,140
Statutory reserve	30,744	27,305
Small scale investment reserve	764	764
Tier 1 Deductions - Intangible Assets	(1,076)	(629)
Total qualifying Tier 1 capital	180,133	165,333
Regulatory adjustment	(18,780)	(15,224)
Adjusted qualifying Tier 1 capital	161,352	150,109
Tier 2 capital		
Eurobond Issue	-	-
Local Bond Issue (Discounted at 60%)	18,002	23,902
Revaluation reserve	-	-
Fair value reserve (2017: Available-for-sale (AFS) reserve)	7,038	5,330
Total Tier 2 capital	25,040	29,232
Less other deductions		
Excess exposure over single obligor without CBN approval		
	25,040	29,232
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital	25,040	29,232
Total Tier 1 & Tier 2 Capital	186,393	179,341
Risk-weighted assets:		
Credit Risk Weighted Assets	879,947	869,324
Market Risk Weighted Assets	67,642	77,786
Operational Risk Weighted Assets	171,676	171,676
Total risk-weighted assets	1,119,265	1,118,786
Capital Adequacy Ratio (CAR)	16.65%	16.03%
Minimum Capital Adequacy Ratio	15%	15%

5. Segment Analysis

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reports provided to the Bank's Executive Committee (the chief operating decision maker). In 2018, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. This segment is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions.

The public sector segment of the Bank was shut down in the year 2017 due to the Treasury Single Account (TSA) directive from the Federal Government of Nigeria in 2016, that all Ministries, Departments and Agencies (MDAs) start paying all government revenues, incomes and other receipts into a unified pool of single account with the Central Bank of Nigeria (CBN). Bank were directed to return all MDAs funds to the CBN, hence the Asset and liabilities from the public sector segment shrunk significantly, staff and other resources in the segment were re-assigned to the retail banking segment. Management ceases to have a public sector segment for decision making purposes.

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

Segment Result of Operations

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2018 is as follows:

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2018				
Revenue derived from external customers	86,593	64,384	37,896	188,873
Revenues from other segments	-	-	-	-
Total	86,593	64,384	37,896	188,873
Interest income	66,587	56,263	30,832	153,682
Interest expense	(27,407)	(41,045)	(15,644)	(84,095)
Profit before tax	18,936	2,387	3,766	25,089
Income tax expense	(1,633)	(206)	(325)	(2,163)
Profit for the year	17,303	2,181	3,441	22,926
31 December 2018				
Total segment assets	792,925	510,211	416,040	1,719,883
Total segment liabilities	930,850	376,676	217,941	1,525,467
Other segment information				
Depreciation/Amortization	4,619	1,142	486	(6,247)

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

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Segment Report

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2017				
Revenue derived from external customers	75,320	66,093	38,831	180,244
Revenues from other segments	-	-	-	-
Total	75,320	66,093	38,831	180,244
Interest income	53,499	60,623	33,297	147,419
Interest expense	(18,483)	(42,802)	(17,993)	(79,278)
Profit before tax	14,192	2,569	2,452	19,213
Income tax expense	(1,067)	(193)	(184)	(1,445)
Profit for the year	13,125	2,376	2,268	17,768
At 31 December 2017				
Total segment assets	673,514	447,675	258,025	1,379,214
Total segment liabilities	869,209	97,297	211,347	1,177,853
Other segment information				
Depreciation/Amortization	(3,877)	(91)	(405)	(4,373)

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2018 and 2017.

6. Interest and Similar Income

	2018	2017
	N'million	N'million
Loans and advances to customers	109,322	109,388
Treasury bills and other investment securities:		
-Fair value through other comprehensive income	19,547	-
-Amortised cost	16,133	-
-Available for sale	-	17,066
-Held to maturity	-	16,107
Advances under finance lease	5,389	4,703
Placements and short term funds	3,291	155
	153,682	147,419

7. Interest and Similar Expense

	2018	2017
	N'million	N'million
Term deposits	51,517	52,230
Debts issued and other borrowed funds	22,741	16,819
Savings deposits	6,170	5,688
Current accounts	3,666	3,368
Inter-bank takings	1	1,173
	84,095	79,278

8. Credit Loss Expense

The table below shows the ECL charges on financial instruments for the year 31 December 2018 recorded in profit or loss:

	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
Balances with Central Bank of Nigeria	-	-	-	-	-	-	-
Due from banks (Note 20)	-	806	-	-	-	-	806
Loans and advances to customers (Note 21)	-	3,114	-	(1,340)	646	-	2,420
Debt instruments measured at FVOCI (22.8.1)	-	270	-	-	-	-	270
Debt instruments measured at amortised costs (22.8.2)	-	199	-	-	-	-	199
Financial guarantees (Note 29.3.1)	-	(448)	-	-	-	-	(448)
Letters of credit (Note 29.3.2)	-	618	-	-	-	-	618
	-	4,559	-	(1,340)	646	-	3,865
Other assets (Note 26)	-	350	-	-	-	-	350
	-	350	-	-	-	-	350
	-	4,909	-	(1,340)	646	-	4,215

The table below shows the impairment charges recorded in profit or loss under IAS 39 for the year ended 31 December 2017:

Impairment charge/(reversal) on loans and advances (Note 21) :

- Overdrafts	9,689
- Term loans	700
- Finance leases	924
- Others	(16)
Impairment charge on other assets (Note 26)	18
	11,315

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Notes To The Financial Statements

9. Net Fee and Commission Income

Fee and commission income is disaggregated below and includes a total fees in scope of IFRS 15, Revenues from Contracts with Customers:

Segments	2018			2017	
	Retail banking	Corporate banking	Investment banking	Total	Total
	N'million	N'million	N'million	N'million	N'million
Fee and commission type:					
ATM charges	2,310	1,279	-	3,588	3,474
Accounts maintenance charge	1,544	1,094	261	2,899	2,602
Commission on E-banking activities	1,324	390	1,138	2,852	1,764
Commission on travellers cheque and foreign bills	1,193	1,404	15	2,613	1,919
Commission on fidelity connect	1,152	256	24	1,432	1,524
Letters of credit commissions and fees	689	561	2	1,251	1,451
Commissions on off balance sheet transactions	724	376	-	1,101	839
Other fees and commissions	588	97	88	772	987
Commission and fees on banking services	484	2	1	487	706
Commission and fees on NXP	466	234	-	700	633
Collection fees	204	60	3	267	748
Telex fees	664	52	5	721	546
Cheque issue fees	166	6	2	174	194
Remittance fees	120	15	82	218	89
Total revenue from contracts with customers	11,628	5,826	1,621	19,075	17,476
Other non-contract fee income:					
Credit related fees	788	547	-	1,335	753
Total fees and commission income	12,416	6,373	1,621	20,410	18,229
Fee and commission expense	(2,235)	(790)	(321)	(3,346)	(3,674)
Net fee and commission income	10,181	5,583	1,300	17,064	14,555

10. Other Operating Income

	2018	2017
	N'million	N'million
Net foreign exchange gains	10,122	9,490
Dividend income (Note 22.7)	229	891
Profit on disposal of property, plant and equipment	15	83
Other income	778	461
	11,144	10,925

11. Net Gains from Financial Instruments Classified as Fair Value Through Profit or Loss

	2018	2017
	N'million	N'million
Net (losses)/gains arising from:		
- Bonds	(133)	425
- Treasury bills	1	(77)
Interest income on financial assets measured at FVTPL	3,769	3,323
	3,637	3,671

12. Personnel Expenses

	2018	2017
	N'million	N'million
Wages and salaries	21,434	21,817
End of the year bonus (see note 29)	2,000	2,200
Pension contribution	476	518
	23,910	24,535

13. Depreciation and Amortisation

	2018	2017
	N'million	N'million
Property, plant and equipment (Note 23)	3,815	3,838
Computer software (Note 24)	2,432	535
	6,247	4,373

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Notes To The Financial Statements

14. Other Operating Expenses

	2018	2017
	N'million	N'million
Marketing, communication & entertainment	8,352	8,173
Banking sector resolution cost	8,764	7,591
Outsourced cost	4,022	3,522
Deposit insurance premium	3,310	3,627
Repairs and maintenance	3,114	2,583
Other expenses	2,752	2,399
Computer expenses	2,366	2,407
Security expenses	1,280	1,256
Rent and rates	915	861
Cash movement expenses	901	711
Training expenses	636	221
Travelling and accommodation	840	695
Consultancy expenses	687	695
Corporate finance expenses	898	474
Legal expenses	606	202
Electricity	452	440
Office expenses	475	390
Directors' emoluments	262	370
Insurance expenses	379	396
Stationery expenses	285	269
Bank charges	268	188
Auditors' remuneration	200	200
Telephone expenses	99	108
Postage and courier expenses	108	78
	41,971	37,856

14.1 Consultancy fees of \$110,000 was paid to the External Auditors in 2017 in respect of issuance of comfort letter in connection with the Eurobond. This has been converted to naira for reporting purposes.

15. Taxation

(a) Current taxes on income for the year	2018	2017
	N'million	N'million
Current taxes on income for the year	1,912	1,242
Technology levy	251	203
Current income tax expense	2,163	1,445
Deferred tax expense	-	-
Income tax expense	2,163	1,445

(b) Total Income Tax Expense In Profit Or Loss	2018	2017
	N'million	N'million
Profit before income tax	25,089	19,213
Income tax using the domestic corporation tax rate of 30%	7,527	5,764
Non-deductible expenses	5,892	1,577
Tax exempt income	(13,419)	(7,341)
Income Tax expense based on dividend tax (note 15d)	1,912	1,242
Technology levy (note 15e)	251	203
	2,163	1,445
The effective income tax rate is 9% for 31 December 2018 (2017:12%).		

(c) The movement in the current income tax payable is as follows:	2018	2017
	N'million	N'million
At 1 January	1,445	1,327
Income tax paid	(1,053)	(996)
WHT recovered	(946)	(331)
Current income tax expense	2,163	1,445
At 31 December	1,609	1,445

(d) Reconciliation Of Effective Tax Rate

The income tax is based on dividend tax assessment as there is no taxable profit to charge tax. (2017: The basis of income tax is minimum tax assessment).

(e) The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate and recognised it as part of income tax for the year.

16. Net Reclassification Adjustments for Realised Net Gains

The net reclassification adjustments for realised net (gains)/ losses from other comprehensive income to profit or loss are in respect of debt instruments measured at fair value through other comprehensive income (2017: 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 outstanding during the reporting Year.

