Fidelity

DRIVE *for* MORE

2019

Annual Report

Fidelity Bank Plc

Drive For More

At Fidelity, we push the borders of excellent customer service. Our focus is to continuously deliver and exceed stakeholders' expectations and that's why we keep driving for more

Content

Corporate Information

Head Office

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

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 (with International Authorization) operating in Nigeria. Quoted on the Nigerian Stock Exchange (NSE), Fidelity Bank Plc. began operations in 1988, as a Merchant Bank. In 1999, it converted to a Commercial Bank and then became a Universal Bank in February 2001.

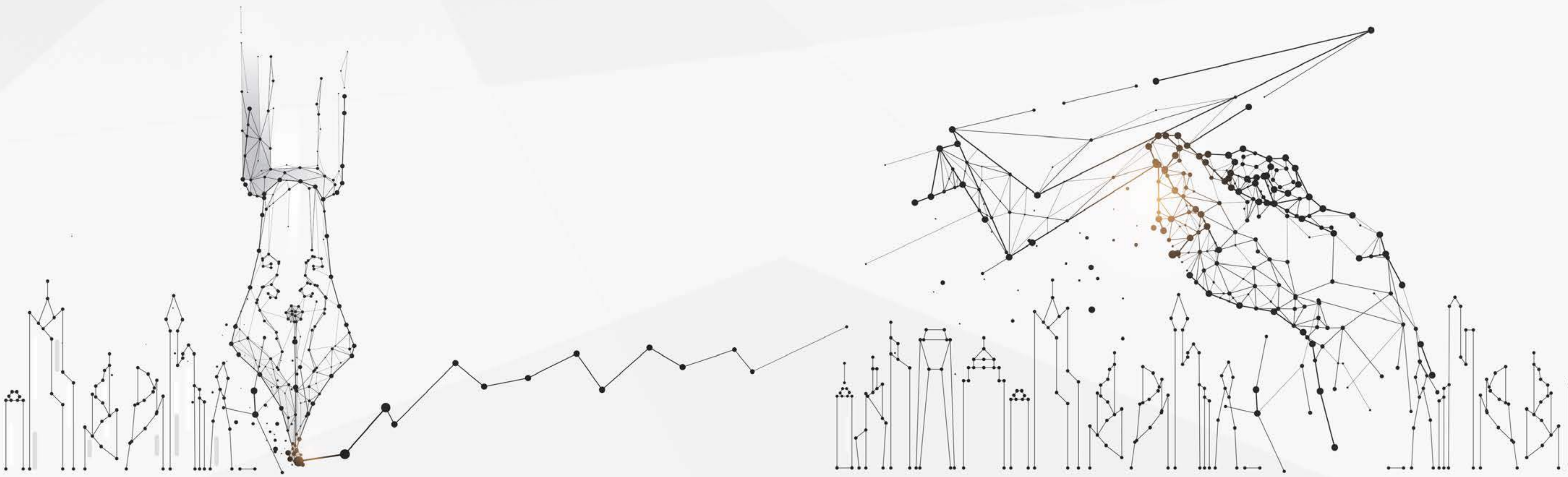
The Bank has a wide reach across all channels of distribution including 250 business offices and a robust digital banking platform. Focused on select niche Corporate Banking business segment as well as Micro, Small and Medium Enterprises (MSMEs), Fidelity Bank is rapidly implementing a digital based Retail Banking Strategy which has resulted in increased customer base and double-digit growth in Savings Deposits for 6 consecutive years. 47.4% percent of the bank's customers are enrolled on the Bank's mobile/internet banking platform, whilst 82.0percent of total customer transactions are now done on its electronic banking channels.

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 clientele.

Over the years the bank has won several awards and gained recognition for sustainable banking and support for small businesses. Fidelity Bank secured 2nd place in the Sustainable Agriculture Transaction of the Year and 3rd position as "Best Bank in Women Economic Empowerment" at the 11th Annual Bankers' Committee Retreat. In addition, the bank remarkably grew 4 places to come 2nd in customer experience at the 2019 Annual Banking Industry Customer Satisfaction Survey (BICSS) conducted by KPMG.

Mission

To make financial services easy and accessible to our customers.



Performance Highlights

Revenue & Efficiency Ratio

- Total Interest Income up by 15.8% to N182.3 billion in 2019FY (2018FY: N157.5 billion)
- Operating Expenses up by 13.7% to N82.0 billion in 2019FY (2018FY: N72.1 billion)
- Cost to Income Ratio increased to 73.4% in 2019FY from 71.1% in 2018FY
- PBT up by 21.0% to N30.4 billion in 2019FY (PAT came in at N28.4 billion)

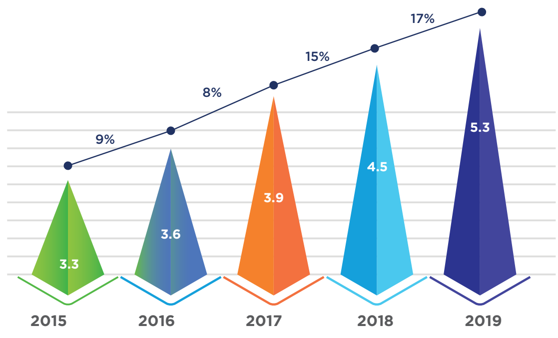
Asset Quality

- Cost of Risk was down at -0.1% in 2019FY from 0.5% in 2018FY
- NPL Ratio down to 3.3% in 2019FY from 5.7% in 2018FY
- Coverage Ratio was up to 169.1% in 2019FY from 110.7% in 2018FY
- FCY Loans accounted for 41.2% of Net Loans from 41.1% in 2018FY

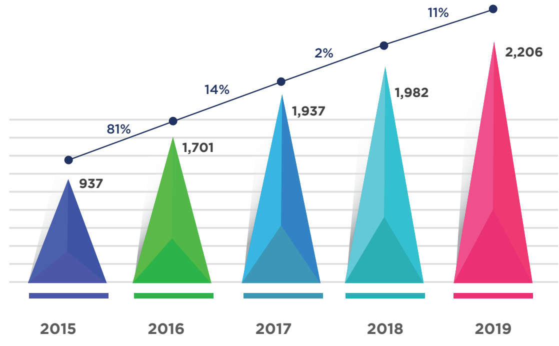
Capital Adequacy & Liquidity

- Capital Adequacy Ratio of 18.3%, based on Basel II computation
- Liquidity Ratio of 35.0% compared to regulatory minimum of 30.0%
- Gross Loans to Funding Ratio stood at 68.2% in 2019FY from 64.2% in 2018FY
- Total Equity at N234.0 billion compared to N194.4 billion in 2018FY

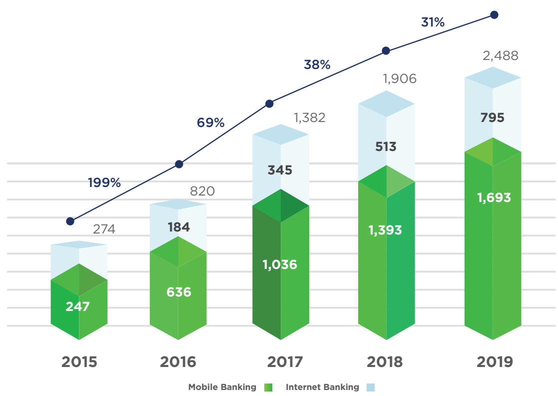
Retail & Digital Banking Evolution



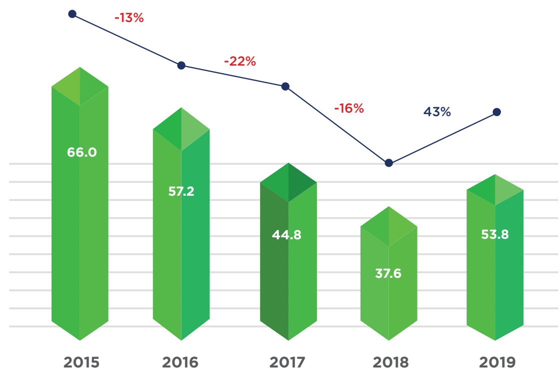
Number of Customer Accounts (#'million)



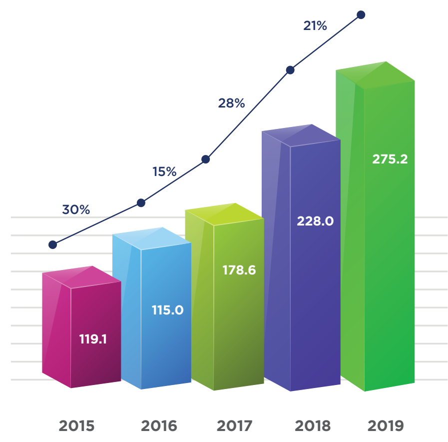
Number of Debit Cardholders (#'000)



Mobile/Internet Banking Customers (#'000)



Retail Risk Asset (N'billion)



Savings Deposits (N'billion)

Commentary

- We achieved double-digit growth in Savings Deposits for the 6th consecutive year.
- Retail Loans picked up in 2019 following the launch of our digital lending products (FFL).
- 47.4% of customers now enrolled on mobile/internet banking products.
- 82.0% of customers transactions are now done on electronic banking channels.
- Digital Banking now accounts for 31.1% of fee income.

Notice Of Annual General Meeting

Notice is Hereby Given that the 32nd Annual General Meeting of members of Fidelity Bank Plc will be held at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos at 10:00 a.m. on Thursday, April 30, 2020 to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2019 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To elect the following Directors who were appointed since the last Annual General Meeting:

(i) **Mr. Obaro Odeghe,** Executive Director.
(ii) **Mr. Gbolahan Joshua,** Executive Director.
(iii) **Mr. Hassan Imam,** Executive Director.
(iv) **Alhaji Isa Mohammed Inuwa,** Independent Non-Executive Director.

4. To re-elect the following Directors retiring by rotation:

(i) **Mr. Ernest Ebi MFR, FCIB**, Non-Executive Director.
(ii) **Mr. Michael Okeke**, Non-Executive Director.

5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

Proxy

Fidelity Bank Plc, as a responsible corporate citizen, is aware of the unique challenges posed by the COVID-19 Pandemic and mindful of the need for all to take action to check the spread of the virus. To this end, the Bank had earlier activated its internal COVID-19 Response Plan, in addition to implementing the safety measures recommended by the Government and health authorities.

To ensure the safe conduct of the 32nd Annual General Meeting in accordance with the guidelines issued by the Nigeria Centre For Disease Control and the Corporate Affairs Commission (CAC), Shareholders are hereby notified that attendance shall only be by proxy and shall be limited to a maximum of twenty-five people (the maximum crowd size currently permitted by Lagos State Government, the host city for the meeting). In view of the foregoing, Shareholders are encouraged to appoint proxies to represent them at the meeting.

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 and can be downloaded from the Bank's website. To be valid, the completed and duly stamped proxy form should be emailed to **info@firstregistrarsnigeria.com** or 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, 2020

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 20 Kobo per Ordinary Share is approved, dividend will be paid on **April 30, 2020** to Shareholders whose names appear in the Register of Members at the close of business on **April 17, 2020**. Shareholders who have completed and submitted the e-Dividend mandate will receive direct credit of the dividend to their bank accounts on **April 30, 2020.**

(B) Closure Of Register Of Members

The Register of Members and Transfer Books of the Company will be closed from **April 20, 2020** to **April 24, 2020** (both days inclusive) to enable the Registrar prepare for dividend payment.

(C) Statutory 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 Statutory 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 the Securities and Exchange Commission (the Commission) require that some members of the Statutory Audit Committee should be financially literate and knowledgeable in internal control processes, accounting and financial matters. Consequently, a detailed curriculum vitae affirming the nominee's qualifications should be submitted with each nomination.

(D) Unclaimed Dividend Warrants And Share Certificates

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

(E) E-Dividend/Bonus

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

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

(F) Election/Re-Election of Directors

(i) Election of Directors:

(a) **Mr. Obaro Odeghe** was appointed as an Executive Director of the Company on March 19, 2019. His appointment was approved by the Central Bank of Nigeria on August 22, 2019 and will be presented for Shareholders' approval at the 32nd Annual General Meeting.

(b) **Mr. Gbolahan Joshua** was appointed as an Executive Director of the Company on March 19, 2019. His appointment was approved by the Central Bank of Nigeria on August 22, 2019 and will be presented for Shareholders' approval at the 32nd Annual General Meeting.

(c) **Mr. Hassan Imam** was appointed as an Executive Director of the Company on March 19, 2019. His appointment was approved by the Central Bank of Nigeria on August 22, 2019, to take effect on January 1, 2020 and will be presented for Shareholders' approval at the 32nd Annual General Meeting.

(d) **Alhaji Isa Mohammed Inuwa** was appointed as an Independent Non-Executive Director of the Company on October 24, 2019. His appointment was approved by the Central Bank of Nigeria on January 22, 2020 and will be presented for Shareholders' approval at the 32nd 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 at the 32nd Annual General Meeting are **Mr. Ernest Ebi MFR, FCIB** and **Mr. Michael Okeke**. The retiring Directors, being eligible, have offered themselves for re-election.

The profile of all the Directors, inluding the Directors for election/re-election is 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.investor@fidelitybank.ng** or addressed to the Company Secretary and delivered to The Company Secretariat, Fidelity Bank Plc, Block B, No. 2 Kofo Abayomi Street, Victoria Island, Lagos on or before **Friday, April 17, 2020**.

(H) E-Annual Report

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

(I) Website

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

Chairman's Statement

Welcome Remarks

Fellow shareholders, it is a pleasure to welcome you to the 32nd Annual General Meeting of Fidelity Bank Plc.

Despite the challenging domestic macroeconomic environment, 2019 was another year of growth for our bank as shown by the performance indicators below:

- Profit Before Tax (PBT) increased by 21.0 percent from N25.1 billion in 2018 to N30.4 billion in the reporting period.
- We grew our risk assets by 32.6 percent, increasing our Loan Book from N850 billion in the previous year to N1,127.0 billion in the reporting period.
- We also grew across all deposits lines.

I am particularly pleased that we were able to achieve double-digit growth in our savings account balance for the 6th consecutive year.

The aforementioned performance was made possible by the disciplined execution of our digital strategy. As at December 31, 2019, 82.0 percent of total transactions were done on our digital outlets with 47.4 percent of our customers enrolled on our mobile/internet banking platforms.

However, the business did not operate in a vacuum. In the next few paragraphs, we will examine in greater detail the global and domestic economic events that affected our operations.