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	2018	2017
	N'million	N'million
Profit attributable to equity holders of the Bank	22,926	17,768
	million	million
Weighted average number of ordinary shares in issue	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	79.16	61.35

18. Cash and Balances With Central Bank

	2018	2017
	N'million	N'million
Cash	44,624	27,534
Balances with central bank other than mandatory reserve deposits	90,693	61,074
Included in cash and cash equivalents (note 19)	135,317	88,608
Mandatory reserve deposits with central bank (see note 18.1 below)	219,386	150,789
Special cash reserve (see note 18.2 below)	30,228	30,228
Carrying amount	384,931	269,625

18.1 Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. It represents a percentage of the Customers' deposits and are non interest-bearing. The amount, which is based on qualified assets, is determined by the Central Bank of Nigeria from time to time. For the purpose of statement of cash flows, these balances are excluded from the cash and cash equivalents.

18.2 Special cash reserve represents a 5% of weekly average of deposits held with Central Bank of Nigeria as a regulatory requirement.

19. Cash And Cash Equivalents

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

	2018	2017
	N'million	N'million
Cash and balances with Central Bank (Note 18)	135,317	88,608
Due from banks	111,633	52,287
Total cash and cash equivalents	246,950	140,895

20. Due From Banks

	2018	2017
	N'million	N'million
Current accounts with foreign banks	53,684	43,812
Placements with other banks and discount houses	58,755	8,475
Sub-total	112,439	52,287
Less: Allowance for impairment losses	(806)	-
	111,633	52,287

Impairment Allowance for Due From Banks

The table below shows the credit quality and the maximum exposure to credit risk based on the external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the external rating system are explained in Note 3.2.2 and policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

	2018			2017	
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	N'million	N'million	N'million	N'million	N'million
External rating grade					
Performing					
High grade	71,818	-	-	71,818	-
Standard grade	40,621	-	-	40,621	52,287
Sub-standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non- performing					
Individually impaired	-	-	-	-	-
Total	112,439	-	-	112,439	52,287

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

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	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	52,287	-	-	52,287
New assets originated or purchased	112,439	-	-	112,439
Assets derecognised or repaid (excluding write offs)	(52,287)	-	-	(52,287)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December	112,439	-	-	112,439

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018	-	-	-	-
New assets originated or purchased	817	-	-	817
Assets derecognised or repaid (excluding write offs)	(11)	-	-	(11)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on Year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
"Changes to models and inputs used for ECL calculations"	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December	806	-	-	806

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 31 December 2018 and at 31 December 2017.

21. Loans and Advances to Customers

	31 Dec, 2018	31 Dec, 2017
	N'million	N'million
Loans to corporate and other organisations	743,308	751,480
Loans to individuals	163,315	43,835
	906,623	795,315
Less: Allowance for ECL/impairment losses	(56,743)	(26,578)
	849,880	768,737

	31 Dec, 2018	31 Dec, 2017
	N'million	N'million
Loans to corporate entities and other organisations		
Overdrafts	57,572	56,000
Term loans	659,101	669,445
Advance under finance lease	26,634	26,035
	743,307	751,480
Less: Allowance for ECL/impairment losses	(42,036)	(23,337)
	701,271	728,143

	31 Dec, 2018	31 Dec, 2017
	N'million	N'million
Loans to individuals		
Overdrafts	7,314	4,045
Term loans	155,802	39,498
Advance under finance lease	201	292
	163,317	43,836
Less: Allowance for ECL/impairment losses	(14,708)	(3,241)
	148,609	40,595
Net loans and advances include	849,880	768,738

21.1 Impairment Allowance for Loans and Advances to Customers

21.1.1 Corporate and Other Organisations

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

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	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	POCI	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million	N'million
Internal rating grade						
Performing						
High grade (AAA - A)	15,131		-	-	15,131	31,458
Standard grade (BBB - B)	524,832	169,408	-	-	694,240	653,832
Sub-standard grade (CCC - CC)	-	-	-	-	-	16,897
Past due but not impaired (C)	-	-	-	-	-	5,965
Non- performing:				-	-	
Individually impaired	-	-	33,937	-	33,937	43,328
Total	539,963	169,408	33,937	-	743,308	751,480

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

31 December 2018					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	580,934	91,212	79,333	-	751,479
New assets originated or purchased	282,913	-	-	-	282,913
Assets derecognised or repaid (excluding write offs)	(203,861)	(389)	(78,052)	-	(282,303)
Transfers to Stage 1	44,392	(44,392)	-	-	-
Transfers to Stage 2	(164,415)	164,580	(165)	-	-
Transfers to Stage 3	-	(41,603)	41,603	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Amounts written off	-	-	(8,782)	-	(8,782)
Foreign exchange adjustments	-	-	-	-	-
At 31 December	539,963	169,408	33,937	-	743,308

31 December 2018					
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	POCI	Total
Credit grade	N'million	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018 under IFRS 9	10,952	16,376	14,388	-	41,716
New assets originated or purchased	4,577			-	4,577
Assets derecognised or repaid (excluding write offs)	(2,545)	(1)	(4,535)	-	(7,081)
Transfers to Stage 1	166	(166)	-	-	-
Transfers to Stage 2	(2,083)	2,083	-	-	-
Transfers to Stage 3	-	(2,640)	2,640	-	-
Impact on year end ECL of exposures transferred between stages during the year	88	802	10,716	-	11,606
Unwind of discount	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-	-
Amounts written off	-	-	(8,782)	-	(8,782)
Foreign exchange adjustments	-	-	-	-	-
At 31 December	11,154	16,455	14,428	-	42,036

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 December (2017: nil).

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.

21.1.2 Loans to Individuals

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1.

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	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	POCI	2018 Total	2017 Total
Credit grade	N'million	N'million	N'million	N'million	N'million	N'million
Internal rating grade						
Performing						
High grade (AAA - A)	-	-	-	-	-	-
Standard grade (BBB - B)	107,641	-	-	-	107,641	14,508
Sub-standard grade (CCC - CC)	34,534	3,476	-	-	38,010	26,940
Past due but not impaired (C)	-	-	-	-	-	2,383
Non- performing:	-	-	-	-	-	-
Individually impaired	-	-	17,664	-	17,664	4
Total	142,175	3,476	17,664	-	163,315	43,835

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

31 December 2018					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
Credit grade	N'million	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	38,424	149	5,262	-	43,835
New assets originated or purchased	149,716			-	149,716
Assets derecognised or repaid (excluding write offs)	(22,581)	(97)	(1,015)	-	(23,693)
Transfers to Stage 1	1,027	(1,027)	-	-	-
Transfers to Stage 2	(24,412)	25,166	(754)	-	-
Transfers to Stage 3	-	(20,715)	20,715	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition				-	-
Amounts written off	-	-	(6,544)	-	(6,544)
Foreign exchange adjustments	-	-	-	-	-
At 31 December	142,175	3,476	17,664	-	163,315

31 December 2018					
	Stage 1 Individual	Stage 2 Individual	Stage 3	POCI	Total
Credit grade	N'million	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018 under IFRS 9	388	1,467	10,754	-	12,608
New assets originated or purchased	4,039			-	4,039
Assets derecognised or repaid (excluding write offs)	(509)	(1)	(910)	-	(1,420)
Transfers to Stage 1	36	(36)	-	-	-
Transfers to Stage 2	(835)	1,060	(225)	-	-
Transfers to Stage 3	-	(2,448)	2,448	-	-
Impact on year end ECL of exposures transferred between stages during the year	181	6	5,837	-	6,024
Unwind of discount	-	-	-	-	-
Amounts written off	-	-	(6,544)	-	(6,544)
Foreign exchange adjustments				-	-
At 31 December	3,299	48	11,360	-	14,708

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.

	Gross amount	Individual impairment	Collective impairment	Total impairment	Carrying amount
	N'million	N'million	N'million	N'million	N'million
Analysis of loans and advances at 31 December 2017.					
Overdrafts	64,964	(3,550)	(4,961)	(8,511)	56,453
Term loans	704,024	(8,776)	(5,431)	(14,207)	689,817
Advances under finance lease	26,327	(3,751)	(109)	(3,860)	22,467
Other loans	-	-	-	-	-
	795,315	(16,077)	(10,501)	(26,578)	768,737

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Reconciliation of impairment Allowance on Loans and Advances to Customers:

	Overdrafts	Term loans	Finance lease	Others	Total
	N'million	N'million	N'million	N'million	N'million
Balance at 1 January 2017					
Individual impairment	4,822	7,497	2,708	-	15,027
Collective impairment	3,438	6,010	228	16	9,692
	8,260	13,507	2,936	16	24,719
Impairment charge/(reversal) for the year					
Individual impairment	3,071	1,279	1,043	-	5,393
Collective impairment	6,559	(638)	(119)	16	5,786
Total charge to profit or loss	9,630	641	924	16	11,179
Write off during the year					
Individual impairment	(9,438)	-	-	-	(9,438)
Collective impairment	(5,036)	-	-	-	(5,036)
	(14,474)	-	-	-	(14,474)
Individual impairment	3,550	8,776	3,751	-	16,077
Collective impairment	4,961	5,431	109	-	10,501
Balance at 31 December 2017	8,511	14,207	3,860	-	26,578

21.2 Advances Under Finance Lease May Be Analysed As Follows:

	2018	2017
	N'million	N'million
Gross investment		
• No later than 1 year	4,003	3,219
• Later than 1 year and no later than 5 years	20,474	21,713
• Later than 5 years	2,358	1,770
	26,835	26,702
Unearned future finance income on finance leases	(201)	(375)
Net investment	26,634	26,327
The net investment may be analysed as follows:		
• No later than 1 year	3,987	3,115
• Later than 1 year and no later than 5 years	19,888	21,529
• Later than 5 years	2,759	1,684
	26,634	26,327

21.3 Nature Of Security in Respect of Loans and Advances:

	2018	2017
	N'million	N'million
Secured against real estate	63,635	503,293
Secured by shares of quoted companies	-	158,718
Secured Others	807,582	111,791
Advances under finance lease	26,835	21,513
Unsecured	8,571	-
Gross loans and advances to customers	906,623	795,315

22. Investments**22.1 Financial Assets at Fair Value Through Profit and Loss (FVTPL)**

	2018	2017
	N'million	N'million
Financial assets at fair value through profit and loss (FVTPL)		
Held for trading:		
Federal Government bonds	86	2,302
Treasury bills	13,966	18,337
Total financial assets measured at FVTPL	14,052	20,639

22.2 Debt Instruments at Fair Value Through Other Comprehensive Income (FVOCI)

	2018	2017
	N'million	N'million
Debt instruments at fair value through other comprehensive income (FVOCI)		
Treasury bills	137,545	
Federal Government bonds	14,131	
State bonds	4,437	
Corporate bonds	1,526	
Total debt instruments measured at FVOCI	157,639	

An expected credit loss of N277M has been recognised on Debt instrument measured at FVOCI, the loss has been credited to other comprehensive income for the year

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22.3 Equity instruments at Fair Value Through Other Comprehensive Income (FVOCI)

31 Dec 2018	
N'million	
Unquoted equity investments:	
- Mobile Telecommunications Network (MTN)	2,474
- African Finance Corporation (AFC)	2,377
- Unified Payment Solution	1,969
- Nigerian Inter Bank Settlement System (NIBBS)	1,475
- The Central Securities Clearing System (CSCS)	1,682
Total equity instruments at FVOCI	9,977

22.4 Debt instruments at Amortised Cost

31 Dec 2018	
N'million	
Treasury bills	37,725
Federal Government bonds	75,146
State Government bonds	2,129
Corporate bonds	3,872
Sub-total	118,872
Allowance for impairment	(210)
Total debt instruments measured at amortised cost	118,662

22.5 Available for Sale

31 Dec 2017	
N'million	
Treasury bills	39,570
Federal Government bonds	23,538
State bonds	7,333
Unquoted equity investments at cost (see note 22.5a)	1,646
Unquoted equity investments at fair value	5,124
	77,211
Impairment on unquoted equity investment at cost	(396)
	76,815
Reconciliation of allowance for impairment	
At beginning of year	408
Provision no longer required	(12)
At end of year	396

22.5a Unquoted Equity Investments at Cost

These are investments in AFC (African Finance Corporation) and other small scale enterprises which are carried at cost because their fair value cannot be reliably measured. The carrying cost of investments in AFC as at 31 December 2017 is 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.

22.6 Held to Maturity

		31 Dec 2017
		N'million
Held to maturity		
Treasury bills		32,316
Federal Government bonds		63,430
State Government bonds		3,026
Corporate bonds		10,012
Total held to maturity instruments		108,784
Total investments		206,238

22.7 Pledged Assets

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company Plc (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank pledged Treasury bills, Bonds and cash balance in its capacity as collection bank for government taxes and Interswitch electronic card transactions. The Bank also pledged Federal Government bonds and Corporate bonds denominated in foreign currency to Renaissance Capital in respect of its short term borrowings.

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

	2018	2017
	N'million	N'million
Treasury bills - Amortised cost	17,727	13,374
Corporate Bonds - Amortised cost	3,835	10,012
Federal Government bonds - Amortised cost	53,666	22,477
Federal Government bonds - FVOCI	-	-

The Bank has designated its equity investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading. During the year ended December 2018, the Bank received dividends of N141 million from its FVOCI equities which was recorded in the profit or loss as other operating income. The Bank also sold FVOCI equity instruments relating to MTN during the reporting Year. The reasons for disposing of the investments was based on CBN's circular issued in 2016, requesting commercial banks to divest their interest in non-permissible investments of which some equity instruments were part. The fair value of the investments at the date of de-recognition amounted to N1.904 billion while the cumulative loss on disposal of the shares is N264.72million.

More information regarding the valuation methodologies can be found in Note 3.

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22.8 Impairment Losses on Financial Investments Subject to Impairment Assessment

22.8.1 Debt Instruments Measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	151,676	-	-	151,676
Standard grade	5,963	-	-	5,963
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non- performing				
Individually impaired	-	-	-	-
Total	157,639	-	-	157,639

An analysis of Changes in the Fair Value and the Corresponding ECLs is, as Follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Fair value as at 1 January 2018	63,108	-	-	63,108
New assets originated or purchased	246,754	-	-	246,754
Assets derecognised or matured (excluding write-offs)	(154,647)	-	-	(154,647)
Change in fair value	2,424	-	-	2,424
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	157,639	-	-	157,639

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018	9	-	-	9
New assets purchased	375	-	-	375
Assets derecognised or matured (excluding write offs)	(105)	-	-	(105)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2018	279	-	-	279

22.8.2 Debt Instruments Measured at Amortised Cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.1:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	112,871	-	-	112,871
Standard grade	6,001	-	-	6,001
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non- performing				
Individually impaired	-	-	-	-
Total	118,872	-	-	118,872

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An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	116,026	-	-	116,026
New assets originated or purchased	54,244	-	-	54,244
Assets derecognised or matured (excluding write-offs)	(51,842)	-	-	(51,842)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not derecognised	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	444	-	-	444
At 31 December 2018	118,872	-	-	118,872

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018	11	-	-	11
New assets purchased	264	-	-	264
Assets derecognised or matured (excluding write offs)	(65)	-	-	(65)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount (recognised in interest income)	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2018	210	-	-	210

Property, Plant and Equipment	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2018	15,066	16,128	7,669	8,296	2,128	12,971	5,914	2,236	70,408
Additions	242	-	353	125	129	552	449	431	2,281
Reclassifications	-	523	-	501	-	166	-	(1,190)	-
Disposals	(5)	(3)	(9)	(14)	(3)	(16)	(348)	-	(398)
At 31 December 2018	15,303	16,648	8,013	8,908	2,254	13,673	6,015	1,477	72,291
Accumulated depreciation									
At 1 January 2018	-	(2,436)	(4,891)	(6,976)	(1,855)	(10,788)	(4,958)	-	(31,904)
Charge for the year	-	(362)	(1,023)	(559)	(118)	(1,201)	(552)	-	(3,815)
Disposals	-	-	-	13	2	10	312	-	337
At 31 December 2018	-	(2,798)	(5,914)	(7,522)	(1,971)	(11,979)	(5,198)	-	(35,382)
Carrying amount at 31 December 2018	15,303	13,850	2,099	1,386	283	1,694	817	1,477	36,909
Cost									
At 1 January 2017	14,253	15,720	7,459	7,934	2,076	12,500	6,072	3,041	69,055
Additions	177	-	214	478	58	475	414	241	2,057
Reclassifications	636	410	-	-	-	-	-	(1,046)	-
Disposals	-	(2)	(4)	(116)	(6)	(4)	(572)	-	(704)
At 31 December 2017	15,066	16,128	7,669	8,296	2,128	12,971	5,914	2,236	70,408
Accumulated depreciation									
At 1 January 2017	-	(2,119)	(4,671)	(6,525)	(1,739)	(8,799)	(4,846)	-	(28,699)
Charge for the year	-	(317)	(220)	(564)	(122)	(1,993)	(622)	-	(3,838)
Disposals	-	-	-	113	6	4	510	-	633
At 31 December 2017	-	(2,436)	(4,891)	(6,976)	(1,855)	(10,788)	(4,958)	-	(31,904)
Carrying amount at 31 December 2017	15,066	13,692	2,778	1,320	273	2,183	956	2,236	38,504

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

Capital Commitment

At 31 December 2018, the company had no capital commitments for the acquisition of property, plant and equipment (31/12/2017: Nil).

24. Intangible Assets - Computer Software

	2018	2017
	N'million	N'million
Cost		
Balance at beginning of year	3,361	2,992
Additions	2,879	369
Additions	(2,052)	-
Balance at end of year	4,188	3,361
Accumulated amortization		
Balance at beginning of year	2,732	2,197
Amortisation for the year	2,432	535
Additions	(2,052)	-
Balance at end of year	3,112	2,732
Carrying amount	1,076	629

25. Deferred Taxation

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

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% or 32% as applicable (2017: 30% or 32%).

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

25.1 Deferred Tax

	2018	2017
	N'million	N'million
Accelerated tax depreciation	(3,884)	(3,243)
	(3,884)	(3,243)
Deferred tax assets		
Property, plant and equipment	4,818	6,887
Allowances for loan losses	3,363	3,150
Tax loss carried forward	24,275	21,583
	32,456	31,620
Unrecognised deferred tax asset	28,572	(28,377)
Net	-	-

25.2

The Bank has unutilised capital allowance of N27.3 billion (31 Dec 2017: N23.0 billion) unused tax losses carried forward of N80.92 billion (31 Dec 2017: N71.9 billion) and deductible temporary difference of N600 million (31 Dec 2017: N309 million) to be offset against future taxable profits. There is no expiry date for the utilisation of these items.

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

	2018	2017
	N'million	N'million
Financial assets		
Sundry receivables	25,525	30,535
Others	3,515	3,420
Investments in SMESIS	1,430	-
	30,470	33,955
Less:		
Specific allowances for impairment	(2,219)	(1,869)
	28,251	32,086
Non financial assets		
Prepayments	6,564	10,100
Other non financial assets	309	1,008
	6,873	11,108
Total	35,124	43,194

Reconciliation of Allowance for Impairment

	2018	2017
	N'million	N'million
At beginning of year	1,869	1,851
Charge for the year	350	18
At end of year	2,219	1,869

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27. Deposits from Customers

	2018	2017
	N'million	N'million
Demand	391,576	322,903
Savings	227,970	178,570
Term	172,178	171,744
Domiciliary	179,753	95,569
Others	7,936	6,490
	979,413	775,276
Current	979,413	775,276
Non-current	-	-
	979,413	775,276

28 Other Liabilities

	2018	2017
	N'million	N'million
		Restated*
Customer deposits for letters of credit	69,966	7,768
Accounts payable	81,235	46,455
Manager's cheque	3,961	5,516
FGN Intervention fund (see note 28.1)	133,840	112,294
Payable on e-banking transactions	8,282	10,749
Other liabilities/credit balances	3,051	2,372
	300,335	185,154

28.1

Included in the FGN Intervention fund is CBN Bailout Fund of N93.39 billion (31 Dec 2017: N97.628 billion). This represents funds for states in the Federation that are having challenges in meeting up with their domestic obligation including payment of salaries. The loan was routed through the Bank for on-lending to the states. The Bailout fund is for a tenor of 20 years at 7% per annum and availed for the same tenor at 9% per annum. Repayments are deducted at source, by the Accountant General of the Federation (AGF), as a first line charge against each beneficiary state's monthly statutory allocation.

29. Provision

	2018	2017
	N'million	N'million
Provisions for year end bonus (see note 29.2)	2,000	2,200
Provisions for litigations and claims	545	545
Provision for guarantees and letters of credit	798	-
	3,343	2,745
At 1 January	2,200	1,001
Arising during the year	2,000	2,200
Utilised	(2,200)	(1,001)
At the end of the year	2,000	2,200

29.1 Current Provision

	2018	2017
	N'million	N'million
Current Provision	2,798	2,200
Non-current provisions	545	545
	3,343	2,745

29.2

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.