Economic Review

The year began with a relatively subdued outlook due to trade tensions between the United States and China caused by the protectionist policies adopted by the United States and uncertainties around the exit of the United Kingdom from the European Union. However, commodity prices were relatively stable.

In the domestic sector, the Monetary Policy Committee of the Central Bank of Nigeria lowered the Monetary Policy Rate (MPR) from 14.0 percent to 13.5 percent. This rate change, (the first in two years) signaled a focus on growth by the monetary authorities.

Subsequently, the Central Bank of Nigeria (CBN), complemented the downward review of the MPR with several policy initiatives including the review of the Loans to Deposit Ratio (LDR) Policy and the establishment of several intervention channels for real sector finance.

In the third quarter, the Fiscal Authorities sponsored the 2019 Finance Bill which proposed changes to the taxation framework of the country. The bill aims to increase the tax revenue of the Federal Government.

The most unforeseen decision of the Government during the period was the closure of Nigeria's land borders. The Government stated that the action was necessary to reduce the effect of smuggling on local industries.

The sudden drop in the supply of previously smuggled staples resulted in a spike in prices and inflation. The high inflationary trend was sustained through the last quarter of the year; as domestic production was not able to match market demand.

Economic Performance

Inflation which was 11.37 percent at the start of the year, reduced to 11.02 percent in August but rose to 11.98 percent at year-end.

The average price of crude oil in the year was $64 per barrel (pb), which was $4 above the budget benchmark rate of $60pb. Domestic crude oil production was however 2 million bpd against a budget benchmark of 2.3 million barrels per day (bpd).

Revenue from crude oil sales as well as the Government's Foreign Currency (FCY) borrowings drove accretion to the external reserves to $44.9 billion in July, from $43.2billion at the start of the year. The external reserves however closed with a balance of $38.6 billion due mainly to the sustained intervention policy of the apex bank to stabilize the exchange rate.

Real GDP growth for the 2019 fiscal year was 2.27 percent. This is the third consecutive year of expansion after the 2016 recession.

Business Transformation Initiatives

In line with our medium-term growth strategy, the Bank continued the implementation of its Digital Transformation program focusing on back end processes and customer-interactive platforms. We also initiated a comprehensive refresh of our technology architecture and integrated an automated system to optimize internal processes.

Changes On The Board Of Directors

The following changes occurred on the Board of the Bank after the 31st Annual General Meeting which held on April 26, 2019:

(a) The erstwhile Deputy Managing Director, Mr. Mohammed Balarabe, having attained the retirement age, retired from service on the 31st of December 2019, after an illustrious career spanning over 3 decades in the Banking Industry.

(b) Mrs. Chijioke Ugochukwu, former Executive Director, Shared Services and Products, completed her executive contract tenure on the Board of Directors on March 31, 2020, in accordance with the Bank's policy. She was the longest serving staff of the bank having served for 30 years.

The Board and Management of the Bank seize this opportunity to express sincere appreciation to Mr. Mohammed Balarabe and Mrs. Chijioke Ugochukwu for their exemplary service and wishes them the very best in their future endeavors.

In keeping with its objective of appointing individuals who can make meaningful contributions to the growth and development of the Bank and support the achievement of its strategy, Board appointments since the 31st Annual General Meeting are detailed below:

Name	Designation/Board Changes
Mr. Gbolahan Joshua	Executive Director *Appointed to the Board on March 19, 2019 and approved by the Central Bank of Nigeria on August 22, 2019.*
Mr. Obaro Odeghe	Executive Director *Appointed to the Board on March 19, 2019 and approved by the Central Bank of Nigeria on August 22, 2019.*
Mr. Hassan Imam	Executive Director *Appointed to the Board on March 19, 2019 and approved by the Central Bank of Nigeria on August 22, 2019, to take effect from January 1, 2020.*
Alhaji Isa Mohammed Inuwa	Independent Non-Executive Director *Appointed to the Board on October 24, 2019 and approved by the Central Bank of Nigeria on January 22, 2020.*

These appointments have been approved by the Central Bank of Nigeria and the new Directors will be presented to Shareholders at the 32nd Annual General Meeting

Conclusion

The prognosis for the economy in 2020 is mixed. On one hand, we are excited by the opportunities opening up in the retail space as the economy continues to evolve. On the other hand, there are concerns about the devastating impact of the coronavirus on the global economy.

The outcome of the US elections will determine the new face of global politics while the "no deal BREXIT" has opened up the doors for new partnerships and trade re-alignments. Nevertheless, we are confident of maintaining our growth trajectory. Our greatest strength is our ability to adapt to change.

I thank you all for your support and assure you that we will continue to uphold our key tenets of customer centeredness, innovation and digitization.

Thank you and God bless.

Ernest Ebi MFR, FCIB
Chairman

CEO'S STATEMENT

Nnamdi J. Okonkwo
Managing Director/Chief Executive Officer

CEO's Statement

Shareholders, Fellow Directors, Colleagues, Ladies and Gentlemen, it is always a great honour to stand before you especially at events such as the Annual General Meeting of our Bank.

Before going into the key activities that shaped the performance of our Bank in the 2019 financial year, I would like to thank you for the unflinching support you gave my team and for believing in our stewardship by entrusting the management of your huge capital and funds to us. The conviction that we can always count on you compels us to do more.

We appreciate your feedback which has continued to guide our corporate initiatives and how best to serve you and our customers. We will not cease providing premium services across our business offices and electronic distribution channels which has continued to garner accolades for our Bank in the 2019 financial year.

Expanding our Non-Oil Exports and Agribusiness Franchise

We have leveraged strategic partnerships with Development Finance Institutions and the Central Bank of Nigeria (CBN) under various industry targeted intervention funding programmes to enhance access to credit for eligible players in the agribusiness and non-oil exports space. Some of our key initiatives include the expansion of capacity in strategic value-chain segments that are key to narrowing food security gaps and enhancing foreign exchange earnings. In the year under review, we provided over N32.0 billion credit facilities to indigenous businesses operating in specific agro sub-sectors which include; Rice, Cocoa, Poultry, Oil Palm and Dairy Farming.

We financed two of the biggest indigenous Rice Mills in Nigeria. Our funding interventions in these businesses helped to scale up aggregate rice milling capacity from 185,000 metric tonnes per annum to over 500,000 metric tonnes per annum. These actions of your Bank have helped to expand the total paddy output in Nigeria and also unlocked ancillary businesses in the sub-sector.

On cocoa, we funded the capacity expansion of one of the biggest cocoa assets in Nigeria. In the 3 odd years that we have provided export services as a structured segment of our business, we have facilitated the exportation of over 50,000 metric tonnes of cocoa beans and derivatives. Our financing of cocoa exports has had a positive pass-through effect on the upstream end of the cocoa value-chain, especially on the rural communities in the cocoa belt by way of empowerment and employment generation. This, in a sense, also speaks to the sustainability imperative of our business incursions.

Across the broad spectrum of economic activities in the agribusiness space, we have built strong partnerships to drive our agribusiness. Our activities have continued to be recognized by operators, funding partners and other actors in the agribusiness space. At the Bankers' Committee meeting of December 2019, our Bank was awarded 2nd position in Sustainable Agriculture Transaction of the year.

Sustaining our Small and Medium Scale (SME) Business Segment

We have sustained our collaboration with several Development Financial Institutions (DFIs) including African Development Bank (AfDB), Development Bank of Nigeria (DBN) and Bank of Industry (BoI). in the provision of low cost and targeted funding to Small and Medium Scale Enterprises (SMEs). We also anchored on the Central Bank of Nigeria (CBN) intervention funds created for specific needs and sectors in the economy. In 2019, our Local Currency Loan Book grew by N161.5 billion and over 36.3 percent of that was created through the intervention funds window.

In August 2019, we held an industry-defining event in Lagos, the Fidelity SME Funding Serie to, amongst other things, deepen the conversation around SME funding on a national scale and help funding-ready SMEs meet funders which provided another strategic avenue for business development for our Bank. The event was attended by over 1,400 SMEs and featured a grants competition where N6.4 million in grants was disbursed to 12 lucky SMEs (six female and male entrepreneurs).

In view of our continued impact in the SME space, your Bank received several awards and recognitions in 2019 from associations and operators in the SME sub-sector of the Nigerian economy. Aside being ranked the 2nd Best Bank in the SME Business Segment of the KPMG 2019 Nigerian Banking Industry Customer Satisfaction Survey (BICSS), the Nigerian Association of Small and Medium Enterprises (NASME) awarded your Bank the best MSME-Friendly Bank of the Year (2019). In addition, the Nigeria Entrepreneurs Award recognised your Bank as the best SME Bank of the Year, while TEXEM gave your Bank an award for its Immense Contribution to the Growth of SMEs in 2019. There were several other awards and recognitions received by your Bank in 2019.

Our Financial Performance in 2019

Our business environment in 2019 was somewhat restrictive partly due to the general elections which shaped economic activities in the first half of the year and the volatility of crude oil prices in the international market. Notwithstanding the challenges, we were able to sustain our performance with impressive double-digit growth across key performance indices. Gross Earnings increased by 14.0 percent to N215.5 billion driven by a 15.8 percent growth in interest and similar income.

Digital Banking gained further traction driven by our new initiatives in the retail lending segment (Fidelity FastLoan) and increased cross-selling of our digital banking products including the new feature that allows customers to start and conclude foreign currency transfers in less than 5 minutes. We now have 47.4 percent of our customers enrolled on the mobile/internet banking products, 82.0 percent of total transactions are now carried out on digital platforms while 31.1 percent of fee-based income is now coming from our digital banking business. Our digital innovations earned us another global recognition. In 2019, our Bank was awarded the Best Digital Networking Bank for Entrepreneurs at the 2019 Financial Times (FT) Global Wealth Tech Award.

Operating Expenses grew by N9.9 billion to N82.0 billion driven by the regulatory charges (NDIC Premium and the Banking Industry Resolution Cost) which accounted for 58.4 percent of the cost growth during the year. However, growth in Operating Income compensated for the increase in Operating Expenses: Operating Income increased by 15.6 percent (N15.1 billion) which translated to a 21.0 percent increase in Profit Before Tax (PBT) to N30.4 billion while Profit After Tax (PAT) increased by 24.0 percent to N28.4 billion from N22.9 billion in 2018FY.

Total Customer Deposits increased by 25.1 percent to N1,225.2 billion from N979.4 billion in 2018FY driven by double-digit growth in both local and foreign currency deposits. Foreign currency deposits is now N288.6 billion and accounts for 23.6 percent of Total Deposits, while local currency deposits grew by 17.1 percent to N936.6 billion and constitutes 76.4 percent of Total Customer Deposits.

Our Retail Banking Business continued to deliver impressive results as Savings Deposits increased by 20.7 percent to N275.2 billion making it the 6th consecutive year of double-digit growth. Savings deposits now represent 22.5 percent of Total Deposits, an attestation of our increasing market share in the retail market segment. Our Retail Loan Book grew by 42.9 percent to N53.8 billion driven by our new digital lending products and partnership with financial technology companies. As at the end December 2019, we had disbursed over 70,000 micro-loans on our flagship digital lending product (Fidelity FastLoan) which we manage in partnership with Migo.

Net Loans and Advances increased by 32.6 percent to N1,127.0 billion from N849.9 billion in 2018FY. Foreign Currency Loans increased by 33.1 percent and now accounts for 41.2 percent of the Loan Book while Local currency loans increased by 32.2 percent and now represents 58.8 percent of the loan book.

Cost of Risk was negative 0.1 percent due to the net write-backs (including net losses on de-recognition of financial assets measured at amortized cost) we had on our impairment charges.

Non-Performing Loans (NPLs) Ratio improved to 3.3 percent from the 5.7 percent in 2018FY due to a combination of improved assets quality and growth in the Total Loan Book. Regulatory Ratios remained above the required thresholds with Capital Adequacy Ratio (CAR) at 18.3 percent compared to the regulatory minimum of 15.0 percent while Liquidity Ratio was at 35.0 percent which stood well above the minimum regulatory requirement of 30.0 percent.

Beyond financing, we have leveraged our thought leadership position in the agribusiness and non-oil exports space to help businesses bridge capacity gaps. Our Export Management Programme, a capacity development programme that we run in collaboration with Lagos Business School and Nigerian Export Promotion Council is in its 4th year and on its 10th stream, and has produced over 500 beneficiary who have transitioned from base level export experience to becoming established exporters.

Going into 2020 financial year, we recognize the negative impact of the global scourge (Covid-19) and declining crude oil prices on our business environment.

We will continue to take measures that will ensure the safety of our staff, customers and other stakeholders during this period whilst we remain committed to building a sustainable business, even in the midst of these challenges.

On behalf of my fellow Directors and Colleagues, I want to thank you, our valued shareholders for your trust and support for my team. As always, it is great to know that we can count on you to go the extra mile for our Bank

Nnamdi Okonkwo
Managing Director/Chief Executive Officer

SMe Funding Series | Fidelity

Entrepreneurship Meets Capital

3 Cities Lagos Port Harcourt Kano
3,000 Partipants
60 Founders
60 Fund Providers
12 Million Naira In Grants
6 Breakout Sessions
3 Networking Sessions

MSMEs employ over 80 percent of the country's 90.5 million labour force and contribute 48 percent to Nigeria's Gross Domestic Product (GDP) Providing funding and advisory services are some of the ways in which Fidelity Bank is doing more to grow businesses.