29.3 Impairment Losses on Guarantees and Letters of Credit

An analysis of changes in the gross carrying amount and the corresponding allowances for impairment losses in relation to guarantees and letters of credit is as follows:

29.3.1 Financial Guarantees

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3	2018 Total
Credit grade	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	-	-	-	-
Standard grade	224,981	-	-	224,981
Sub-standard grade	13,462	-	-	13,462
Past due but not impaired	-	-	-	-
Non- performing:	-	-	-	-
Individually impaired	-	-	-	-
Total	238,443	-	-	238,443

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

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31 December 2018				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	231,014	-	-	231,014
New exposures	139,136	-	-	139,136
Exposure derecognised or matured/lapsed (excluding write-offs)	(131,707)	-	-	(131,707)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	238,443	-	-	238,443

31 December 2018				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018	449	-	-	449
New exposures	136	-	-	136
Exposure derecognised or matured/lapsed (excluding write-offs)	(584)	-	-	(584)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	1	-	-	1

29.3.2 Letters of Credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.1.

	Stage 1 Individual	Stage 2 Individual	Stage 3	2018 Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	-	-	-	-
Standard grade	188,641	-	-	188,641
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non- performing				-
Individually impaired	-	-	-	-
Total	188,641	-	-	188,641

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

31 December 2018				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	138,975	-	-	138,975
New exposures	146,536	-	-	146,536
Exposure derecognised or matured/lapsed (excluding write-offs)	(96,870)	-	-	(96,870)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	188,641	-	-	188,641

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31 December 2018				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018	178	-	-	178
New exposures	679	-	-	679
Exposure derecognised or matured/lapsed (excluding write-offs)	(61)	-	-	(61)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	796	-	-	796

30. Debts Issued And Other Borrowed Funds

	2018	2017
	N'million	N'million
Long term loan from Proparco Paris (see note 30.1)	6,628	8,601
Long term loan from African Development Bank (ADB) (see note 30.2)	13,842	18,000
European Investment Bank Luxembourg (see note 30.3)	4,480	5,088
\$400 Million Euro Bond issued (see note 30.5)	143,098	132,872
Local Bond issued (see note 30.6)	30,004	29,878
Repurchase transaction with Renaissance Capital (see note 30.7)	23,088	3,840
Loan from Mashreq Bank (see note 30.8))	19,627	-
\$300 Million Euro Bond issued (see note 30.4)	-	14,954
	240,767	213,233

Reconciliation of Borrowings During the Year:

	2018	2017
	N'million	N'million
At 1 January	213,233	159,035
Additions during the year	57,498	135,128
Paid during the year	(32,317)	(87,318)
Interest payable	4,608	4,408
Foreign exchange difference	(2,255)	1,980
At end of the year	240,767	213,233

30.1

The amount of N6.628 billion (31 Dec 2017: N8.601 billion) represents the amortised cost balance on the syndicated on-lending facility of \$40million granted to the Bank by Proparco Paris on 4 April 2016 to mature on 4 April 2021 at an interest rate of Libor plus 4.75% per annum. The initial loan matured on 4 April 2016 and was renewed on the same day. The Principal and Interest are repaid semi-annually. The borrowing is an unsecured borrowing.

30.2

The amount of N13.842 billion (31 Dec 2017: N18.000 billion) represents the amortised cost balance in the on-lending facility of \$75million granted to the Bank by ADB on 6 October 2014. The first tranche of \$40million was disbursed on 6 October 2014 while the second tranche of \$35million was disbursed 15 July 2015 both to mature 6 October 2021 at an interest rate of Libor plus 4.75% per annum. Interest is repaid semi-annually, with principal repayment at maturity. The borrowing is an unsecured borrowing.

30.3

The amount of N4.480 billion (31 Dec 2017: N5.088 billion) represents the amortised cost balance in the on-lending facility of \$21.946 million granted to the Bank by European Investment Bank on 13 April 2015 to mature 2 March 2023 at an interest rate of Libor plus 3.99% per annum. Interest is repaid quarterly, with principal repayment at maturity. The borrowing is an unsecured borrowing.

30.4

During the reporting year, the 5-year, 6.875% Eurobond issued at 99.48% in May 2013 by the Bank matured in May 2018. The purpose of the debt issuance is to finance foreign currency lending to the Power and Oil sectors of the economy of Nigeria.

30.5

On 11 October 2017, Fidelity Bank PLC issued a \$400 million five year Eurobond at a 10.50 percent coupon. The Bond was used to finance the existing bondholders who subscribed to the tender offer of \$256 million, while the balance (net of issuance costs) will be used to support the trade finance business of Fidelity Bank. The issuance of the Bond was part of a strategic liability management exercise designed to extend Fidelity Bank's debt maturity profile and proactively refinance the maturing 2018 Eurobond. The amount of N143.098 billion (31 Dec 2017 : N132.872 billion) represents the amortised cost of \$400 million, 5- year, 10.50% Eurobond issued at 99.48% in October 2017. The principal amount is repayable in October 2022, while the coupon is paid semi annually.

30.6

The amount of N30.004 billion, (31 Dec 2017: N29.878 billion) 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.

30.7

The amount of N23.088 billion, (31 Dec 2017: N3.840 billion) represents a \$33million dollar borrowing under a repurchase agreement from Renaissance Capital, with Fidelity Bank pledging its USD denominated Eurobond and FGN, which the Bank has the right to buy at a later date.

30.8

The amount of N19.627 billion (31 Dec 2017: Nil) represents the amortised cost balance on the Syndicated Trade Finance Facility of \$55 million granted to the Bank by Mashreq Bank on the 3rd of August 2018 for a tenor of 12 months, at an interest rate of Libor plus 3.90% per annum. Interest is paid quarterly with principal repayment on maturity or as agreed by the parties to the contract.

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31. Share Capital

	2018	2017
Authorised	N'million	N'million
32 billion ordinary shares of 50k each (2017: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2017: 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 reserve of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

Small Scale Investment Reserve

The Small scale investment reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Non-Distributable Regulatory Reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under prudential guideline is booked to a non-distributable regulatory riskreserve.

Fair Value Reserves (2017: Available-For-Sale Reserve)

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income (2018: available-for-sale investments) until the investment is derecognised or impaired.

AGSMEIS Reserve

5% of 2016, 2017 and 2018 PAT (N2.6Bn) relates to AGSMEIS; Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS), the AGSMEIS is maintained to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

33. Cash Flows Generated from Operations

	31 Dec 2018	31 Dec 2017
	N'million	N'million
Profit before income tax	25,089	19,213
Adjustments for:		
- Depreciation and amortisation	6,247	4,373
- Profit from disposal of property and equipment	(15)	(83)
- Foreign exchange gains on operating activities	(5,505)	(5,678)
- Foreign exchange losses/(gains) on debts issued and other borrowed funds	(2,255)	1,980
- Foreign exchange losses/(gains) on loans and advances to customers	6,000	(29,454)
- Foreign exchange (gains)/losses on deposits from customers	(17,809)	(10,994)
- Net gains from financial assets classified as FVTPL	132	(348)
- Impairment charge on loans and advances	2,420	11,297
- Impairment on other debt instrument	470	-
- Impairment charge on other assets	350	18
- Write off of loans and advances/Recoveries	15,326	(9,438)
- Dividend income	(229)	(891)
- Gain on debt instruments measured at FVOCI reclassified from equity	(1,671)	(622)
- Net interest income	(69,587)	(68,141)
	(41,037)	(88,769)
Changes in operating assets		
- Cash and balances with the Central Bank (restricted cash)	(68,597)	(10,771)
- Loans and advances to customers	(132,634)	(16,875)
- Financial assets held for trading	6,455	(2,889)
- Other assets	6,774	(5,702)
Changes in operating liabilities		
- Deposits from customers	221,946	(6,701)
- Other liabilities	115,181	26,429
Provisions	598	5,317
- Interest payable on debts issued and other borrowed funds	4,608	4,408
Cash flows from/(used in) operations	113,294	(95,553)

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34. Contingent Liabilities and Commitments

34.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N1.7 billion (31 Dec 2017: N270.151 million).

34.2 Confirmed Credits and Other Obligations on Behalf of Customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	2018	2017
	N'million	N'million
Performance bonds and guarantees (Note 29.3.1)	238,443	231,014
Letters of credit (Note 29.3.2)	188,641	138,975
Unsettled transactions	-	3,691
AGSMEIS Disbursement	9	
	427,093	373,680

Included in Performance bonds and guarantees is N51.39bn Bank of industry backed guarantee. Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transactions.

34.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N4.244 billion at at 31 December 2018 (31 Dec 2017: N4.22 billion). Based on the estimates of the Bank's legal team and the case facts, the Bank estimates a potential loss of N544.72 million (31 Dec 2017: N544.72 million) upon conclusion of the cases. A provision for the potential loss of N544.72 million is shown in Note 29.