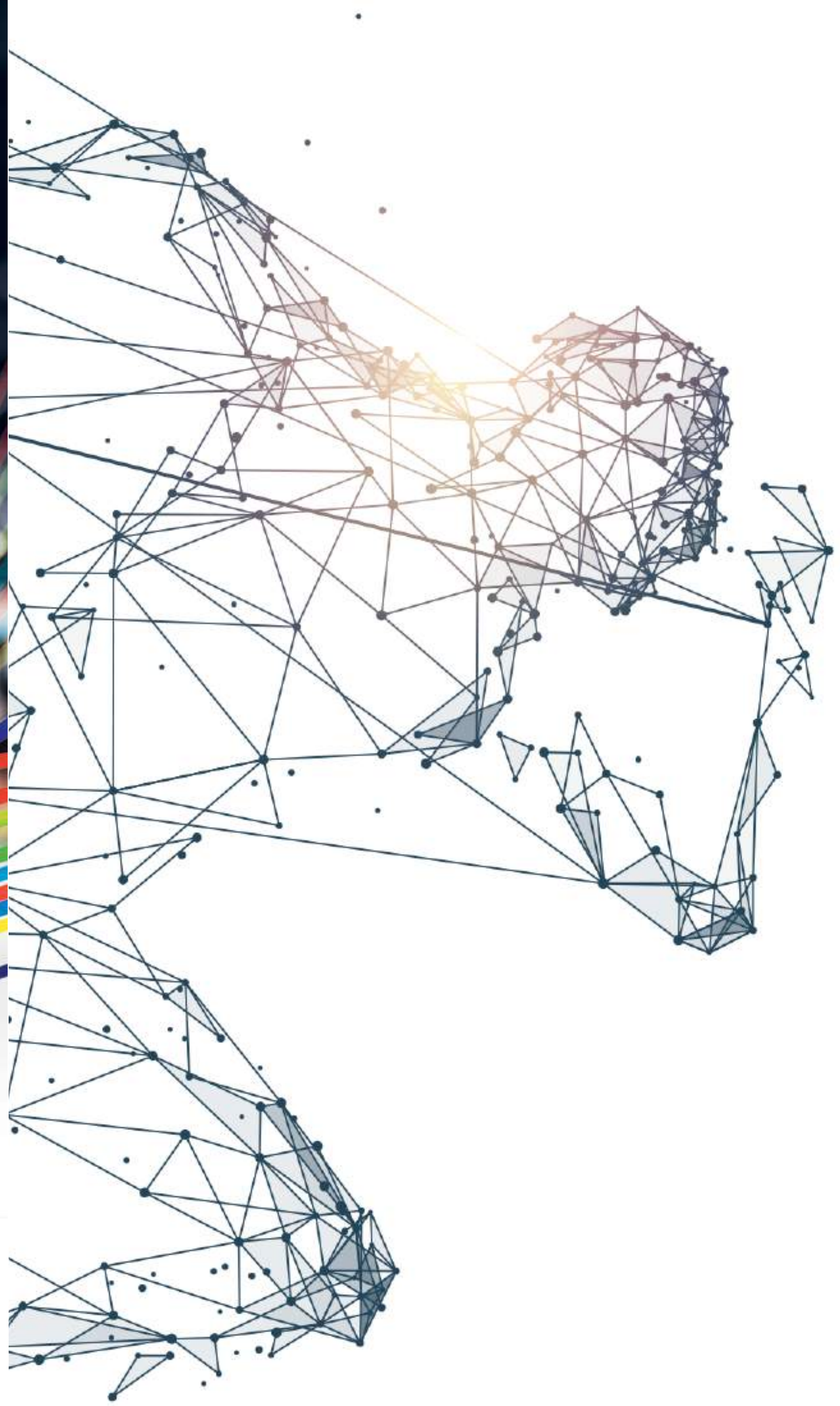
Let's do it together.

We Are Fidelity. We Keep Our Word

Technical Support from: pwc

Contact Us: +234 (1) 448-5252
true.serve@fidelitybank.ng
Branch ATM Online Banking Instant Banking POS TrueServe

Fidelity Bank Plc
RC 103022
FOLLOW US:
www.fidelitybank.ng



DIRECTORS' PROFILE/REPORT

Standing (From Left To Right)

Obaro Odeghe, Charles Umolu, Isa Mohammed Inuwa, Nneka Onyeali-Ikpe, Kings Akuma, Ezinwa Unuigboje *(Company Secretary)*, **Michael Okeke, Chidozie Agbapu, Gbolahan Joshua, Hassan Imam**

Sitting (From Left To Right)

Seni Adetu, Chijioke Ugochukwu, Ernest Ebi, Nnamdi Okonkwo, Aku Odinkemelu, Alex Ojukwu

Ernest Ebi MFR, FCIB
Chairman

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 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 boards of several blue-chip companies. He joined the Board of Fidelity Bank on November 25, 2016.

Nnamdi Okonkwo
Managing Director/CEO

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 three (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 responsibility for the Bank's business 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, Stanford Graduate School and Kellogg School of Management.

Nnamdi is an Honorary Fellow of the Chartered Institute of Bankers of Nigeria (CIBN), 4th Vice President of the Nigeria British Chamber of Commerce and also serves as a Non-Executive Director of Unified Payment Services Limited.

Chijioke Ugochukwu
Executive Director

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

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

She has over 28 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. She is married with Children.

Aku Odinkemelu
Executive Director

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

With over 30 years' top notch experience in first class banking institutions including Guaranty Trust Bank Plc, Access Bank Plc, Equatorial Trust Bank Plc, and Continental Merchant Bank, formerly Chase Manhattan Inc., Aku is skilled in most key areas of banking including Legal, Documentation and Credit Control, Business Development, Credit 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 an Executive Director of Fidelity Bank Plc. in August, 2014. She currently oversees the South Directorate of the Bank.

Nneka Onyeali-Ikpe
Executive Director

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

She has over 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 (LL.B) and Master of Laws (LL.M) 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.

Gbolahan Joshua
Executive Director

Gbolahan Joshua was appointed to the Board on September 1, 2019 as the Executive Director/Chief Operations and Information Officer, responsible for overseeing the Operations, Technology, Digital Banking, Investor Relations, Strategy and Business Transformation Divisions of the Bank.

He holds a Bachelor of Science Degree in Accounting from Olabisi Onabanjo University, and is a Chartered Accountant. He has 20 years of comprehensive experience across various areas of assurance and banks including United Bank for Africa (UBA) Plc. and First City Monument Bank Limited (FCMB).

He has held various leadership roles including Chief Financial Officer, Chief Strategy Officer and Chief Information Officer.

He has attended a number of executive and banking specific programs in leading educational and professional institutions including Harvard, IMD and Euromoney.

Obaro Odeghe
Executive Director

Obaro Odeghe is the Executive Director, Corporate Banking, with responsibilities covering Energy, Power, Manufacturing, Telecoms, Fast Moving Consumer Goods, Construction and Real Estate.

He holds a Bachelor's Degree in Agriculture and a Masters in Business Administration from the University of Benin. He has attended a number of executive training and banking specific programs in leading educational and professional institutions including Wharton, Harvard and Kellogs Business Schools.

He has over 24 years of experience across various areas of banking including; Corporate Banking, Commercial Banking, SMEs, Consumer Banking, Institutional Banking, Trade Finance and Operations. Prior to joining Fidelity Bank Plc, he held senior management positions in Zenith Bank Plc. and United Bank for Africa (UBA) Plc.

Obaro is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He joined the Board of Fidelity Bank on September 1, 2019.

Hassan Imam
Executive Director

Hassan Imam is the Executive Director, North and oversees the Bank's business in Abuja and Northern Nigeria.

He holds a Bachelor's Degree in Economics from Usman Danfodio University, Sokoto. He also holds two Masters of Science degrees in Treasury Management and Banking & Finance, from Bayero University Kano, and a Masters in Business Administration from the Business School Netherland. He is an alumni of the Lagos Business School, Pan Atlantic University, Senior Management Program (SMP 31, 2007). He has attended a number of executive training and banking specific programs in leading educational and professional institutions including Wharton, I.E.S.E, Oxford SAID and Harvard Business Schools.

He has over 24 years of experience across various areas of banking including, Treasury, Consumer Banking, Credit, Risk Management and Corporate Banking.

Hassan is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He is also an Associate Member, Chartered Public Accountants. He joined the Board of Fidelity Bank on January 1, 2020.

Alex Ojukwu
Non-Executive Director

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

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

He was the Executive Director, Risk Management, Western Goldfields Group Limited and is 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 the Board of Fidelity Bank on December 15, 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 Loans & Risk Management of Nigeria and a Member of the Nigerian Institution 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 December 15, 2014.

Pst. Kings C. Akuma
Non-Executive Director

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

He holds a B.Sc. in Accounting from the University of Nigeria, Nsukka and a 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 and an Associate Member of the Institute of Mediators and Conciliators. He joined the Board of Fidelity Bank on November 25, 2016.

Otunba Seni Adetu
Independent Non-Executive Director

Seni Adetu brings to the Board, over 30 years of quality private sector experience garnered at the highest levels with John Holt Plc, Coca-Cola International and Diageo/Guinness Plc in different countries within and outside Africa.

He holds a B.Sc. degree 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.

Chief Charles C. Umolu
Non-Executive Director

Charles Umolu, is the Managing Consultant and Chief Executive of Corimol Consulting Limited, a firm engaged in banking and financial consulting.

He has over 18 years' cognate experience in banking. He trained as a banker with Morgan Guaranty Trust Company of New York, United States of America.

He obtained a B.Sc. degree in Economics from the Obafemi Awolowo University, Ile-Ife and a Masters in Business Administration from the same institution.

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

Chidozie Agbapu
Non-Executive Director

Chidozie Agbapu holds a B.Sc. in Economics from the University of Nigeria, Nsukka and a Masters in Banking and Finance from the University of Lagos. He is an alumni 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 the Co-CEO/Managing Director of Planet Capital Limited, a product of a Merger between Strategy & Arbitrage Limited and Emerging Capital Limited, both being members of The Nigeria Stock Exchange. Agbapu was a Founding Partner/Managing Director of Emerging Capital Limited from 2004 to 2010.

Agbapu currently serves on the Boards of various companies including Coral Properties Limited (a subsidiary of the Nigerian Stock Exchange), General Cotton Mills Plc, 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) Plc. for seven (7) years and is currently a Member of the National Council of The Nigeria Stock Exchange, where he also serves on the Disciplinary, Audit & Risk and Rules & Adjudication Committees.

He has attended several courses on Governance, Leadership and Strategy at Wharton School of Pennsylvania and the Stock Exchanges of Thailand, New York and Kuwait.

Until his appointment as a Non-Executive Director of the Bank, Chidi Agbapu was the Chairman of the Statutory Audit Committee of Fidelity Bank Plc. He joined the Board of Fidelity Bank on September 3, 2018.

Alhaji Isa Mohammed Inuwa
Independent Non-Executive Director

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

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

While at NNPC he was seconded to Nigerian Liquefied and Natural Gas Limited (NLNG) in 2016 as Deputy Managing Director. As the DMD of NLNG, he served on the board of NLNG and NLNG subsidiaries including Bonny Gas Transport Limited (BGTL) and NLNG Ship Management Limited (NSML). He was at various times a Member of the Governing Council of the Nigerian Content Development and Management Board (NCDMB), the Petroleum Training Institute, Chairman of Nigerian Pipelines and Products Storage Company Limited (NPSC) and Alternate Chairman of NNPC LNG Limited, amongst others.

In the financial services industry, his experience spans Commercial Banking, Merchant Banking and Development Finance, with requisite knowledge and experience in retail and commercial banking, operations, international trade finance, agricultural finance, treasury and corporate banking.

He started out as a banker with Union Bank of Nigeria Plc where he did his mandatory youth service programme and worked at the defunct Bank for Credit and Commerce International (BCCI) and International Merchant Bank (IMB). Inuwa rose to the pinnacle of the banking profession with his appointment as Managing Director, Intercity Bank Plc, in 1991.

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

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

He is an active fund raiser for several orphanages and Trustee of two Non-Governmental Organisations (NGOs); 'Children with Special Needs', an NGO on Autism and 'Asma'u Usman Memorial Foundation', an NGO that is involved in economic empowerment, education and poverty alleviation.

Born in Kano, Inuwa was educated at Ahmadu Bello University, Zaria and Stirling University, Scotland where he obtained BSc Accounting and MSc Accounting & Finance degrees respectively. Married with children and a grandchild, he has attended several courses and executive management programmes at Wharton, Oxford University, Euromoney, INSEAD, IMD and other high profile global institutions. He joined the Board of Fidelity Bank on January 22, 2020.

Management Staff

As at 31 December, 2019

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

Gbolahan Joshua
ED, Chief Operations & Information Officer

Obaro Odeghe
ED, Corporate Banking

General Managers

Hassan Imam
Regional Bank Head

Kevin Ugwuoke
Chief Risk Officer

Kenneth Opara
Regional Bank Head

Martins Izuogbe
Division Head, Operations

Adeboye Ogunmolade
Chief Compliance Officer

Victor Abejegah
Chief Financial Officer

Deputy General Managers

Charles Aigbe
Division Head, Brand & Communications

Chinwe Iloghalu
Regional Bank Head

Richard Madiebo
Division Head, Retail Bank

Abolore Solebo
Head, Energy

Jude Monye
Regional Bank Head

Mannir Ringim
Regional Bank Head

Halilu Malabu
Regional Bank Head

Frank Anumele
Regional Bank Head

Adebayo Adeyinka
Regional Bank Head

Charles Nwachukwu
Chief Human Resources Officer

Ezinwa Unuigboje
Company Secretary

Assistant General Managers

Damian Orizu
Division Head, Remedial & Asset Management

Evi Kanu
Regional Bank Head

Chiwetalu Nwatu
Regional Bank Head

Musa Tarimbuka
Regional Bank Head

Chioma Nwankwo
Head, Private Banking

Sadi Zawiya
Regional Bank Head

Ovie Mukoro
Regional Bank Head

Henry Asiegbu
Regional Bank Head

Adewale Mesioye
Regional Bank Head

Michael Nnaji
Head, Loan Portfolio Reporting & Monitoring

Tonie Obiefuna
Division Head, Corporate Services

Adebayo Ogunbiyi
Head, Conglomerates

Janet Nnabuko
Head, Savings Accounts

Chukwudi Egbuna
Regional Bank Head

Paschal Nzeribe
Regional Bank Head

Samuel Okeke
Head, Fast Moving Consumer Goods

Akintoye Babalola
Division Head, Treasury & Financial Institutions

Obiajulu Okafor
Regional Bank Head

Ugochi Osinigwe
Chief Audit Executive

Report Of The Directors

For The Year Ended 31 December 2019

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc (the Bank), together with the financial statements and auditors report for the Year ended 31 December 2019.

1. Results

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

	2019	2018
	N'million	N'million
Profit before income tax	30,353	25,089
Income tax expense	(1,928)	(2,163)
Profit for the year	**28,425**	**22,926**
Earnings per share Basic and Diluted (in Kobo)	**98**	**79**

Proposed Dividend

In respect of the 2019 financial year, the Board of Directors recommend a dividend of 20 kobo per Ordinary Share amounting to N5.793billion 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 17 April 2020. The proposed dividend is subject to Withholding Tax at the appropriate tax rate, which will be deducted before payment.