35. Related Party Transactions with Key Management Personnel

35.1 Deposits/Interest Expense From Related Parties

Entity Controlled by key Management Personnel	Related party	Nature relationship	Deposits at 31 Dec 2018	Interest expense 2018	Deposits at 31 Dec 2017	Interest expense 2017
		N	N	N	N	N
Geolis and Co Nig Limited (HM) (DP)	Insider Related	Former Director	-	-	63,779	-
Cy Incorporated Nig Limited (DSRA)	Insider Related	Former Director	21,305	-	23,501	-
Equipment Solutions and Logistics Services Limited	Insider Related	Former Director	60,241	119	48,548	-
The Genesis Restaurant Limited	Insider Related	Former Director	-	-	1,802,850	-
Next International Limited	Insider Related	Former Director	-	-	2,402,084	98,094
Namjid. Com Limited	Insider Related	Former Director	46,535	-	54,632	-
John Holt Plc	Insider Related	Former Director	62,956,650	-	12,060,739	-
Transcorp Power Limited	Insider Related	Former Director	216,416,161	-	470,949,975	9,418,999
Tower Aluminium Plc	Insider Related	Former Director	-	-	1,549,013	-
Genesis Hub Limited	Insider Related	Former Director	23,559,683	-	-	-
Genesis Deluxe Cinemas Limited	Insider Related	Former Director	8,869,363	44,536	-	-
SUB-TOTAL			311,929,938	44,655	488,955,121	9,517,093
A-Z Petroleum Products Limited	Insider Related	Current Director	14,652,776	-	2,643,014	-
Neconde Energy Limited	Insider Related	Current Director	7,233,658	-	-	-
Dangote Industries Limited	Insider Related	Current Director	482,257	-	-	-
Emeka Unachukwu	Insider Related	Current Director	17,559	21,121	-	-
Agric Int'l Tech and Trade Limited	Insider Related	Current Director	2,030,383,439	-	-	-
Congregation of Holy Spirit (Spiritan University Nneochi)	Insider Related	Current Director	4,132,423	-	-	-
SUB-TOTAL			2,056,902,112	21,121	2,643,014	-
Transactions with Key Management Personnel	Insider Related		43,341,180	390,910	792,418,921	7,746,615
TOTAL			2,412,173,230	456,686	1,284,017,056	17,263,708

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35.2 Loans and Advances/Interest Income from Related Parties

Entity Controlled by key Management Personnel	Related party	2018		2017		Interest Income	Loan amount Outstanding	Facility Type	Status	Collateral Status
		Interest Income	Loan amount Outstanding	Interest Income	Loan amount Outstanding					
Cy Incorporated Nigeria Limited	Mrs. Onome Olaolu (Former Director)	-	286,276,066	-	277,045,706			Finance Lease/Overdraft	Lost	Perfect
Equipment Solutions And Logistics Services Limited	Mr. Ik Mbagwu (Former Director)	145,098,974	717,185,830		572,086,856			Term Loan/Overdraft	Lost	Perfect
The Genesis Restaurant Limited	Ichie (Dr) Nhaeto Orazulike (Former Director)	31,904,814	215,142,432	175,887,157	286,014,732			Term Loan/Overdraft	Performing	Perfect
Genesis Deluxe Cinemas	Ichie (Dr) Nhaeto Orazulike (Former Director)	91,025,194	600,951,508	72,000,000	227,777,778			Term Loan	Performing	Perfect
Genesis Hub Limited	Ichie (Dr) Nhaeto Orazulike (Former Director)	76,875,224	283,005,159	173,760,000	416,109,649			Term Loan/Overdraft	Performing	Perfect
John Holt Plc	Chief (Dr) Christopher Ezeh (Former Director)	10,902,937	92,656,533	26,545,562	161,045,681			Term Loan	Performing	Perfect
A-Z Petroleum Products Limited	Mr. Alex Ojukwu	3,884,254	13,395,836	5,170,736	22,444,888			Term Loan/Overdraft	Performing	Perfect
Agric Int'l Tech and Trade Limited	Mr. Ernest Ebi	13,808,219	2,000,000,000	-	-			Term Loan	Performing	Perfect
Dangote Industries Limited	Mr. Ernest Ebi	2,482,174,764	30,577,435,779	2,976,450,798	35,482,975,137			Term Loan	Performing	Perfect
Tenderville Limited	Chief (Dr) Christopher Ezeh (Former Director)	4,694,863	17,192,768	3,600,000	10,000,000			Term Loan/Overdraft	Performing	Perfect
CHIS Stores Limited	Chijioko Ugochukwu			5,712,000	3,055,308			Term Loan/Overdraft	Paid Down	Perfect
Transcorp Ughelli Power Limited	Dr. Stanley Lawson (Former Director)	463,030,769	3,288,908,342	666,329,997	4,442,200,022			Term Loan	Performing	Perfect
Neconde Energy Limited	Pastor Kings C. Akuma	1,401,199,899	9,136,175,125	1,169,409,150	9,318,926,121			Term Loan	Performing	Perfect
SUB-TOTAL		4,724,599,911	47,228,325,378	5,274,865,400	51,219,681,878					

Entity Controlled by key Management Personnel	Related party	Loan amount Outstanding		Interest Income	Loan amount Outstanding		Interest Income	Facility Type	Status	Collateral Status
		2018	2017		2018	2017				
Key management personnel										
Okonkwo Nnamdi John	Managing Director	200,286,879	160,531,171	6,057,579	4,793,127			Term Loan/ Credit Card	Performing	Perfected
Chijioke Ugochukwu	Executive Director	114,018,796	90,700,351	3,619,621	2,577,353			Term Loan/ Credit Card	Performing	Perfected
Mohammed Balarabe	Executive Director	90,272,588	97,411,715	3,166,846	2,922,351			Term Loan/ Credit Card	Performing	Perfected
Odinkemelu Aku	Executive Director	115,760,629	125,407,348	4,276,404	3,762,220			Term Loan/ Credit Card	Performing	Perfected
Onyeali - Ikpe Nneka Chinwe	Executive Director	113,095,534	1,311,255	2,331,849	-			Term Loan/ Credit Card	Performing	Perfected
Adepegba Adeyeye Olawale	Former Director	-	32,551,540	-	950,943			Term Loan/ Credit Card	Paid Down	Perfected
Ichie (Dr.) Nnaeto Orazulike	Former Director	2,836,813	21,313,181	40,485	-			Term Loan/ Credit Card	Performing	Perfected
Kayode Gabriel Olowoniyi	Former Director	111,444	355,888	19,190	-			Credit card	Performing	Perfected
Nnamdi I. Oji	Former Director	3,394,975	65,853	595,746	-			Credit card	Performing	Perfected
Bashari M. Gumel	Former Director	3,171	7,265	1,704	-			Credit card	Performing	Perfected
Alex Chinelo Ojukwu	Non Executive Director	25,195,595	-	47,067	-			Term Loan/ Credit Card	Performing	Perfected
Emeka C. Unachukwu	Related to Executive Director	1,771,881	-	779,943	-			Credit card	Performing	Perfected
Chief Charles Chidebe Umolu	Non Executive Director	2,685,441	-	37,742	-			Credit card	Performing	Perfected
Kings Chukwu Akuma	Non Executive Director	291,144	-	175,463	-			Credit card	Performing	Perfected
SUB-TOTAL		669,724,890	529,655,567	21,149,639	15,005,994					
TOTAL		47,898,050,268	51,749,337,445	4,745,749,550	5,289,871,394					

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35.3 Bank Guarantees in Favour of Key Management Personnel

December 2018				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVERSITY NNEOCHI)	NATIONAL UNIVERSITIES COMMISSION (NUC)	ICHIE (DR.) NNAETO ORAZULIKE / MRS. PAULINE ODINKEMELU	FORMER DIRECTOR / EXECUTIVE DIRECTOR	200,000,000
GENESIS DELUXE CINEMAS LIMITED	BANK OF INDUSTRY	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	250,000,000
				450,000,000

December 2017				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
BANK OF INDUSTRY	TOWER ALUMINIUM NIGERIA PLC	OTUNBA SENI ADETU	DIRECTOR	2,981,487,000
NATIONAL UNIVERSITIES COMMISSION	CHRISTOPHER UNIVERSITY	CHIEF (DR.) CHRISTOPHER EZEH	FORMER DIRECTOR	200,000,000
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVERSITY NNEOCHI)	ICHIE (DR.) NNAETO ORAZULIKE/MRS. AKU ODINKEMELU	FORMER DIRECTOR / EXECUTIVE DIRECTOR	200,000,000
BANK OF INDUSTRY	GENESIS DELUXE CINEMAS LIMITED	ICHIE (DR.) NNAETO ORAZULIKE	FORMER DIRECTOR	250,000,000
				3,631,487,000

35.4 Key Management Compensation

	2018	2017
	N'million	N'million
Salaries and other short-term employee benefits (Executive directors only)	353	468
Pension cost	11	19
Post-employment benefits paid- Gratuity	-	-
Post-employment benefits paid- Retirement	-	-
Other employment benefits paid	272	392
	636	879

36. Employees

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

	Number	Number
	2018	2017
Executive Directors	5	6
Management	399	183
Non-management	2,504	3,018
	2,908	3,207

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
	2018	2017
N300,000 - N2,000,000	12	104
N2,000,001 - N2,800,000	6	427
N2,800,001 - N3,500,000	532	781
N3,500,001 - N6,500,000	1,453	854
N6,500,001 - N7,800,000	275	510
N7,800,001 - N10,000,000	334	218
N10,000,001 and above	296	313
	2,908	3,207

37. Directors' Emoluments

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

	Number	Number
	2018	2017
	N'million	N'million
Fees and sitting allowances	70	66
Executive compensation	353	273
Other director expenses	192	129
	615	468

Fees and other emoluments disclosed above include amounts paid to:

Chairman	14	15
Highest Paid Director	102	102

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

	Number	Number
	2018	2017
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	12	14
	12	14

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37.1 Gender Diversity

31 December 2018					
	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	25%	9	75%	12
Management staff (AGM & Above)	8	73%	3	27%	11
Total	11		12		23

December 2017					
	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	19%	13		16
Management staff (AGM & Above)	9	21%	34		43
Total	12		47		59

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 ended 31 December 2018.

	Fine/Penalties	
	2018	2017
Nature Of Contravention	(N'000)	(N'000)
Penalty for contravening the RS guide - CBNIFO GNEC television network	-	8,047
CBN - Penalty imposed on Bank-Multiple Account to a BVN	-	40,000
Fidelity Penalty for untimely & Non rendition of STRS	-	10,000
CBN Penalties imposed on the Bank	2,000	4,000
CBN fine imposed on Bank in respect of KYC Non-Compliance	-	2,000
SEC Penalty-Late Submission of Annual Financial Report	-	1,225
Penalty Late Payment and Account default Of Bank A/Acct 2016 FYE	-	700
Penalty on diaspora mortgage product MC-IFO CBN	-	2,000
Penalty on FID-RBS/exposure above sold	-	2,000
Penalty on fid-RBS/wrong and misleading info	-	2,000
Penalty on fid-RBS/exposure to related party	-	2,000
Penalty on fid - delayed payment	-	2,000
FRCN Penalties imposed on the Bank	10,000	-
CAC Penalties imposed on the Bank	1,099	-
	13,009	75,972

38.2

In line with circular FDR/DIR/CIR/GEN/01/020, the returns on customers' complaints for the year ended 31 December 2018 is set as below:

S/N	Description	Number		Amount Claimed		Amount Refunded	
		2018	2017	2018 Million	2017 Million	2018 Million	2017 Million
1	Pending complaints b/f	75	48	4,590	1,320	N/A	N/A
2	Received complaints	1,199	1,079	8,034	11,249	N/A	N/A
3	Resolved complaints	1,181	1,052	3,060	7,979	61	408
4	Unresolved complaints escalated to CBN for intervention	-	-	-	-	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	93	75	9,564	4,590	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 2018.