2. Legal Form

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

3. Principal Business Activities

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

4. Beneficial Ownership

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

5. Share Capital

The range of shareholding as at December 31, 2019 is as follows:

Range	No. of Share holders	% of Share holders	Cumlative No. of Share holders	Total Units	Units %
1 - 1,000	94,743	23.72%	94,743	79,801,001	0.28%
1,001 - 5,000	171,238	42.88%	265,981	471,381,373	1.63%
5,001 - 10,000	52,086	13.04%	318,067	427,676,739	1.48%
10,001 - 50,000	58,102	14.55%	376,169	1,384,075,184	4.78%
50,001 - 100,000	10,699	2.68%	386,868	831,436,818	2.87%
100,001 - 500,000	9,520	2.38%	396,388	2,074,957,238	7.16%
500,001 - 1,000,000	1,420	0.36%	397,808	1,057,420,855	3.65%
100,00,01 - 5,000,000	1,118	0.28%	398,926	2,357,951,300	8.14%
5,000,001 - 10,000,000	171	0.04%	399,097	1,254,990,344	4.33%
10,000,001 - 50,000,000	172	0.04%	399,269	3,324,327,866	11.48%
50,000,001 - 100,000,000	22	0.01%	399,291	1,515,030,265	5.23%
100,000,001 and Above	58	0.01%	399,349	14,183,536,709	48.97%
	399,349	**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. However, Stanbic Nominees Limited held 1,425,964,965 shares representing 4.9% of the Bank's issued share capital. Stanbic Nominees Limited held the shares in its trading accounts as custodian for multiple investors. The beneficial interest in the shares resides with the said investors, not Stanbic Nominee Limited

6. Directors And Their Interests

Changes On The Board

The following changes occurred on the Board of the Bank after the 31st Annual General Meeting which held on April 26, 2019:

SN	Name	Designation	Board Changes
1	Mr. Mohammed Balarabe	Deputy Managing Director	Retired from the Board on December 31, 2019.
2	Mr. Gbolahan Joshua	Executive Director	Appointed by the Board on March 19, 2019 and approved by the Central Bank of Nigeria on August 22, 2019.
3	Mr. Obaro Odeghe	Executive Director	Appointed by the Board on March 19, 2019 and approved by the Central Bank of Nigeria on August 22, 2019.
4	Mr. Hassan Imam	Executive Director	Appointed by the Board on March 19, 2019 and approved by the Central Bank of Nigeria on August 22, 2019, to take effect from January 1, 2020.
5	Alhaji Isa Mohammed Inuwa	Independent Non-Executive Director	Appointed by the Board on October 24, 2019 and approved by the Central Bank of Nigeria on January 22, 2020.

Note: The new Directors will be presented for election by Shareholders at the 32nd 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 32nd Annual General Meeting are Mr. Ernest Ebi, MFR, FCIB and Mr. Michael Okeke. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 32nd Annual General Meeting.

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

Directors And Their Interests

The Directors who held office during the year ended 31 December 2019 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:

		As at December 31, 2018		As at December 31, 2019	
Name Of Director		**Direct**	**Indirect**	**Direct**	**Indirect**
Mr. Ernest Ebi, MFR, FCIB	Chairman	8,755,163	NIL	8,755,163	NIL
Mr. Alex C. Ojukwu	Non-Executive Director	1,229,730	NIL	2,229,730	NIL
Mr. Michael E. Okeke	Non-Executive Director	2,311,500	NIL	2,311,500	NIL
Otunba Seni Adetu	Independent Non-Executive Director	Nil	NIL	Nil	NIL
Chief Charles C. Umolu	Non-Executive Director	Nil	NIL	Nil	NIL
Pst. Kings C. Akuma	Non-Executive Director	650,455	NIL	1,149,675	NIL
Mr. Chidozie Agbapu	Non-Executive Director	24,276	NIL	724,276	NIL
Mr. Nnamdi Okonkwo	Managing Director/CEO	102,000,000	NIL	102,000,000	NIL
*Mr. Mohammed Balarabe	Deputy Managing Director	69,081,467	NIL	69,081,467	NIL
**Mrs. Chijioke Ugochukwu	Executive Director	76,250,000	NIL	76,250,000	NIL
Mrs. Aku P. Odinkemelu	Executive Director	44,958,500	NIL	44,958,500	NIL
Mrs. Nneka C. Onyeali-Ikpe	Executive Director	52,456,000	NIL	52,456,000	NIL
Mr. Gbolahan Joshua	Executive Director	Nil	NIL	41,176,471	NIL
Mr. Obaro Odeghe	Executive Director	Nil	NIL	41,176,471	NIL

** Retired on December 31, 2019*
*** Completed contract tenure on March 31, 2020*

Directors' Interests In Contracts

The Directors' interests in related party transactions as disclosed in Note 37 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 on a fixed pay basis. Fixed pay includes basic salary, transport, housing and other allowances.

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

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

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

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

Non-Executive Directors' Remuneration:

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

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

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

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

Remuneration Element	Objective	Payment Mode	Programme Detail
Annual Fees	• Reflect market value of individuals and their role within the Bank	• Quarterly	• Reviewed every 2 years and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
Sitting Allowances	• To recognise the responsibilities of the Non-Executive Directors	• Per meeting	• Reviewed every 2 years and changes made on need basis subject to Shareholders' approval at the Annual General Meeting.
	• To encourage attendance and participation at designated committees assigned to them		

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

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

7. 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, 2019 and on the profit and other comprehensive income for the year then ended, which have not been adequately provided for or disclosed.

8. Property, Plant And Equipment

Information relating to property, plant and equipment is given in **Note 24** to the financial statements. In the Directors' opinion, the fair value of the Bank's properties is not less than the carrying value shown in the financial statements.

9. Donations And Charitable Contributions

Donations and gifts to charitable organizations during the Year ended December 31, 2019 amounted to N165,099,020.57 (2018FY – N158,362,356.36). There were no donations to political organizations during the year.

The beneficiaries are:

S/N	Beneficiary	Donation	Amount
1	Vigilant Heart Orphanage, Lagos State	Provision of Essential Materials	320,000.00
2	Holy Child Ministry, Abraka, Delta State	Provision of Essential Materials	2,408,000.00
3	Heart of Gold Children's Hospice, Surulere, Lagos	Provision of Essential Materials	382,000.00
4	Umuhu Comprehensive Secondary School. Ngor Okpala, Imo State	Construction of borehole water system and water gallery	2,000,000.00
5	Home of Mercy, Uromi, Delta State	Construction of a new Borehole	1,929,000.00
6	Home of The Destitute, Ebute Metta, Lagos	Provision of Educational and Essential Materials	439,000.00
7	Government Comprehensive Day Secondary School, Gombe, Gombe State	Reconstruction and Furnishing of a Block of 3 Classrooms	9,231,950.00
8	IDP Camp Community, Jalingo, Taraba State	Medical Outreach	6,800,000.00
9	Government Junior College, Victoria Island, Lagos	Renovation of Block of Four Classrooms, Vice Principal and Teachers Office	1,140,151.27
10	Mushin Local Government, Lagos State	Medical Outreach	2,331,500.00
11	Aiyetoro Primary School, Bariga, Lagos	Renovated and furnished Medical Bay at Ayetoro Primary School	700,000.00
12	Ikoyi Obalende Local Government, Lagos	Medical Outreach	1,100,000.00
13	St. Joseph's Catholic Hospital, Asaba, Delta State	Provision of Hospital Equipment: (Multipurpose Operating Table; Theatre Model Suction Machine; Hospital Mattresses; Oxygen Bullnose Cylinders.)	1,980,000.00
14	Island Maternity Lagos, Lagos State	Payment of Medical Bill for Indigent Patient	616,000.00
15	Vigilant Heart Orphanage, Lagos State	Ground breaking Ceremony/ Water Borehole Project	8,000,000.00
16	Sami & The Coalition of Sickle Cell NGOs, Lagos State	Support for the Red Umbrella Sickle Cell Walk	6,000,000.00
17	Misau Community, Bauchi State	Medical Outreach	12,000,000.00
18	Surah Comprehensive Health Center, Lagos Island, Lagos State	Provision of Tent/Waiting Room	810,000.00
19	Peculiar Saints Orphanage Home, Ajah, Lagos State	Provision of Essential Materials	378,000.00
20	Special Correction Center for Girls, Idi Araba, Lagos State	Provision of Essential Materials	393,000.00
21	Special Correction Center for Girls, Idi Araba, Lagos State	Renovation of Home Economics Centre and Provision of Essential Materials	1,852,000.00
22	Maternity/Dispensary Health Center, Lubo, Yalmatu Daba, Gombe State	Provision of essential materials	4,200,600.00
23	Atunda-olu School, Surulere, Lagos	Provision of Essential Materials	570,800.00
24	Raco Orphanage Home, Ibeju Lekki, Lagos	Payment of School Fees and Provision of Essential Materials	400,000.00
25	Nigerian Correctional Service Borstal Training Institution, Ogun State	Renovation of Prison Hostel and Provision of Essential Materials	1,236,000.00
26	St. Agatha's Special Needs Center, Satellite Town, Lagos	Built and equipped a Sick Bay	730,499.30
27	Adeife Sodipo-Akindeko Memorial Primary School, Bariga, Lagos	Renovated and equipped the Orphanage Home	725,000.00
28	Total Parental Guidance (TPG) Orphanage Home, Ibadan, Oyo State	Construction and Interlocking of Premises and Sanitary Facilities	1,112,000.00
29	Ministry of Health, Bauchi State	Construction and Interlocking of Premises and Sanitary Facilities	7,079,520.00
30	Island Maternity Hospital, Lagos	Payment of Medical Bill for Indigent Patients	500,000.00
31	Ibaoloja Community, Ibeju Lekki, Lagos State	Donated 25 Life Vests to Indigenes of Ibaologa	250,000.00
32	General Hospital Owa Alero, Asaba, Delta State	Medical Outreach	31,158,300.00
33	Olomu Primary School, Ajah, Lagos State	Renovation of Sanitary Facility and Provision of Pumping Machine	500,000.00
34	Redball for Charity, Lagos State	Sponsorship of Red Ball in Support of Charity	500,000.00
35	Twin Dove Concept, Lagos State	Sponsorship of Twin Dove Concept-Kody and the Kids and Mothers' Unwind 2019	1,500,000.00
36	Nigerian Immigration Service, Lagos State	Provision of Bus for Passport Office, Ikoyi	9,700,000.00
37	The Nigerian Stock Exchange, Lagos State	The Nigerian Stock Exchange (NSE) Corporate Challenge 2019	3,000,000.00
38	United Nations Information Center/Mind to Mind Youth Empowerment Initiative, Lagos	International Youth Day	500,000.00
39	Pride Multimedia Ventures Limited, Lagos State	Sponsorship of Women Conference Event-Pride Nigeria	250,000.00
40	African Women in Leadership Organisation (AWLO)/American Empowerment Institute (AEMPIN), Lagos	AEMPIN Global Prestigious Award	3,625,700.00
41	Pacelli School for the Blind and Partially Sighted Children, Lagos State	Donation of Laptops	700,000.00
42	The Coast of Help Foundation, Lagos State	Sponsorship of Project 1000 People	300,000.00
43	Fidelity Youth Empowerment Academy	Sponsorship of Youth Empowerment Program at Bayero University, Kano State (YEA 5)	20,000,000.00
44	Fidelity Youth Empowerment Academy	Sponsorship of Youth Empowerment Program at Nnamdi Azikiwe University, Anambra State (YEA 6)	15,000,000.00
45	Centre for Social Awareness Advocacy and Ethics, Lagos State	Sponsorship of the Pride Women Centre Event Conference.	250,000.00
46	Chartered Institute of Personnel Management, Lagos State	Sponsorship-CIPM Ready-to-Market Participants	500,000.00
		Total	**165,099,020.57**

Gender Analysis as at December 31, 2019

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 2019 is shown below:

Gender Analysis Of Total Staff As At December 31, 2019

	31 December 2019		31 December 2018	
Gender	Number Of Staff	Percentage Of Total Staff	Number Of Staff	Percentage Of Total Staff
Female	1,268	45%	1,293	44%
Male	1,536	55%	1,615	56%
Total	**2,804**	**100%**	**2,908**	**100%**

Gender Analysis Of Executive Management As At December 31, 2019

	31 December 2019		31 December 2018	
Gender	Number	Percentage Of Total Staff	Number	Percentage Of Total Staff
Female	3	45%	3	60%
Male	4	55%	2	40%
Total	**7**	**100%**	**5**	**100%**

Gender Analysis Of Top Management (AGM-GM) As At 31 December 2019

	31 December 2019			31 December 2018		
Grade	Male	Female	Total	Male	Female	Total
General Manager	6	-	6	8	-	8
Deputy General Manager	9	2	11	9	2	11
Assistant General Manager	17	3	20	14	3	17
Total	32	5	37	31	5	36
Percentage (%)	**86%**	**14%**	**100%**	**86%**	**14%**	**100%**

Gender Analysis Of The Board Of Directors As At 31 December 2019

	31 December 2019			31 December 2018		
Grade	Male	Female	Total	Male	Female	Total
Executive Director	2	3	5	-	3	3
Deputy Managing Director	1	-	1	1	-	1
Managing Director	1	-	1	1	-	1
Non Executive Director	7	-	7	7	-	7
Total	**11**	**3**	**14**	**9**	**3**	**12**
Percentage (%)	**79%**	**21%**	**100%**	**75%**	**25%**	**100%**

10. 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 nine (9) 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 health screening exercises that have in recent years included mammograms, prostate screening, eye screening, cardiovascular and tuberculosis screening and immunizations for cerebrospinal meningitis and Hepatitis B.

Beyond direct clinical healthcare support, staff members also benefit from deliberate and structured preventive health awareness programmes across the Bank. In this regard, the Bank carries out well articulated awareness sessions on topical health issues including preventing the spread of malaria, diabetes, hypertension and kidney disease as well as tips for preventing ill-health during inclement weather conditions like harmattan and rainy season. More recently, health awareness programmes have focused on preventing the spread of the Covid-19 virus.

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

All staff of Fidelity Bank are insured under the Group Life Insurance Scheme. The scheme caters for staff members that die while in the service of the Bank. Entitlements are processed, received and given to the deceased staff's next of kin as stated in the personnel records. There 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 2019, Fidelity Bank successfully defended its medal table position and won the football trophy for the fourth time thus becoming the first bank to do so in the history of the tournament.

A breakdown of its medals table in 2019 is detailed below:

- Gold - 7
- Silver - 8
- Bronze - 6

Total - 21

Human Rights

Fidelity Bank consistently values its workforce and recognizes that they are critical to the long term survival of the Bank and will continue to champion the protection and enforcement of the rights of its employees, in the workplace.

Consequently, Fidelity Bank in 2019 developed an internal Human Rights Policy. The Bank consciously strives to ensure that it does not engage in any business activities or relationships that violate the provision of the policy.

The Bank's Human Rights Policy also aligns with extant laws, as may be amended from time to time, and the relevant provisions of the Constitution of the Federal Republic of Nigeria, 1999. The Bank will continue to meet the standards of international treaties on human rights, as domesticated and ratified by the National Assembly, as well as other workplace related treaties.

Employee Involvement And Training

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

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

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

As an institution committed to maintaining its competitive edge, Fidelity Bank also ensures that employees receive qualitative training within and outside the country. Staff Training Plans are drawn up yearly and hinged on grade specific base-line and function specific programmes. These include local, offshore and in-house programmes.

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

The Bank currently has nine modern Learning Centers in Lagos, Ibadan, Benin, Port-Harcourt, Owerri, Awka, Enugu, Abuja and Kano. A total of 3,858 (2,426 Core Staff and 1,432 Non-Core) staff members participated in various training programs in the 2019 financial year.

Credit Ratings

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

Fitch Ratings	B -	**Stable Outlook**
Standards & Poor (S&P)	B -	**Stable Outlook**
Global Credit Rating Co (GCR)	A -	**Stable Outlook**

Additional information on the ratings can be obtained from the Bank's website at **https://www.fidelitybank.ng/investor-relations-3/**

External Auditors

The External Auditor, Ernst & Young (whose appointment was approved by Shareholders at the Annual General Meeting of 5 May 2011), will complete its tenure on 4 May 2021, at which time it would have attained the maximum ten (10) year tenure for External Auditors in line with the provisions of the Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses, 2014.

Consequently and upon obtaining the approval of the Central Bank of Nigeria, new External Auditor will be proposed for approval at the 33rd Annual General Meeting in 2021 in accordance with Section 357(1) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004.

The Board has commenced the process of appointment of a new External Auditor, to ensure a smooth transition with the current External Auditor, which has indicated its willingness to continue in office in accordance with the provisions of Section 357 (2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria, 2004, until the expiration of its tenure in 2021.

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

2nd March, 2020

Report Of Statutory Audit Committe

For The Year Ended 31 December 2019

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 2019 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2019 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 2019 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2019 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 2, 2020
Members of the Statutory Audit Committee are:

1)	Chief. Frank Onwu	-	Chairman (Shareholder)
2)	Dr. Christian Nwinia	-	Member (Shareholder)
3)	Mr. Innocent Mmuoh	-	Member (Shareholder)
4)	Mr. Michael Okeke	-	Member (Director)
5)	Mr. Alex Ojukwu	-	Member (Director)
6)	Alhaji Isa Inuwa	-	Member (Director)

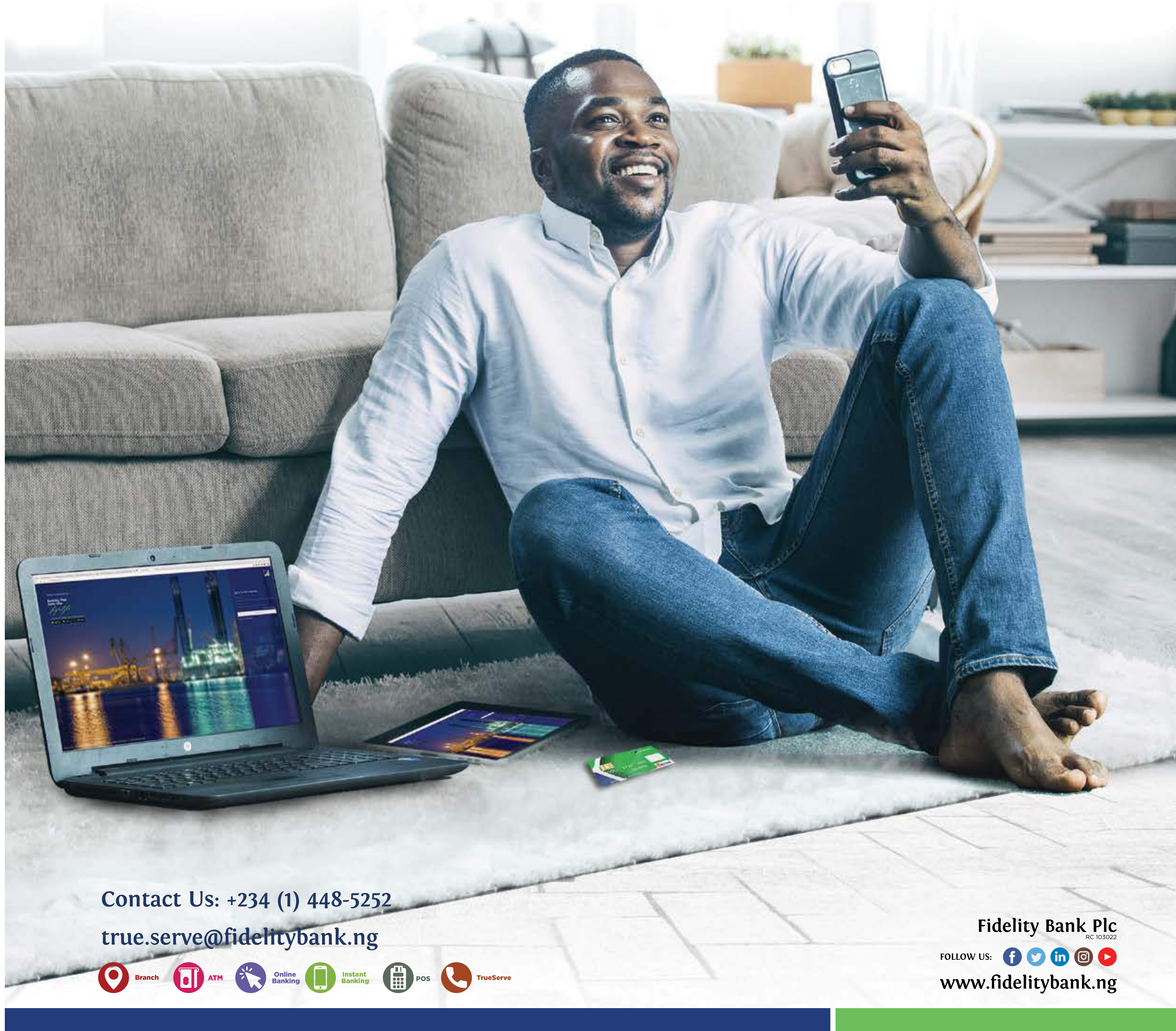
In attendance:
Mrs. Ezinwa Unuigboje - Company Secretary

Fidelity

Bank Smart Join Our Community

Enjoy Convenient Banking With Any Of Our Electronic Banking Channels

*770# ATM Cards MVisa Online Paygate POS



Corporate Governance Report

For The Year Ended 31 December 2019

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 since the last Annual General Meeting:

(i) Mr. Mohammed Balarabe, Deputy Managing Director, retired from the Board on 31 December 2019, having completed his tenure, in accordance with the Bank's Human Capital Policy.

(ii) Mrs Chijioke Ugochukwu, Executive Director, Shared Services and Products, completed her executive contract tenure on the Board on March 31, 2020 in accordance with the Bank's policy.

The Board uses this medium to place on record its sincere appreciation to Mr. Mohammed Balarabe and Mrs Chijioke Ugochukwu for their exemplary and meritorious service.

(i) Messrs. Gbolahan Joshua and Obaro Odeghe were appointed as Executive Directors on 19 March 2019 and approved by the Central Bank on 22 August 2019.

(ii) Mr. Hassan Imam was appointed as an Executive Director on 19 March 2019 and approved by the Central Bank on August 22, 2019, to take effect 1 January 2020.

(iii) Alhaji Isa Mohammed Inuwa was appointed as an Independent Non-Executive Director on 24 October 2019. His appointment was approved by the Central Bank of Nigeria on 22 January 2020.

The four (4) Directors shall be presented to the Shareholders for election at the 32nd Annual General Meeting of the Bank.

(b) **The Nigerian Code of Corporate Governance, 2018 (NCCG 2018)**

The Financial Reporting Council of Nigeria (FRCN), launched the Nigerian Code of Corporate Governance (NCCG) 2018 on 15 January 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 full compliance with the provisions of the new code in respect of which the FRCN is expected to issue guidance notes on the prescribed format for regulatory reporting in 2020 annual year.

A. The Board Of Directors

Board Size

The Board currently comprises of fourteen (14) Directors, six (6) Executive Directors including the Managing Director/Chief Executive Officer (MD/CEO) and eight (8) Non-Executive Directors including two (2) Independent Non-Executive Directors.

Board Structure and Responsibilities

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

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

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

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

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

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

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, skills and experience required to run the Bank effectively.

The Board meets quarterly and additional meetings are convened as required. The Directors are provided with comprehensive information at each quarterly meeting and are also briefed on business developments between Board meetings. The Board met nine (9) times during the year ended 31 December 2019.

Details of the Directors who served on the Board during the period ended 31 December 2019 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. Gbolahan Joshua	Executive Director
14	Mr. Obaro Odeghe	Executive Director

* Retired on December 31, 2019.

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.

In keeping with its responsibility to ensure compliance with extant governance codes, the Board appointed a second Independent Non-Executive Director and reinvigorated the Executive team with the appointment of three (3) new Executive Directors. The appointments have been approved by the Central Bank of Nigeria and will be presented to the Shareholders for approval at the 32nd Annual General Meeting.

In accordance with the provisions of Article 95(1)(a) of the Articles of Association of the Company, the Directors to retire by rotation are Mr. Ernest Ebi MFR, FCIB and Mr. Michael Okeke. The retiring Directors, being eligible, have offered themselves for re-election at the 32nd Annual General Meeting. The Board is of the firm conviction that these Directors will continue to add value to the Board and the Bank, and recommends their re-election.

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 for the year. The induction and training programmes are robust and designed to equip all Directors to effectively discharge their responsibilities whilst improving overall board effectiveness.

The Bank renders periodic returns on training programmes attended by Directors to the Central Bank.

During the period under review, the Directors participated in the programmes indicated below:

S/N	Course	Vendor	Date	Name
1.	Corporate Governance-Effectiveness and Accountability in the Boardroom	Kellogg School of Management, Evanston, Illinois, USA	March 10 - 13, 2019	Pst. Kings Akuma
2.	Director's Induction Programme	In-House	March 13, 2019	Mr. Chidi Agbapu
3.	15th Annual Lecture	Women in Management Business and Public Service (WIMBIZ)	March 21, 2019	Mrs. Aku Odinkemelu
4.	2019 Women Directors Conference	Institute of Directors Nigeria	April 4, 2019	Mrs. Aku Odinkemelu Mrs. Chijioke Ugochukwu
5.	Cyber Security Programme	Bank Directors Association of Nigeria (BDAN)	April 4, 2019	Mr. Ernest Ebi Otunba Seni Adetu Mr. Alex Ojukwu Mr. Chidi Agbapu Chief Charles Umolu Pst. Kings Akuma Mrs. Chijioke Ugochukwu Mrs. Aku Odinkemelu
6.	Leading Strategic Growth and Change	Columbia Business School, New York, USA	May 6 - 10, 2019	Chief Charles Umolu Otunba Seni Adetu
7.	Audit Committees' Round Table	Ernst & Young	May 15, 2019	Mr. Alex Ojukwu Pst. Kings Akuma Mr. Michael Okeke
8.	Presentation on Cybersecurity- The Roles of Board and Executive Management	KPMG (In-house)	May 23, 2019	Mr. Ernest Ebi Mr. Nnamdi Okonkwo Otunba Seni Adetu Chief Charles Umolu Pst. Kings C Akuma Mrs. Chijioke Ugochukwu Mrs. Nneka C. Onyeali-Ikpe Mr. Alex Ojukwu Mr. Chidi Agbapu

S/N	Course	Vendor	Date	Name
9.	Global Economic Review- Creating value for Shareholders	Agusto & Co (In-house)	May 23, 2019	Mr. Ernest Ebi Mr. Nnamdi Okonkwo Otunba Seni Adetu Chief Charles Umolu Pst. Kings Akuma Mrs. Chijioke Ugochukwu Mrs. Nneka C. Onyeali-Ikpe Mr. Alex Ojukwu Mr. Chidi Agbapu Mr. Michael Okeke
10.	High Impact Leadership	Columbia Business School, New York, USA.	June 9 - 14, 2019	Mr. Chidi Agbapu
11.	Company Direction Course 1	Institute of Directors Nigeria	July 16 - 17, 2019	Mr. Chidi Agbapu
12.	The Board's role in Anti- Money Laundering, Countering the Effects of Terrorism and Sustainability Banking	IBFC Alliance (In-house)	August 8, 2019	Mr. Ernest Ebi Chief Charles Umolu Mr. Alex Ojukwu Pst. Kings Akuma Otunba Seni Adetu Mr. Michael Okeke Mr. Chidi Agbapu Mr. Nnamdi Okonkwo Mr. Mohammed Balarabe
13.	Strategic Governance, Risk and Compliance	Euromoney Training, United Kingdom	August 19 - 23, 2019	Mr. Michael Okeke
14.	High Impact leadership Programme	Columbia Business School, New York, USA.	September 22 - 27, 2019	Mr. Ernest Ebi
15.	Delivering Business Growth	Kellogg School of Management, Evanston, Illinois, USA	September 22 - 25, 2019	Nnamdi Okonkwo
16.	Business Analytics: Identifying and Capturing Value Through Data	Columbia Business School, New York, USA.	September 24 - 26, 2019	Mrs. Chijioke Ugochukwu
17.	CBN/FITC Continuous Education Programme for Directors of Banks and Other Financial Institutions	FITC Research Institute	September 24 - 25, 2019	Mrs. Nneka C. Onyeali-Ikpe Otunba Seni Adetu Chief Charles Umolu Pst. Kings Akuma Mr. Alex Ojukwu Mr. Chidi Agbapu Mr. Michael Okeke Mrs. Aku Odinkemelu
18.	African Investment Summit	Africa Business Round Table	September 25-2, 2019	Mr. Mohammed Balarabe
19.	Effective Leadership Programme: The Effective Use of Power	Stanford Business School, California ,USA	Sept 29 - Oct 4, 2019	Mr. Obaro Odeghe

S/N	Course	Vendor	Date	Name
20.	Corporate Reporting to Shareholders: Eschewing Cluster and Communicating Value Transparently	Audit Committee Institute	September 26 - 27, 2019	Pst. Kings Akuma Mr. Alex Ojukwu
21.	Executing Strategy for Results	London Business School, London UK	November 3 - 8, 2019	Mrs Nneka Onyeali-Ikpe
22.	Leading Digital Business Transformation	International Institute for Management Development (IMD), Southeast Asia Campus, Singapore	November 4 - 8, 2019	Mr. Alex Ojukwu
23.	The Global CEO Programme-A Transformational Journey	IESE Business School, University of Navarra, Barcelona, Philadelphia,	November 10 - 15, 2019	Mr. Nnamdi Okonkwo
24.	Miami School of Management and Leadership	Euromoney Training Institute, Miami Florida, USA	November 18 - 22, 2019	Mr. Mohammed Balarabe
25.	Artificial Intelligence Programme	IESE Business School, Barcelona, Spain	November 19 - 21, 2019	Mr. Gbolahan Joshua
26.	Women on Boards: Succeeding as a Corporate Director	Harvard Business School, HBS Campus , Boston, MA, USA	December 2 - 6, 2019	Mrs Aku Odinkemelu
27.	Robotics, Cryptocurrency and Artificial Intelligence.	Microsoft Corporation (In-house)	December 12, 2019	Mr. Ernest Ebi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Nnamdi Okonkwo Mr. Mohammed Balarabe Mrs. Chijioke Ugochukwu Mrs. Aku P. Odinkemelu Otunba Seni Adetu Mrs. Nneka C. Onyeali-Ikpe Mr. Gbolahan Joshua Mr. Obaro Odegbe

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 (KPMG) report on the Board appraisal is presented to Shareholders at the Annual General Meeting in each year and also submitted to the Central Bank of Nigeria.