39. Gender Diversity

31 December 2018					
	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	25%	9	75%	12
Management staff (AGM & Above)	6	16%	32	84%	38
Total	9		41		50
December 2017					
	WOMEN		MEN		TOTAL
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	9	21%	34	79%	43
Total	12		45		57

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40. Statement Of Prudential Adjustments

Transfer to Regulatory Risk Reserve

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

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

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

	2018	2017
	N'million	N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	13,260	22,851
General provision	43,891	32,564
Provision for other assets	2,219	1,869
Provision for litigations and claims	545	545
Provision for investments	1,298	396
Provision for off-balance sheet exposure	798	-
Total prudential provision (A)	62,010	58,225
IFRS provision:		
Specific impairment (see note 21)	25,788	16,077
Collective impairment (see note 21)	30,955	10,501
Provision for other assets (see note 26)	2,219	1,869
Provision for litigations and claims (see note 29)	545	545
Provision for investments (see note 22)	1,298	396
Provision for off-balance sheet exposure	798	-
Total IFRS provision (B)	61,602	29,388
Difference between prudential and IFRS impairment (A-B)	408	28,837
Movement in Non-Distributable Reserve (NDR)		
Opening balance in NDR	444	16,271
Impact of adopting IFRS 9 at 1 January, 2018	-	(28,393)
Net changes in the year	(36)	12,566
Balance in NDR at 31 December	408	444

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 2018			
	Maturing within	Maturing after	Total
	12 months	12 months	
	N'million	N'million	N'million
ASSETS			
Cash and balances with Central Bank	89,094	295,837	384,931
Due from banks	52,287	59,346	111,633
Loans and advances to customers	190,591	659,289	849,880
Investments:			
• Financial assets at fair value through profit or loss	14,052	-	14,052
• Debt instruments at fair value through other comprehensive income	-	157,639	157,639
• Equity instruments at fair value through other comprehensive income	-	9,977	9,977
• Debt instruments at amortised cost	-	118,662	118,662
Other assets	33,955	1,169	35,124
Property, Plant and equipment	-	36,909	36,909
Intangible assets	-	1,076	1,076
TOTAL ASSETS	379,980	1,339,904	1,719,883
LIABILITIES			
Deposits from customers	433,737	545,676	979,413
Current income tax liability	1,609	-	1,609
Other liabilities	75,344	224,991	300,335
Provision	3,343	-	3,343
Debt issued and other borrowed funds	14,954	63,731	240,767
TOTAL LIABILITIES	528,987	834,398	1,525,467

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As at 31 December 2017			
	Maturing within	Maturing after	Total
	12 months	12 months	
ASSETS	N'million	N'million	N'million
Cash and balances with central bank	89,094	180,531	269,625
Due from banks	52,287	-	52,287
Loans and advances to customers	190,591	578,146	768,737
Investments:			
• Held for trading (fair value through profit or loss)	20,639	-	20,639
• Available for sale	45,150	31,665	76,815
• Held to maturity	48,486	60,298	108,784
Other assets	33,955	9,239	43,194
Property, Plant and equipment	-	38,504	38,504
Intangible assets	-	629	629
TOTAL ASSETS	480,202	899,011	1,379,214
	Maturing within	Maturing after	Total
	12 months	12 months	
LIABILITIES	N'million	N'million	N'million
Deposits from customers	433,737	341,539	775,276
Current income tax liability	1,445	-	1,445
Other liabilities	75,344	109,810	185,154
Provision	2,745	-	2,745
Debt issued and other borrowed funds	14,954	198,279	213,233
TOTAL LIABILITIES	528,225	649,628	1,177,853

42. Reclassifications

During the year, the Bank changed the presentation of interest income on financial assets as fair value through profit or loss from 'Interest and similar income' to 'Net gains from financial assets at fair value through profit or loss' in the statement of profit or loss and other comprehensive income. As such, the comparative amount was also reclassified for consistency. The amount reclassified in the prior year is N3.32 billion. The reclassification is done to comply with IAS 1.82(a) which requires separate presentation of interest income calculated using effective interest method on the face of statement of profit or loss and other comprehensive income.

43. Events After Reporting Period

There are no significant events after the reporting period which could have had a material effect on the financial position of the Bank as at 31 December 2018 and on the profit or loss and other comprehensive income for the period then ended, which have not been adequately provided for or disclosed.

44. Prior Year Restatement

The Central Bank of Nigeria (CBN), pursuant to Section 9(c) of the AMCON(Amended) Act 2015, informed the Bank of its shortfall in contributions to the Banking Sector

Resolution Cost Sinking Fund for the years 2016 and 2017. The shortfalls arose as a result of the erroneous application of the resolution Trust Deed's definition of "Total Assets". The definition of "Total Assets" was amended in 2015 to include off balance sheet items. However, the contribution made by the Bank did not include all the off balance sheet items.

The actual payments for the shortfalls will be spread over a five year period commencing in 2019 as specified by the CBN. The full shortfall of N1.95billion (N864million- 2016 and N1,089million- 2017), has been adjusted for in these financial statements.

31 December 2017			
	As previously reported	Adjustments	As restated
	N'million	N'million	N'million
Other Operating expenses	(36,767)	(1,089)	(37,856)
Net income	55,624	-	55,624
Profit after tax	18,857	(1,089)	17,768
Total comprehensive income for the year	21,967	(1,089)	20,878

1 January 2017			
	As previously reported	Adjustments	As restated
	N'million	N'million	N'million
Total assets	1,298,141	-	1,298,141
Other liabilities	157,860	865	158,725
Others	954,879	-	954,879
Total liabilities	1,112,739	865	1,113,604
Retained earnings	25,918	(865)	25,053
Others	159,484	-	159,484
Total equity	185,402	(865)	184,537
Total liabilities and equity	1,298,141		1,298,141

31 December 2017			
	As previously reported	Adjustments	As restated
	N'million	N'million	N'million
Total assets	1,379,214	-	1,379,214
Other liabilities	183,200	1,954	185,154
Others	992,699	-	992,699
Total liabilities	1,175,899	1,954	1,177,853
Retained earnings	25,326	(1,954)	23,372
Others	177,989	-	177,989
Total equity	203,315	(1,954)	201,361
Total liabilities and equity	1,379,214		1,379,214

Financial Statement

Notes To The Financial Statements

Impact on equity (increase/(decrease) in equity)		
	31 December 2017	1 January 2017
	N'million	N'million
Other liabilities	1,954	865
Total liabilities	1,954	865
Net impact on equity	(1,954)	(865)
Impact on statement of profit or loss (increase/(decrease) in profit)		
Other operating expenses	(1,089)	
Impact on profit for the year	(1,089)	
Impact on basic and diluted earnings per share(EPS) (increase/(decrease) in EPS)		
Other operating expenses	(3.80)	
Net impact on EPS	(3.80)	



OTHER REPORTS

Statement Of Value Added For The Year Ended December 2018

	2018		2017	
	N'million	%	N'million	%
Interest and similar income	153,682	245	147,419	232
Interest and similar expense	(84,095)	(134)	(79,278)	(124)
	69,587	111	68,141	107
Administrative overheads				
• Local	(6,940)	(11)	(4,650)	(7)
Value added	62,647	100	63,491	100
Distribution				
Employees:				
Salaries and benefits	23,910	38	24,535	39
Government:				
• Income tax	1,912	3	1,242	2
• IT levy	251	1	203	-
The future:				
• Dividend paid during the year	3,186	5	4,055	6
• Asset replacement (depreciation and amortisation)	6,247	10	4,373	7
• Asset replacement (provision for losses)	4,215	6	11,315	17
• Expansion (transfers to reserves)	22,926	37	17,768	29
	62,647	100	63,491	100

Value added represents the additional wealth the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among the employees, Shareholders, government and the portion re-invested for creation of more wealth.

Five-Year Financial Summary

Financial Position As At	As at 31 Dec 2018	As at 31 Dec 2017	As at 31 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2014
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with Central Bank	384,931	269,625	207,061	185,332	258,131
Due from other banks	111,633	52,287	49,200	79,942	68,735
Loans and advances to customers	849,880	768,737	718,401	578,203	541,686
Investments:					
Financial assets at fair value through profit or loss	14,052	20,639	18,098	4,070	83,363
Debt instruments at fair value through other comprehensive income	157,639	-	-	-	-
Equity instruments at fair value through other comprehensive income	9,977	-	-	-	-
Debt instruments at amortised cost	118,662				
Available for sale		76,815	88,586	116,607	90,864
Held to maturity	-	108,784	138,134	180,736	69,526
Other assets	35,124	43,194	37,510	45,902	36,256
Property, plant and equipment	36,909	38,504	40,356	39,985	37,958
Intangible assets	1,076	629	795	945	506
Total Assets	1,719,883	1,379,214	1,298,141	1,231,722	1,187,025
Financed by:					
Liabilities					
Deposits from customers	979,413	775,276	792,971	769,636	820,034
Current income tax payable	1,609	1,445	1,327	2,332	1,719
Deferred income tax liabilities	-	-	-	-	1,410
Other liabilities	300,335	185,154	157,860	122,887	64,693
Provision	3,343	2,745	1,546	1,945	1,537
Debts issued and other borrowed funds	240,767	213,233	159,035	141,975	117,541
Retirement benefit obligations	-	-	-	9,431	6,980
Total Liabilities	1,525,467	1,177,853	1,112,739	1,048,206	1,013,914
Equity					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium	101,272	101,272	101,272	101,272	101,272
Retained earnings	37,133	23,372	25,918	8,797	11,721
Statutory reserve	30,744	27,305	24,476	23,016	20,930
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	408	28,837	16,271	33,480	23,950
Fair value reserve/ Remeasurement reserve	7,038	5,330	2,220	1,706	(7)
AGSMEIS reserve	2,576				
Total Equity	194,416	201,361	185,402	183,516	173,111
Total Liabilities and Equity	1,719,883	1,379,214	1,298,141	1,231,722	1,187,025

Financial Summary - Contd.

Statement of Profit or Loss and Other Comprehensive Income For the year ended	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
	N'million	N'million	N'million	N'million	N'million
Operating income					
Net interest income	69,587	68,141	31,231	60,864	48,826
Impairment charge for credit losses	(4,215)	(11,315)	(4,797)	(5,764)	(4,306)
Net interest income after impairment charge for credit losses	65,372	56,826	26,434	55,100	44,520
Commission and other operating income	31,845	29,151	11,155	25,442	28,094
Other operating expenses	(72,128)	(66,764)	(31,458)	(66,518)	(57,099)
Profit before income tax	25,089	19,213	6,131	14,024	15,515
Income tax expense	(2,163)	(1,445)	(674)	(120)	(1,719)
Profit after taxation	22,926	17,768	5,457	13,904	13,796
Other comprehensive income	(2,206)	3,110	(1,702)	1,713	(82)
Total comprehensive income for the year	20,720	20,878	3,755	15,617	13,714
Per share data in kobo:					
Earnings per share (basic & diluted)	79k	31k	19k	48k	48k
Net assets per share	702k	664k	640k	636k	598k

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, 2018 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 largely held by Nigerian citizens and corporations. The Bank currently has about 402,468 Shareholders.

Relations with Shareholders

The Bank is committed to building and maintaining constructive and long-lasting relationships with Shareholders and other stakeholders through regular meetings, forums and targeted group engagements. The Board recognizes the importance of a dual-way communication channel with the Bank's Shareholders. The general meeting which is the primary avenue for interaction between the Shareholders, Management and the Board, is utilized effectively for this purpose.

The Board ensures that all Shareholders are treated fairly, given equal access to information about the Bank as well as notices of Shareholders' meetings. General meetings are conducted in an open manner allowing for free discussions on all issues on the agenda. The Board also ensures that the venue of the general meeting is accessible and that Shareholders are not disenfranchised from attending the meeting on account of choice of venue.

As a result, the Bank's Annual General Meetings are well attended and Shareholders who are unable to attend are encouraged to use the proxy cards sent with the Notice of Meeting. Proceedings at general meetings are monitored by the representatives of the Central Bank of Nigeria, Securities and Exchange Commission and Nigerian Stock Exchange, amongst others.

Fidelity believes that the key to positive engagement is for the Board and the stakeholders, including Shareholders, customers and analysts, to interact in a way that is mutually beneficial, promotes constructive dialogue and ensures that legitimate concerns are raised and addressed. Thus apart from the statutory general meetings, other engagement forums offer an opportunity for Shareholders and other stakeholders to deliberate and seek understanding of the Bank's financial results and strategic direction.

These consultations enable the Board and Management of the Bank to appreciate the perspectives of Shareholders concerning the Bank's overall financial performance and future plans. Feedback from Shareholder engagements assist in guiding the implementation of the Bank's corporate objectives. Furthermore, the quarterly, half-yearly and annual financial results are published in widely read national newspapers as well as on the Bank's website- www.fidelitybank.ng.

Protection of Shareholders' Rights

The Board ensures that Shareholders are protected. In particular, the right to attend and vote at general meetings is effectively maintained without restrictions. All Shareholders are treated equally regardless of size of Shareholding or status. The Board also ensures that the Bank promptly renders to Shareholders, documentary evidence of their ownership interests in the Bank such as share certificates, dividend warrants and related instruments including secure electronic remittances (e-dividend and Central Securities Clearing System [CSCS] transfers).

Investor Relations Desk

The Bank has a robust Investor Relations Team that, in liaison with the Company Secretary, engages individual Shareholders, Institutional Investors, Fund Managers and Analysts. The Team, on a regular basis, publishes information on the Bank's strategic direction and provides in-depth analysis of published financial results and performance targets of the Bank through several channels including:

- Investors/Analysts Conference Calls
- One-on-One Meetings with Investors/Analysts
- Press Releases
- Financial Results Presentations
- Investor Conferences
- Non-deal Roadshows
- Newspaper Publications
- Investor Relations Portal on the Bank's website
- Annual Report and Accounts

The Team has an annual programme of meetings with institutional investors. Management participates actively in these meetings and the Bank is able to develop an understanding of issues that are of concern to investors.

Fidelity continues to raise the level of its activities to enhance information disclosure with focus on disclosure of business and financial information and creating opportunities for dialogue, while taking into consideration the needs and expectations of our Shareholders, investors and all stakeholders.

Investor Presentations which are prepared on a bi-annual basis are published on the Investors Section of the Bank's website. The Section also hosts Frequently Asked Questions (FAQs) to enable stakeholders obtain answers to critical questions.

Interested stakeholders may contact our Investor Relations Team on:

Telephone: +234 1 2700 530; 2700 531; 2700 532

Email: info.investorrelations@fidelitybank.ng

Website: www.fidelitybank.ng

Share Capital History

Year	Authorized (Additional) N	Authorized (Cumulative) N	Issued And Fully Paid (Additional) N	Issued And Fully Paid (Cumulative) N	Consideration
1988	3,000,000	3,000,000	1,865,000	1,865,000	Cash
1989	9,000,000	12,000,000	5,822,000	7,687,000	Bonus/Cash
1989	-	12,000,000	-	7,687,000	-
1990	3,000,000	15,000,000	1,153,050	8,840,050	Bonus/Cash
1991	25,000,000	40,000,000	4,959,950	13,800,000	Bonus/Cash
1992	20,000,000	60,000,000	13,800,000	27,600,000	Cash
1993	40,000,000	100,000,000	12,703,000	40,303,000	Bonus/Cash
1994	50,000,000	150,000,000	51,830,000	92,133,000	Bonus/Cash
1995	-	150,000,000	21,737,000	113,870,000	Bonus
1997	650,000,000	800,000,000	272,247,000	386,117,000	Bonus/Cash
1998	-	800,000,000	151,472,000	537,589,000	Bonus/Cash
2000	700,000,000	1,500,000,000	6,458,920	544,047,920	Cash
2001	-	1,500,000,000		544,047,920	
2001	500,000,000	2,000,000,000	272,023,960	816,071,880	Bonus
2002	-	2,000,000,000	36,501,911	852,573,791	Cash
2003	-	2,000,000,000	336,602,981	1,189,176,772	Cash
2004		2,000,000,000	344,554,220	1,533,730,992	Bonus/Cash
2004	4,000,000,000	6,000,000,000	519,088,134	2,052,819,126	Bonus
2005	2,000,000,000	8,000,000,000	2,222,101,272	4,274,920,398	Cash
2005	2,000,000,000	10,000,000,000	3,956,922,658	8,231,843,056	Merger/Cash
2007	2,500,000,000	12,500,000,000	249,449,790	8,481,292,846	Rights
2007	3,500,000,000	16,000,000,000	6,000,000,000	14,481,292,846	Public Offer

Unclaimed Dividend Report

Unclaimed Dividend As At December 31, 2018

Payt. No	Amount Of Dividend Declared	Total Div. Paid (July - Dec. 2018)	Total Div. Paid Up To June, 2018 (Accum.)	Total Div. Paid Up To December, 2018	Date Of Payment	Unclaimed Dividend	Total Amount Returned To Coy After 15 Months
	N	N	N	N		N	
1	1,629,904,972.14	245,539.24	1,552,573,579.80	1,552,819,119.04	12/20/06	1,985,168.61	75,100,684.49
2	2,372,523,026.54	405,202.69	2,231,510,788.44	2,231,915,991.13	12/17/07	1,613,069.63	138,993,965.78
3	7,819,898,220.00	748,628.94	7,579,389,194.11	7,580,137,823.05	11/13/08	738,904.10	239,021,492.85
4	1,303,865,866.04	342,316.33	1,218,958,691.53	1,219,301,007.86	4/1/10	1,284,066.55	83,280,791.63
5	651,932,933.02	31,385.48	575,878,982.94	575,910,368.42	8/13/10	497,979.54	75,524,585.06
6	3,649,285,797.30	96,149.22	3,510,642,793.75	3,510,738,942.97	4/29/11	312,467.43	138,234,386.90
7	3,649,285,796.40	180,100.38	3,519,283,093.71	3,519,463,194.09	9/5/12	575,361.55	129,247,240.76
8	5,492,037,855.15	760,812.91	5,299,421,588.23	5,300,182,401.14	5/21/13	1,585,587.05	190,269,866.96
9	3,661,087,989.94	480,927.77	3,296,584,453.79	3,297,065,381.56	2/5/14	3,100,767.17	360,921,841.21
10	4,722,504,209.50	1,330,471.66	4,327,436,165.70	4,328,766,637.36	7/5/15	14,307,178.23	379,430,393.91
11	4,197,866,869.25	1,064,584.63	3,812,602,954.49	3,813,667,539.12	5/5/16	29,475,795.61	354,723,534.52
12	3,671,368,473.32	38,436,181.99	3,099,921,006.32	3,138,357,188.31	5/4/17	39,072,102.84	493,939,182.17
	42,821,562,008.60	44,122,301.24	40,024,203,292.81	40,068,325,594.05		94,548,448.31	2,658,687,966.24

NOTES:

Shareholders are advised to update their records and/or open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend payments and e-bonus. Detachable application forms for change of address, unclaimed dividend and e-bonus are the Bank's website for the convenience of all Shareholders. The list of unclaimed dividends is also on the Bank's website.

Recommendations And Explanatory Notes Relating To The Business To Be Conducted At The 31st Annual General Meeting (AGM) On 26th of April, 2019

Resolution 1

To receive the Audited Financial Statements for the year ended December 31, 2018, and the Reports of the Directors, 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 and Loss Account, Statement of Accounting Policies, Five (5) Year Financial Summary, Report of the Directors as well as the Reports of the Independent Auditors and Statutory Audit Committee.

The Financial Statements are to be prepared in compliance with specific regulatory requirements and accounting standards issued from time to time by the Nigerian Accounting Standards Board and should present a true and fair view of the Company's business undertaking during the period under review.

The Directors' Report contains important information on the financial performance of the Company, the amount (if any) recommended for payment as Dividend, details of the persons who held office as Directors during the year and the Directors' interest (direct or indirect) in the shares of the Company, amongst others.

The Chairman will therefore lay the Audited Financial Statements of the Company for the year ended December 31, 2018 before the Members at the Annual General Meeting (AGM).

During the meeting, representatives of the Independent External Auditors, the Board Appraisal Consultants and the Statutory Audit Committee will also read their respective Reports and recommendations to Shareholders, as these form part of the Financial Statements.

Request:

Shareholders are requested to receive the Financial Statements and accompanying Reports as laid before them at the Annual General Meeting.

Resolution 2

To declare a Dividend of 11 kobo per ordinary share.

Rationale:

The Directors recommend payment of a dividend of 11 kobo per ordinary share entitled thereto for the year ended December 31, 2018.

Section 379(3) of CAMA stipulates that, the General Meeting has the power to approve or decrease the amount of dividend recommended by the Directors, but not to increase the said sum.

If approval of the recommended dividend is obtained at the Annual General Meeting, dividend will be paid on April 26, 2019 to Shareholders whose names are recorded in the Company's Register of Members at the close of business on April 12, 2019. Shareholders who have mandated their dividend to their bank accounts, will be credited on the same date.