Board Meetings:

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

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

A. Board Committees

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

The Composition of the Board Committees in 2019 financial year is detailed below:

S/N	Committee	Membership	Designation
1	Board Finance & General Purpose Committee:	Otunba Seni Adetu	Chairman (Independent)
		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
		Mr 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 (Independent)
		Mr. Alex Ojukwu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
		Mr. Nnamdi Okonkwo	Managing Director/CEO
		Mr. Mohammed Balarabe	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 limits, structures, impairments, allowance criteria and reporting requirements;

(g) Monitoring the operation of the controls and adherence to risk direction and limits;

(h) Ensuring that the risk management practices and conditions are appropriate for the business environment.

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

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:

(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 on Directors' orientation and continuing education programmes.

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

(h) Ensure proper succession planning for the Bank.

5. Board Finance & General Purpose Committee:

The Board Finance & General Purpose Committee has oversight responsibility for issues relating to the Bank's budgetary process, procurements and strategic planning. The Committee is 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 2019 are provided below:

Directors	Full Board	Board Corporate Governance Committee (BCGC)	Board Audit Committee (BAC)	Board Credit Committee (BCC)	Board Finance And General Purpose Committee (BFGPC)	Board Risk Committee (BRC)
Total Number Of Meetings	**9**	**7**	**8**	**15**	**12**	**9**
Mr. Ernest Ebi, MFR, FCIB	9	N/A	N/A	N/A	N/A	N/A
Mr. Michael Okeke	9	7	N/A	N/A	12	9
Mr. Alex C. Ojukwu	9	7	8	15	N/A	9
Otunba Seni Adetu	9	7	8	15	12	9
Pst. Kings Akuma	9	N/A	8	15	12	9
Chief Charles Umolu	8	7	8	15	12	9
Mr. Chidi Agbapu	9	7	8	15	12	9
Mr. Nnamdi Okonkwo	8	N/A	N/A	12	N/A	9

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)
Mr. Mohammed Balarabe #	8	N/A	N/A	14	N/A	N/A
Mrs. Chijioke Ugochukwu	8	N/A	N/A	N/A	N/A	N/A
Mrs. Aku P. Odinkemelu	7	N/A	N/A	N/A	N/A	N/A
Mrs. Nneka Onyeali-Ikpe	7	N/A	N/A	N/A	N/A	N/A
Mr. Gbolahan Joshua	4*	N/A	N/A	N/A	N/A	N/A
Mr. Obaro Odeghe	4*	N/A	N/A	N/A	N/A	N/A
Mr. Hassan Imam	N/A**	N/A	N/A	N/A	N/A	N/A
Alhaji Isa Mohammed Inuwa	N/A***	N/A	N/A	N/A	N/A	N/A

Notes:

Retired from the Board on December 31, 2019.
* Appointment approved by the Central Bank of Nigeria on August 22, 2019 and took effect from September 1, 2019.
* * Not Yet Appointed. Appointment approved by the Central Bank to take effect from January 1, 2020.
*** Not Yet Appointed. Appointment approved by Central Bank on January 22, 2020.

Dates for Board and Board Committee Meetings held in the Year Ended December 31, 2019										
Board meetings	8/19-Mar-19	26-Apr-19	1-Aug-19	9-Aug-19	16-Aug-19	24-Oct-19	27-Nov-19	1-Dec-19	12-Dec-19	-
Board Corporate Governance Committee	28-Feb-19	19-Mar-19	16-Apr-19	26-Jun-19	1-Aug-19	15-Oct-19	24/25-Oct-19	-	-	-
Board Audit Committee	28-Feb-19	7-Mar-19	18-Apr-19	1-Aug-19	16-Aug-19	11-Sept-19	17-Oct-19	5-Dec-19	-	-
Board Credit Committee	22-Jan-19	12-Feb-19	27-Feb-19	27-Mar-19	17-Apr-19	26-Jun-19 & 22-May-19	24-Jul-19 & 31-Jul-19	4-Sept-19 & 23-Sept-19	16-Oct-19 & 20-Nov-19	5-Dec-19 & 6-Dec-19
Board Finance & General Purpose Committee	22-Jan-19	26-Feb-19	7-Mar-19	16-Apr-19	30-Jul-19	15-Aug-19	5-Sept-19	15-Oct-19 & 30-Oct-19	20-Nov-19	5-Dec-19 & 6-Dec-19
Board Risk Committee	25-Feb-19	15/16-Apr-19	24-Jul-19	29-Jul-19	15-Aug-19	30-Sept-19	14-Oct-19	25-Oct-19	5-Dec-19	-

C. Statutory Audit Committee

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

The Committee's primary responsibilities include:

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

Membership and attendance at the Statutory Audit Committee meetings during the Year ended 31 December 2019 is as indicated below:

S/N	Name	Designation	MAR 7	APR 18	AUG 8	AUG 16	OCT 17	NUMBER OF MEETINGS	NUMBER ATTENDED
1	Chief Frank Onwu	Chairman/ Shareholder Rep.	√	√	√	√	√	5	5
2	Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√	5	5
3	*Mr. Innocent Mmuoh	Shareholder Representative	NA	NA	√	√	√	3	3
4	Mr Michael Okeke	Non-Executive Director	√	√	√	√	√	5	5
5	Mr Alex Ojukwu	Non-Executive Director	√	√	√	√	√	5	5
6	Pst.Kings Akuma	Non-Executive Director	√	√	√	√	√	5	5

Notes - *Joined the Committee pursuant to his election at the 31st Annual General Meeting on April 26, 2019.

Members of the Committee attended the following training programmes during the 2019 financial year:

Course	Vendor	Date	Name
Audit Committee Round Table	Ernst & Young	May 15, 2019	Chief. Frank Onwu Mr. Alex Ojukwu Pst. Kings Akuma Mr. Michael Okeke
Financial Reporting Integrity: Regulatory Compliance Strategies for Audit Committees, Preparer Accountants, Auditors and Company Secretaries.	Audit Committee Institute	December 12, 2019.	Chief. Frank Onwu Dr. Christian Nwinia

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:

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, all the Executive Directors of the Bank and key management personnel including the Chief Risk Officer. The Committee meets monthly or as required and has the following key objectives:

(a) Review of individual credit facilities based on their risk rating and exceptions.

(b) Review of the loan portfolio of Business Divisions/Groups/Units bank-wide.

(c) Review the activities and oversee the effectiveness of the Regional Criticized Assets Committees.

(d) Review of collateral documentation to ensure compliance with approvals.

(e) Approval of portfolio classification/reclassification and levels of provisioning.

(f) Approval of loan transfers to any committee or persons for recovery action.

(g) Continuously review and evaluate recovery strategies on each account, and recommend alternative strategies on an account-by-account basis.

(h) Review the performance of loan recovery agents, and other third party agents assigned recovery briefs with the objective of delisting non-performers.

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

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

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

5. 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 products' performance.
(e) Reappraise cost management initiatives.
(f) Develop and implement a framework for measuring performance in the Bank.
(g) Develop Key Performance Indicators (KPI) for business and support units within the Bank.
(h) Determine the basis for rewards and consequence management.

6. Operational Risk & Service Measurement Committee:

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

The Committee is charged with the following key responsibilities:

(a) Ensuring full implementation of the risk management framework approved by the Board of Directors.

(b) Monitoring the implementation of policies, processes and procedures for managing operational risk in all of the Bank's material products, activities, processes and systems.

(c) Ensuring that clear roles and responsibilities 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.

7. Sustainable Banking Governance Committee:

The Sustainable Banking Governance Committee meets every two months and oversees implementation of the Sustainable Banking Policies and Guidance Notes.

The Committee is responsible for the following:

(a) Oversee the implementation of the Environmental and Social Management Systems.

(b) Oversee the implementation and management of the Bank's environmental and social footprint as it concerns:

- Energy and water conservation.
- Waste management.
- Sustainable procurement.
- Stakeholder engagement.

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

- Promotion of equality of opportunity and diversity.
- Occupational health and safety.
- Grievance mechanism and related issues.
- Financial inclusion and literacy.
- Corporate Social Responsibility.
- Collaborative partnership.
- Capacity building.

(d) Review the Bank's environmental and social performance and progress.

(e) To review and advise the Board on the Bank's Sustainability progress.

8. Information Technology Steering Committee

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

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

The responsibilities of the Committee include the following:

(a) Steer the Bank's business to profitability through technology;

(b) Reviews, monitors and enforces implementation of the Bank's IT strategy;

(c) Reviews short to mid-term trends and makes recommendations

(d) Harmonizes all IT related budget entries from other Departments with the provisions in the IT budget;

(e) Serves as support and advisory to the Executive Committee on IT and Information Security matters;

(f) Assesses the criticality of IT spend;

(g) Reviews and monitors IT budget implementation;

(h) Serves as a governing council/steering committee for the Information Security Management System;

(i) Resolves issues or conflicts that, if unresolved, would jeopardize the successful completion of approved IT initiatives and programmes;

(j) Makes recommendations on resources required to implement proposed IT initiatives and programmes;

(k) Reviews the performance and effectiveness of IT activities; and

(l) Ensures IT leadership meets on a quarterly basis with the Bank's user groups to further align IT initiatives with business needs.

9. Information Security Steering Committee

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

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

The role of the Committee includes the following:

(a) Provide strategic direction and governance on cybersecurity to the Bank by ensuring that adequate cyber security policies, procedures and initiatives are established and updated in line with the changing risk landscape.

(b) Ensure alignment of cyber security projects with technology and corporate strategy.

(c) Resolve strategic level issues and risks in relation to cyber security which may arise from existing or new/proposed business initiatives.

(d) Evaluate, approve, and sponsor institution-wide security investments; Review the justifications and business cases for security investments and ensure that proposed security projects are aligned with the Bank's strategic direction.

(e) Ensure adequate investment prioritization and cyber risk management.

(f) In consultation with senior management, oversee regulatory compliance with respect to cyber security, to ensure that the Bank complies with all extant regulations to avoid the risk of non-compliance.

(g) Approve or reject changes to projects with high impact on timelines and budget.

(h) Assess the progress on projects and provide relevant reports on same to executive management.

(i) Advise and provide guidance on issues relating to cyber security projects.

(j) Review and approve final project deliverables.

(k) Manage the relationship between the cyber security function and respective business units.

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 as appropiate.

Governance And Management

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

These include the following:

(a) Code of Business Conduct and Ethics Policy.

(b) Directors Code of Conduct Policy.

(c) Insider Trading Policy.

(d) Whistle-blowing Policy.

(e) Remuneration Policy.

(f) Shareholders Complaints Management Policy.

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 its stakeholders including employees, customers, suppliers, Shareholders, competitors, the communities in which it operates and the relationship with each other as employees.

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

At the beginning of each year and upon resumption, all employees are required to formally disclose that they have no material or any other conflicting interests as well as declare their interest in any account, customer, transaction or person who is a party to a contract or proposed contract with the Bank.

The Chief Audit Executive has 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 procedures 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 required to act honestly, in good faith and in the best interest of the Bank at all times. All Directors are expected to execute an annual attestation to adhere strictly to the Code and 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's 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 in 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 Sharepoint Portal (an internal web-based application), the Policy is circulated to all affected persons on a regular basis.

Fraud & Forgeries

In accordance with the CBN Code of Corporate Governance, fraud and forgeries recorded for the year was as follows:

Fraud and Forgeries Summary		
Fraud and Forgeries	**2019**	**2018**
Number of Fraud Incidents	967	1,124
Amount Involved (N million)	1,362,361,346	330,797,380
Amount Involved (USD$ Million)	-	-
Actual/Expected Loss (N Million)	337,355,205	104,321,657
Actual/Expected Loss (USD$ Million)	-	-

Whistle-blowing Policy

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

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

The Bank recognizes the need for protection of whistle-blowers and takes all reasonable steps to protect their identity. The Bank also appreciates the importance of utmost confidentiality in these situations and has developed various anonymous channels for reporting unethical behaviour.
The Bank has provided the following reporting channels to ensure that all ethical issues can be reported to the Ethics Committee directly or anonymously, through the following media:

i. Email to **ethicscommittee@fidelitybank.ng**
ii. Visit **www.fidelitybank.ng/whistle-blowing**
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/whistle-blowing**

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

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

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

Staff Remuneration Policy

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

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

The guiding principles that underpin the staff remuneration policy include:

a) Remuneration and reward strategies are set at levels that enable the Bank attract, motivate and retain employees with the skills required to efficiently manage the operations and growth of the business;

b) Performance goals are aligned to shareholders' interests and ensures that the Board makes prudent decisions in deploying the Bank's resources to generate sustainable growth;

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

Furthermore, the Bank is in compliance with the provisions of the existing pension law, the Pension Reform Act, 2014 (the Act) and meets its statutory obligations to all employees as provided in the Act.