Recommendations And Explanatory Notes

Request:

Shareholders are requested to vote in favour of the Resolution to declare a dividend of 11 Kobo per ordinary share, to enable the Directors pay the recommended dividend.

Resolution 3

To elect Mr. Chidozie Agbapu as a Non-Executive Director.

Rationale:

The Board, pursuant to the powers vested on it by Article 98(2) of the Articles of Association of the Company, appointed Mr. Chidozie Agbapu as a Non-Executive Director.

He brings to the Board robust experience garnered from public, private and professional practice and his profile is as detailed below. This is also available on the Bank's website at www.fidelitybank.ng.

Profile of Mr. Chidozie Agbapu: Non-Executive Director

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

He is a fellow of the Chartered Institute of Stockbrokers and has extensive experience in capital market operations spanning over thirty (30) years. He has served as Chief Dealer/Analyst in various capital market firms including Equator Finance & Securities Limited and Prominent Securities Limited. He is currently Co-CEO/Managing Director of Planet Capital Limited, a product of a merger between Strategy & Arbitrage Limited and Emerging Capital Limited, both members of The Nigerian Stock Exchange. Mr. Chidozie Agbapu was a Founding Partner/Managing Director of Emerging Capital Limited from 2004 to 2010.

Mr. Chidozie Agbapu currently serves on the board of various Companies including Coral Properties Limited (a subsidiary of The Nigerian Stock Exchange), MTI Nigeria Plc and MTI Limited, Accra, Ghana. He served as a Director of Bendel Feeds and Flour Mills Limited and Central Securities Clearing System (CSCS) Limited for seven (7) years and is currently a Member of the National Council of the Nigerian Stock Exchange, where he also serves on the Disciplinary, Audit and Risk and Rules and Adjudication Committees.

Until his appointment as a Non-Executive Director of the Bank, Mr. Chidozie Agbapu was a member of the Statutory Audit Committee of Fidelity Bank Plc. His appointment to the Board was approved by the Central Bank of Nigeria (CBN) on September 3, 2018.

Request:

Shareholders are requested to vote in favour of the resolution for election of Mr. Chidozie Agbapu as a Non-Executive Director.

Resolution 4

Re-election of Pst. Kings C. Akuma and Chief Charles Umolu 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 nearest 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, Pst. Kings C. Akuma and Chief Charles Umolu shall retire by rotation at the 31st Annual General Meeting and being eligible, have offered themselves for re-election.

The Board confirms that a formal evaluation was conducted to assess the performance of the retiring Non-Executive Directors.

The profile 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 Pst. Kings C. Akuma: Non-Executive Director

Pst. Kings C. Akuma currently heads the Non-Oil & Gas business of ALCON Nigeria Limited, a major player in the oil, gas and power sector. Prior to joining ALCON, he was the Managing Director of Hammakopp Consortium Limited, an affiliate of Nestoil Group Plc, where he served as the Executive Director in charge of Operations and Quality. He holds a B. Sc in Accounting from the University of Nigeria, Nsukka and a Master's in Business Administration from the University of Lagos.

Pst. Kings C. Akuma is a Fellow of both the Institute of Chartered Accountants of Nigeria, and the Chartered Institute of Taxation of Nigeria, and is regarded by his peers and contemporaries as a thoroughbred strategic change management specialist with core competence in organisational structure and financial due diligence review. He coordinated comprehensive financial due diligence on several Banks and has over three (3) decades of in-depth understanding of banking/finance operations, consulting, manufacturing, oil & gas, due diligence and forensic accounting. Pst. Kings C. Akuma is a fellow of the Institute of Credit Administration. He joined the Board of Fidelity Bank Plc. on November 25, 2016.

Profile of Chief Charles Umolu: Non-Executive Director

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

Chief Charles Umolu has served on the board of various organizations as Executive and Non-Executive Director, including a five-year stint with Keystone Bank Limited as a Non-Executive Director. He was the Managing Director/CEO of Comet Merchant Bank Limited (1995-1997) a position he held until he retired in 1997 to set up Corimol Consulting Limited. He joined the Board of Fidelity Bank Plc on November 25, 2016.

Request:

Given their experience, background and contributions thus far, the Board believes that the retiring Directors will continue to add value to the Company and requests that Shareholders vote in favour of the Resolution for their re-election.

Recommendations And Explanatory Notes

Resolution 5

To authorize the Directors to fix the remuneration of the Auditors.

Rationale:

One of the joint external auditors, PKF Professional Services' (whose appointment was approved by Shareholders at the Annual General Meeting of November 6, 2008), completed the maximum ten (10) years tenure for external auditors on November 5, 2018, in line with the provisions of the Central Bank of Nigeria's Code of Corporate Governance for Bank's and Discount Houses in Nigeria.

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

The Audit Committee have also, in furtherance of Section 359(6)(e) of CAMA, recommended the re-appointment of the External Auditors for the 2019 financial year.

Section 361(1)(b) 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, 2019.

Resolution 6

To elect members of the Statutory Audit Committee.

Rationale:

By virtue of Section 359 of CAMA, all public limited companies are mandated to establish Audit Committees. The Act also requires that the Committee should be comprised of a maximum of six (6) members, three Shareholders representatives and three Directors.

Section 359(5) of CAMA specifically provides that a Shareholder may nominate another Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty- one (21) days before the Annual General Meeting.

The responsibilities of the Audit Committee (which is required to present its Report to the 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 (3) members on the Audit Committee.

The nominees would be presented at the meeting and voting on this resolution conducted strictly by a show of hands in compliance with the provisions of Section 225(3) of CAMA or electronically.

Request:

Shareholders are requested to vote on this resolution to elect three (3) representatives to the Audit Committee for the 2019 financial year.

Communications Policy

The Bank has a formal Communications Policy which complies with the Laws, Rules and Regulations guiding the Nigerian Banking Industry as well as the Codes of Corporate Governance issued by its primary and other Regulators. These include the Banks and Other Financial Institutions Act (BOFIA), 2004 Companies and Allied Matters Act (CAMA), 2004 and the Codes of Corporate Governance issued by the Central Bank of Nigeria and the Securities and Exchange Commission. Attention is also drawn to the following:

- (a) Efficiency: The Bank uses modern communication technologies in a timely manner to convey its messages to target groups, while building synergies and strategic alliances across multi- media platforms.
- (b) Cultural Awareness: The Bank operates in a multi-cultural environment and recognises the need to be sensitive to the cultural peculiarities of its operating environment.
- (c) Feedback: The Bank actively and regularly seeks feedback on its image and communication activities not only from the media and target groups but also the general public.

Information Dissemination

The Bank's Brand and Communications Division oversees the implementation of the Communications Policy as well as the process of dissemination of information from the Bank. The Chief Human Resources Officer is responsible for ensuring that a copy of the Policy is available to each Fidelity Bank employee via the Bank's intranet while the Chief Internal Auditor ensures compliance.

Supporting You To Grow Your Non-Oil Export Business

At Fidelity, we strongly believe that non-oil export businesses have huge capacity for wealth creation and employment generation. This is why we are at the forefront of providing our customers the required support to attain this potential.

Visit any of our branches to take advantage of our **export advisory services**.



We Are Fidelity, We Keep Our Word.

true.serve@fidelitybank.ng

Fidelity Bank Plc

RC 103022

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FORMS

Fidelity Bank Plc

Proxy Form

Thirty-first Annual General Meeting to be held at 10.00 a. m. on the 26th of April, 2019 at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

I/We _____ of _____ being a Shareholder(s) of Fidelity Bank Plc. hereby appoint _____ or failing him Mr. Ernest Ebi MFR, FCIB or failing him, Mr. Nnamdi Okonkwo as my/our Proxy to act and vote for me/us on my/our behalf at the 31st Annual General Meeting to be held on the 26th day of April 2019 and at any adjournment thereof.

Dated this _____ day of _____ 2019.

Shareholder's Signature _____

	Ordinary Business		For	Against
	No			
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	1.	To receive the Audited Financial Statement for the year ended December 31, 2018 and the Reports of the Directors, Auditors and Audit Committee thereon.		
	2.	To declare a Dividend.		
	3.	To elect Mr. Chidi Agbapu who was appointed as a Non-Executive Director since the last Annual General Meeting.		
	4.	To re-elect Pst. Kings C. Akuma and Chief Charles Umolu as Non-Executive Directors.		
	5.	To authorize the Directors to fix the remuneration of the Auditors.		
	6.	To elect the members of the Audit Committee.		
Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his discretion.				
Signature Of Person Attending _____				

This proxy form should NOT be completed and sent to the registered office of the company if the Shareholder will be attending the meeting.

Note:

- (i) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxy forms should be deposited at the registered office of the Registrar (as in the Notice) not later than 48 hours before the meeting.
- (ii) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
- (iii) If the Shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some of its officers or an attorney duly authorized.
- (iv) The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
- (v) It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear appropriate stamp duty from the Stamp Duties Office (not adhesive postage stamps).



Fidelity Bank Plc

Admission Card

Thirty-first Annual General Meeting to be held at 10.00 a. m. on the 26th of April, 2019 at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

Please admit _____ to the 31st Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: _____

Account Number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of Shares Held: _____

Signature of person attending _____

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

Fidelity Bank Plc RC103022



Fidelity Bank Plc

Admission Card

Thirty-first Annual General Meeting to be held at 10.00 a. m. on the 26th of April, 2019 at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

Please admit _____ to the 31st Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: _____

Account Number:

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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 <input style="width: 40px; height: 25px; border: 1px solid black;" type="text"/>	Shareholder's Account Number (If Known) <table border="1" style="width: 100%; height: 25px; border-collapse: collapse;"> <tr> <td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td> </tr> </table>																				

Shareholder's Account Information

Last Name

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Other Names

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Previous Address

City

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State

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Present/New Address

City

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

State

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Mobile Telephone

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Email Address

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Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) Signature & Company Seal

NOTES

- a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
- b) When the holding is in more than one name, all of the security holders must sign.
- c) Please note that this request would not be processed if the signature(s) herein differ(s) from that which appears in the Registrar's records.
- d) Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.



Wealth Management That Preserves Legacies



Financial Advisory • Wealth Management • Custodial Services • Luxury Lifestyle

For 20 years, our team of thorough-bred experts have helped you create, manage and preserve your wealth for the next generation. Today, as we celebrate two decades of exclusive banking, we reiterate our commitment to giving you only the best in class financial and lifestyle solutions.

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Membership by Invitation



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