Gender Diversity

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

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

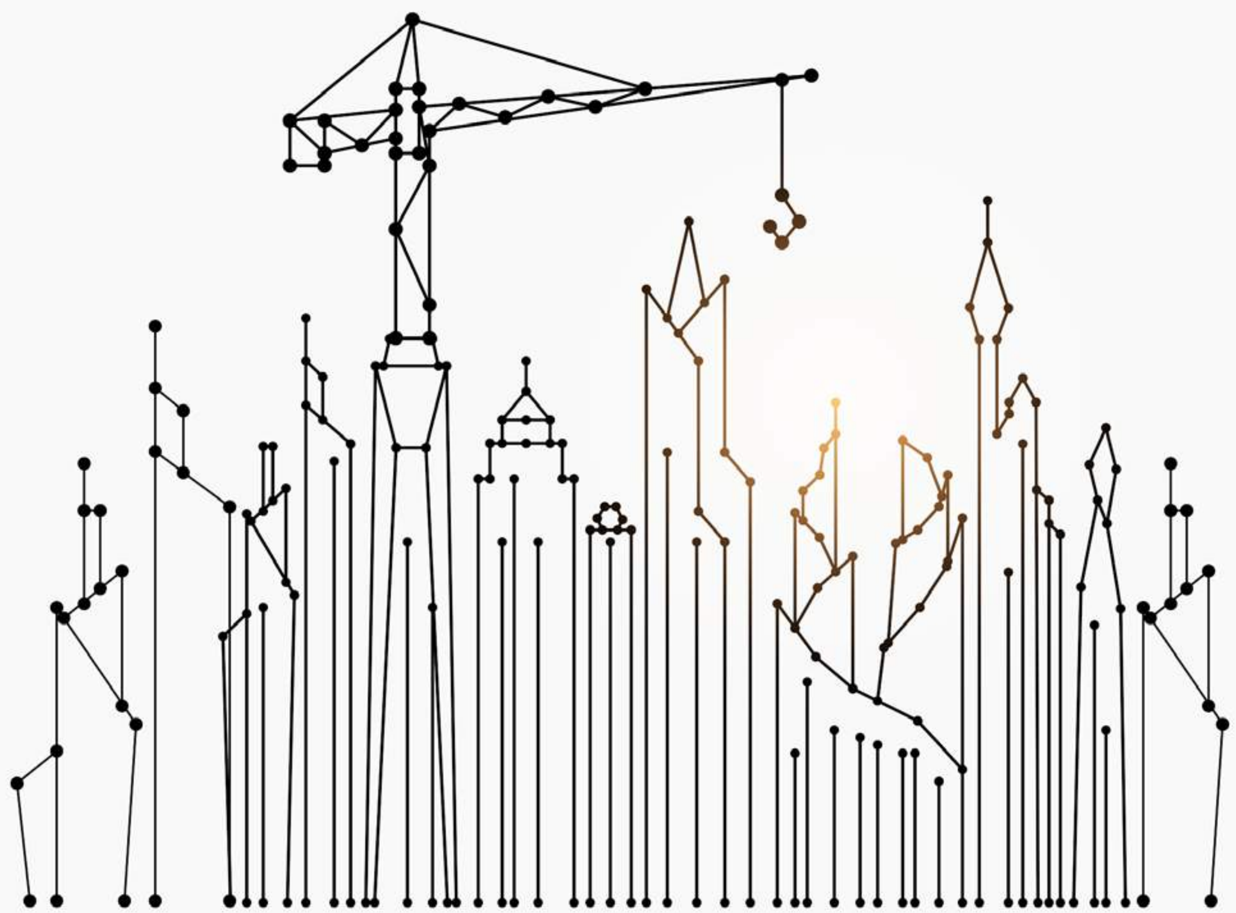
Sustainability Report 2019

Fidelity Bank's Sustainability vision is to achieve outstanding business growth, innovation and performance in the most sustainable manner. This aligns with our purpose as we embrace the concept of sustainable development and seek to promote "best in class" sustainability practices in the Nigerian Financial Services Industry.

As a Bank, we recognize that the long-term survival of our institution depends on our determination and discipline to abide by sound Environmental and 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 decisions meet the tripod objectives of economic viability, environmental responsibility and social relevance. This way, we continue to ensure that the costs of economic development do not fall disproportionately on those who are poor or vulnerable, that the environment is not degraded in the process, and that renewable natural resources are managed sustainably.

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



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

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

Compliance with Equator Principles

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

Fidelity Bank joined the Equator Principles community in November 2012 and is committed to implementing the Equator Principles through internal environmental and social risk management policies.

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

Fidelity Bank has continued to strengthen its environmental and social risk management systems. The environmental and social risk assessment procedures form an integral part of the Bank's credit analysis process. Every business-related credit is screened/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, we endeavor to provide clients 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 programs across the Bank. The Unit circulates quarterly bank-wide internal communication to promote environmental and social risk management culture and awareness among staff. The Unit also delivers Environmental and Social Risk Management training modules at all staff induction programs, 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, 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, 2019. During the review period, Fidelity Bank did 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	1	0	0
Power	0	0	0
Infrastructure	0	0	0
Others	0	0	0
Total	**1**	**0**	**0**

Project Finance – Regional Reporting

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

Project Finance – Country Designation

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

Project Finance – Independent Review

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

Managed SME Scheme 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. The Bank recognizes SME as an engine for the attainment of economic growth as they spur productivity, job creation, alleviate poverty and promote prosperity in the country. To underscore this recognition, the SME Banking Division was established as a vehicle to drive the achievement of this goal.

The highpoint of SMEs banking support in 2019 was the Fidelity Bank organized conference "Fidelity SME Funding Event" which took place in Lagos, Nigeria. The Event which was themed "Entrepreneurship Meets Capital" was the first of its kind in the Nigerian Financial Services Industry. It brought together entrepreneurs and non-banking financiers and created opportunity for entrepreneurs with good business plan and practices to be exposed to funding from non-banking institutions and to enable non-banking institutions locate SMEs to invest in.

About 8000 SMEs registered online to participate in the SME Funding Event, while 2000 indicated interest in participating in a Grant Competition, a highpoint of the event. At the end of the programme, 12 participants (of which 50% were female) received grants. Under the Bank's sponsorship, winners attended an intensive business management boot-camp at the PwC Business School in Lagos, and have continued to enjoy support from the Bank.

Beyond providing tailored, low-cost financial solutions, we also respond to the unique and dynamic needs of the SMEs segment by developing capacity building initiatives that provide 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 and other related programmes remain key platforms for delivery of these capacity building initiatives.

Fidelity Bank also provides sector-focused capacity building programs through its Export Management Programme (EMP) established in partnership with Lagos Business School (LBS) of the Pan-Atlantic University and the Nigerian Export Promotions Council (NEPC), to deliver impactful, world-class export management education to existing and potential business leaders. Over 500 participants have featured in the 10 streams of the program which held in Lagos and Kano States of Nigeria.

As evidence of our commitment to the support of SME businesses, the Bank's SME customer footprint as at date is in excess of 390,000 customers across Nigeria.

Contributing to Greenhouse Emissions Reduction

We understand that if deliberate steps are not taken to urgently combat climate change and its impact, it could pose dire consequences to economic and social well-being and development efforts. We have joined several other organizations globally in the fight against climate change.

In pursuit of greenhouse gas emission reduction, we are constantly reviewing our strategy which is geared towards adoption of cleaner energy and efficient resource use. The Bank has commenced the implementation of its sustainable power solution project with the installation of solar energy infrastructure at its Head Office and some Lagos branch offices to reduce dependency on power from generators and the national grid and thereby minimize its climate impact. While this is currently being implemented in Lagos, we plan to gradually scale up coverage to other business locations in the country.

The Bank continuously seeks initiatives to reduce energy requirement and manage resources efficiently. Electronic equipment such as air conditioners are being replaced with low energy consuming ones. Again, the Bank has continued its strict implementation of the early closure policy which mandates Branch Management to shut down power by 6pm at the Branch Offices, and thus reduce power consumption from fossil fuels.

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

Fidelity Bank has increased the number of locations with teleconferencing facilities to ten (10) nationwide to allow connection of employees in more locations electronically and consequently reduce the carbon footprint from employee travel.

Guided by The International Bill on Human Rights

Fidelity Bank in its commitment to uphold Human Rights has continued to identify with the International Bill on Human Rights and the conventions of the International Labour Organization. To demonstrate this resolve, the Bank in dealing with employees, suppliers and third-party contractors, ensures fair treatment without any form of discrimination or disregard of human rights.

The Bank's Human Rights Policy defines the Bank's commitment to upholding human rights standards and encapsulates a non-discrimination policy which prohibits the use of child labour, forced labour and discrimination on grounds of religion, gender, race, tribe, age, physical challenge, or economic background.

The percentage representation of employees per employee category in each of the following diversity groups are as summarized below:

Gender Distribution of Employees

Gender	Percentage Representation (%)
Female	45
Male	55
Total	**100**

Age Group Distribution of Employees

Age	(%) Representation
0 - 25	6
26 - 30	14
31 - 35	16
36 - 40	35
41 - 45	22
46 - 50	5
51 - 55	2
Total	**100**

Board Gender Composition

Gender	Percentage Representation (%)
Female	21
Male	79
Total	**100**

Fidelity Bank is committed to the development of an engaging and inclusive work environment with the objective of ensuring employability, skill development and fair remuneration. Our training institute, Fidelity Crest Academy, organizes different capacity training programs for employees.

Average hours of training per annum per employee by employee category

Level	Number of Hours
ET - MGR:	120hrs
SM - Above	80hrs

To further support employee welfare, Fidelity Bank has a number of compensation benefits accessible to both males and female employees which includes Share of Profit and/or Dividend, provision of Essential Commodities (Essenco), Status Car, Professional & Club Membership, Offshore Trainings, Study Leave, HMO, Reimbursement of Certification Courses Exam Fees, Burial Support, Wedding Grant, Personal Loans, Maternity Leave, annual medical check-up etc.

Fidelity Bank maintains effective Whistle Blowing and Grievance Mechanism policies for prompt identification and remediation of grievances. Our HR Clinic initiative is designed to provide an interactive one-on-one meeting between the HR team and employees bank-wide. The HR Clinic Initiative creates opportunity for feedback on HR processes, counselling to staff (including stress management) and promotes freedom of expression.

Fidelity Bank also ensures that human rights considerations are given due attention during lending decisions and same standards are embedded in contract agreements including the service level agreements of vendors

Health And HIV/AIDS Policies

The Bank in its commitment to support good health and wellbeing recognizes her workforce as one of her most strategic assets with a competitive advantage for sustainable business success. This commitment to drive high standards in health and safety management led to the Bank's certification by the British Standard OHSAS 18001 on Occupational Health and Safety Management Systems in 2018, and which was affirmed in the 2019 annual surveillance audit on OHSAS 18001.

Fidelity Bank is a Corporate Member of the British Safety Council, a UK awarding body on Occupational Health and Safety standards. The Bank has a robust Occupational Health and Safety Management Systems and has appointed safety champions and fire marshals with day to day responsibility for the management of Health and Safety in the institution. The safety champions and fire marshals are regularly trained and have been certified by the World Safety Organization. On a regular basis, awareness materials on Health and Safety are communicated to all employees while formal trainings are conducted through the Bank's Thursday Lecture Series and E-learning platforms, with all employees benefiting.

We are committed to supporting the good health and wellbeing of every employee and to adopting best practices that cater for their healthcare using appropriate medical intervention through HMO services, guidance and counseling, cancer care treatment, annual medical check-up, equal opportunity policy structures and workplace inclusiveness. In 2019, the Bank sustained the collaboration with the HMO to operate an In-house Medical Bay with a sit-in Medical Doctor and Nurse to provide primary health care to staff around the Lagos and Victoria Island environs.

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

Empowering And Creating Opportunities For Women

Fidelity Bank recognizes the role of women in the society and the significant contributions they can make to economic development of any society. When a woman is 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 Bank is committed to creating opportunities for them in its employment as well as through lending 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. As at December 31, 2019, Fidelity Bank had 45% female representation in its total workforce. The bank at end of 2019 also had 21% women representation on the full Board, and 43% of all executive directors being women. Also given the Bank's commitment to ensure equity in employee development, 38% of total expenditure on capacity building was spent on female employees. The Bank has several policies which support the female employees as well as welfare of their families. Female employees are given adequate access to the staff health care program as well as financing schemes available in the Bank.

Fidelity Bank in 2019 collaborated with strategic alliance partners to implement several business financial and capacity development programs for women entrepreneurs. At the Fidelity Bank organized "SME Funding Event" in Lagos, six (6) female entrepreneurs who won in the grant competition at the event alongside with the male winners and other selected participants were sponsored by the Bank to attend an intensive business management boot-camp at the PWC Business School in Lagos.

Fidelity Bank further showed its commitment to women when it pursued and was granted US$50million SME fund by the African Development Bank in 2019. 30% of this fund was reserved solely to finance women-owned businesses at a much-subsidized rate compared to the commercial rates offered by Banks.

In the first quarter of 2019, all editions of the 30-minutes capacity building radio program, the Fidelity SME Forum, was dedicated to showcase successful women entrepreneurs who have remarkably performed well in their respective fields. These model entrepreneurs who are subject-matter experts shared their knowledge and experiences on air, provided insights and encouraged existing and prospective entrepreneurs especially the females.

Fidelity Bank also provided financial support for Dew Drops Cake, a leading cake-making and pastries company in Lagos, Port Harcourt and Abuja, to organize an exclusive lunch for female cake/pastry makers and Buddy Valastro, the "Cake Boss," in Lagos. About 500 people (mostly women) participated in the event.

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 and Allied Matters Act (2004). Fidelity Bank seeks to provide accurate and timely information regarding its lending 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 is sustained through a combination of policies, systems and cultural practices. The Bank has a Code of Conduct and Ethics Policy which clearly communicates the Bank's zero tolerance for corruption, money laundering, bribery, abuse of office and similar transgressions. We have an Ethics Committee, which, among its duties, ensures that provisions of this Policy are communicated to all staff at the start of each year, followed by individual staff attestation to comply with the provisions. The Bank has in place a Whistle Blowing Policy, in partnership with the professional firm KPMG, which encourages internal and external stakeholders to report their concerns about any unethical behavior to enable the Bank investigate and address promptly. We host our Whistle Blowing Application on our Internet webpage.

Fidelity Bank's Anti-Bribery and Corruption Policies and procedures are also regularly communicated to employees and management in the Bank. There were no fines paid by the Bank on account of any of its staff being found wanting on cases of Bribery and Corruption in 2019. The Bank also did not also contravene any environmental law and regulation in 2019 hence no monetary fines paid. As a responsible Financial Institution, we will continue to embrace adaptation measures that promote sustainable investment.

Fidelity Bank is committed to delivering products and services with the intent to "do no harm" to the environment and the people. In providing cutting edge products and services, the Bank ensures transparency in the provision of product information and the overall satisfaction of the customer.

Collaborating With Partners

Fidelity Bank recognizes that it can achieve greater results with combined efforts rather than acting alone. The Bank therefore endeavors to collaborate with clients who identify and manage environmental and social risks and who pursue environmental and social opportunities and outcomes in their business activities with a view to continually improving sustainability performance. Fidelity Bank participates actively in sector-wide efforts and international initiatives to promote sustainable development. Fidelity Bank is a signatory to the United Nations Environmental Program-Finance Initiative (UNEP-FI), United Nations Global Compact, and Equator Principles. The Bank actively participates at the Sustainable Banking Champions Industry meetings which holds in Lagos and is a member of the National Financial Inclusion Technical Committee representing the Banker's Committee. Fidelity 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 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. Through the recommendations of the Sustainable Banking Governance Committee which membership are at Executive and Senior Management levels, best practices in environmental and social management are pursued within our operations. In 2019, the Bank commenced implementation of its Sustainable Power Solution project at its Head Office with initial installation of solar panels and batteries in one of its buildings providing 70% energy requirement. This initiative will also be extended to some Lagos Branches in the first quarter of 2020 and gradually across other Lagos facilities and upcountry branches in the medium term.

In furtherance to our Sustainable procurement objectives, the Bank ensures environmental and social considerations are integrated into the procurement practices of the Bank. New Air Conditioners procured are now faster cooling and energy saving. The Bank's standard approved office lightings for Head Office and Branches is Light Emitting Diodes (LEDs) which are energy saving. The new computer systems model currently being procured by the Bank have low halogen and with small light inductive components which reduces energy consumption.

To enhance efficiency and productivity, Fidelity Bank partnered with some vendors to provide Centralized Printing Solution (Managed Document Solution) at its Head Office facilities. Twenty-Eight (28) printing machines have been installed at different locations across the Head Office and annexes. This solution has led to improved efficiency in the use of paper, with consumption reduced by 23% from the period of commissioning of the machines.

Fidelity Bank through its Corporate Social Responsibility activities strives for positive social contributions in communities by providing basic needs, reducing poverty, supporting education, improving health and increasing long-term employment through the Bank's central CSR platform and through a vehicle known as the Fidelity Helping Hands Program (FHHP). The FHHP project is an employee volunteer program which allows employees contribute towards community projects, while the Bank supports with a matching fund and allows execution in paid time. Branches or departments of the Bank identify pressing needs in their immediate communities, ascertain the cost and make personal financial contributions towards execution. The concerned branch work with the Corporate Social Responsibility team for the matching fund, execution and commissioning. The Bank ensures that the desired outcomes from the investments fulfills the requirements of the Sustainable Development Goals.

In 2019, overall CSR activities by the Bank focused on Education, Youth Empowerment, Health, Environment and Security with the highest contribution going to Youth Empowerment, Health and the Environment representing 75% of the total investment by the Bank. By geopolitical zone distribution, 47.58% of the investment impacted the North (East, West and Central) and 52.42% for the South.

In recognition of the significant role the youth population play in economic and social development of a country and the need to deliberately empower them for the future, Fidelity Bank birthed the Youth Empowerment Academy. This initiative, which is in partnership with Gazelle Academy (one of the foremost vocational training institutes), and targeted at undergraduates, empowers the youth in developing entrepreneurial skills to attain self-employment and financial independence. Vocations trained on at the event include fish farming, programming language coding, phone engineering, baking and confectionary, tailoring, cloth embellishment etc. The program which has been held in seven (7) tertiary institutions across the country has impacted both directly and indirectly over 3,000 beneficiaries who have gone ahead to start their own businesses and supporting others through trainings to join the business. The beneficiaries, with the support of the Bank, start to earn a living from their businesses, contributing to family income and alleviating hunger and poverty.

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 2019, the Bank continued to maintain its environmental advocacy program through financial sponsorship and physical participation in the Nigerian Conservation Foundation / Lagos State Government organized Walk-for-Nature program.

Fidelity Bank also extended its support through sponsorship of the World Sickle Cell day awareness programme held in Lagos in 2019.

Deepening Economic Development Through Financial Inclusion

Fidelity Bank understands that Financial Institutions given their roles can stimulate an all-inclusive growth of the economy through Financial Inclusion. The Bank believes that Financial inclusion is a key enabler in alleviating poverty and achieving prosperity. It recognizes that convenient and affordable access to financial services will have significant positive impact not only for 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 products and services.

Fidelity Bank aligns its internal Financial Inclusion policy with the provisions of the Central Bank of Nigeria National Financial Inclusion Strategy (NFIS), and we leverage on strategic partnership with different stakeholders including Government, Minishies Department and Goverment Agencies (MDAs), the Private Sector and Developmental Agencies to achieve our Financial Inclusion targets.

In 2019, Fidelity Bank partnered with the Nigerian Postal Service (NIPOST) to open over 4,000 Savings Accounts for unbanked women in Kaduna State across nine (9) Local Government Areas. The program was designed to support the education of the girl-child from less privileged homes. The Accounts were opened for care-givers of the children and 4,000 beneficiaries were on-boarded on the BVN platform with debit cards issued to allow access to the fund.

Fidelity Bank also partnered with NIPOST on the National Cash Transfer Office (NCTO) cash transfer program to effect payments to beneficiaries in Kebbi, Edo and Ondo States under the social investment scheme. This initiative is sponsored by the Federal Government to support the poor in the society. Fidelity Bank has commenced account opening for the beneficiaries.

In fulfilling the Bank's obligation towards the National Financial Inclusion Strategy, we also focused our efforts on including more youths (aged 18-35) in the financial sector by adopting the Fidelity Bank campus activation train. The program which took place at different tertiary institutions is a platform used to provide financial education and first-timer account opening.

In 2019, Fidelity Bank continued its partnership with super-agents, agent aggregators and Fintechs to drive financial inclusion and expand the Bank's reach.

Fidelity

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.

Supplied **4million** Books

Served **2 million** IDPS

Empowered **12,000** Youths

Supplied **5,000** Hospital Equipment

Built **10** Health Centres

Donated **400** Water Projects

Rebuilt **10** Skill Centres

Adopted **10** Orphanages

Constructed **10** Security Facilities

Renovated **300** School Facilities

Awards & Recognitions

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

Contact Us: +234 (1) 448-5252

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Corporate Social Responsibility

As a Bank, **'Doing Good'** is deeply ingrained in the very essence of our corporate and human existence. Our commitment to Corporate Social Responsibility (CSR) is predicated on a fervent and unequivocal belief that people, organisations and the communities are entwined in a symbiotic relationship.

Our unbridled passion for Corporate Social Responsibility (CSR) is exemplified by the commitment of all stakeholders. We remain unswerving in our desire to make positive social impact in societies where we find ourselves whilst creating enduring partnerships for sustainable national development.

Our focus areas as enshrined in our CSR Policy rests on; **Environment, Education, Health and Social Welfare and recently, Youth Empowerment**.

We are of the view that our laudable interventions in these areas will help build stable and prosperous communities that will shape the future of this great country.

Our CSR initiatives are implemented through:

1. The Fidelity Helping Hands Programme (FHHP) – The volunteer programme supports communities where we live and do business.
2. The Fidelity Youth Empowerment Academy (YEA) – A bi-annual skill 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 (SDGs).

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.

Garden Beautification- Falomo

Garden Beautification- Falomo

The Environment

The Bank supports efforts aimed at promoting the preservation, protection and beautification of the environment. This, the Bank executes on two fronts:

Environmental Beautification:

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

Environmental Protection and Renewal:

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

Garden Beautification-Eko Court

Beautification of Onikan Roundabout, Lagos

Beautification of Onikan Roundabout, Lagos

Education

There is no gainsaying that education is critical to development of any society. In view of this, Fidelity Bank supports efforts to encourage education at all levels through several projects nationwide.

In 2019, the Bank provided educational materials, furniture, sporting materials and renovated seven (7) schools across the country. We also actively participated in Financial Literacy enlightenment programmes. Staff of the Bank visited 30 schools and taught financial literacy to 6,439 students across the country during the year.

The renovated and furnished block of classrooms at Government Junior College, Victoria Island, Lagos

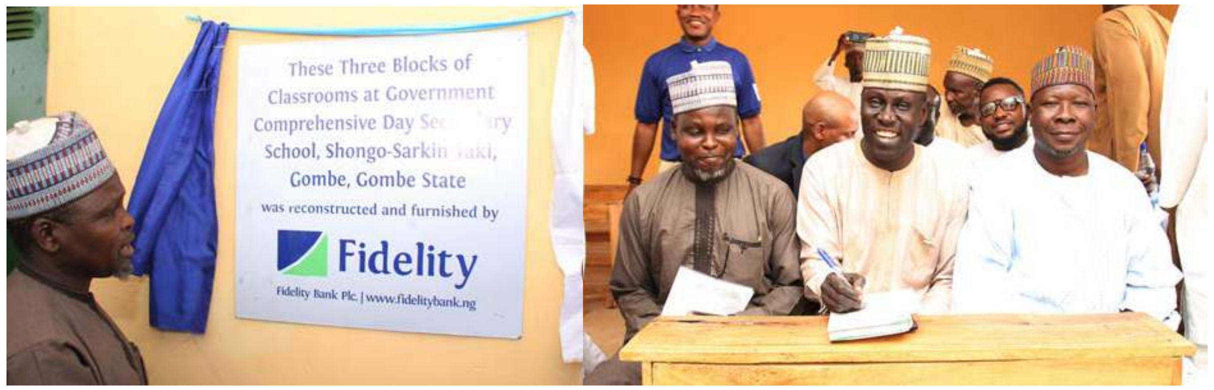
Eze Basil Anyanwu of Umuhu Autonomous Community commissions the new borehole and tap gallery at Umuhu Comprehensive Secondary School, Ngor Okpala, Imo State.

Health/Social Welfare

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

In 2019, our activities in these areas included renovation and furnishing of 4 hospitals, the provision and renovation of boreholes to provide water, visits and the provision of food and other essentials to orphanages.

The **Skills Acquisition Programmes** through the **Fidelity Youth Empowerment Academy (YEA)** where over **3,000 undergraduates** of tertiary institutions have been trained and duly empowered to become not only financially independent but also employers of labour.



Assistant Director School Services, Alh Yusuf Abubakar unveils the plaque at the commissioning of three blocks of classrooms at Government Comprehensive Day Secondary School, Shongo-Sarkin Yaki, Gombe State; Alh Yusuf Abubakar, the Regional Bank Head, North East, Musa Tarimbuka and the SUBEB representative, Abubakar U. Dong seat on new school chairs at the commisioning.

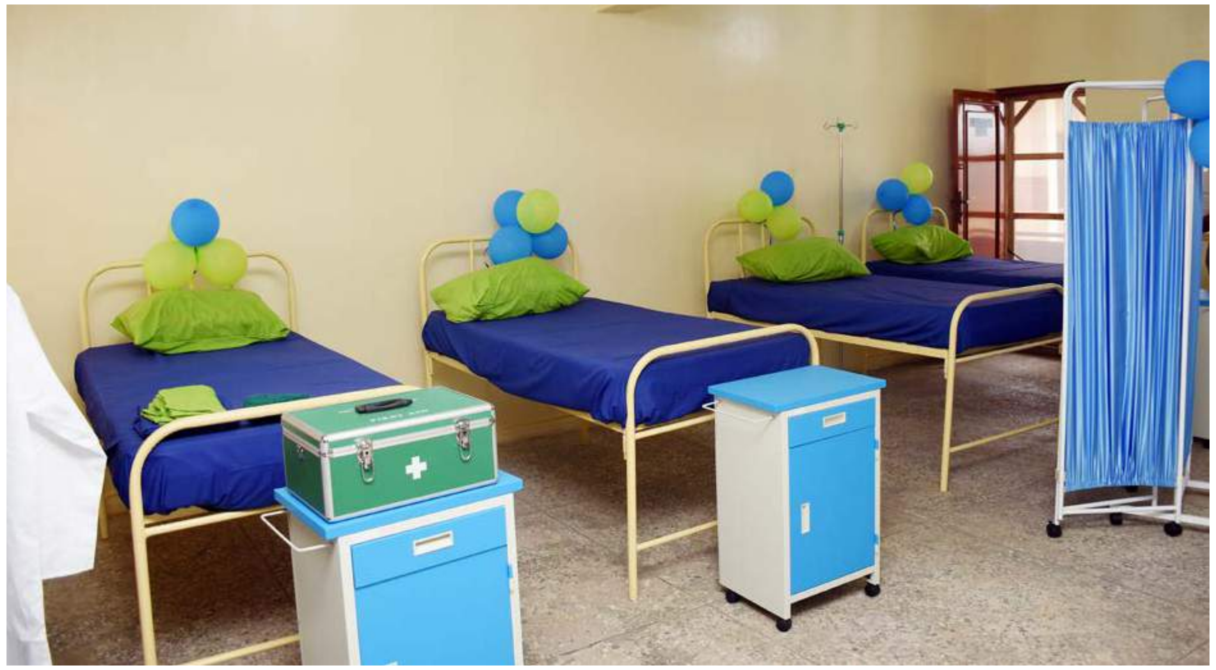
A significant part of our education, health and social welfare interventions was executed through our staff volunteer programme, called the **Fidelity Helping Hands Programme (FHHP)**. Under the FHHP, we challenge every location where we do business to identify and support a project that is relevant to their community.

This unique approach to CSR creates a sense of buy-in with employees which in turn is critical to productivity and team success. It also challenges all our staff to be responsible and supportive of communities where we operate, thereby helping to build a huge crop 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. Renovation And Repair Of Sanitary Facilities At University College Hospital Ibadan.
2. Renovation Of Prison Hostel And Provision Of Essential Materials At Nigerian Correctional Service, Borstal Training Institute, Ogun State.
3. Renovation And Furnishing Of Total Parental Guidance (TPG) Orphanage Home, Ibadan, Oyo State.
4. Provision Of Essential Materials To Vigilant Heart Charitable Society, Igbo Efon, Lagos State.
5. Provision Of Essential Materials To Heart Of Gold Children's Hospice, Surulere, Lagos State.
6. Provision Of Educational And Essential Materials to Home Of Destitute, Ebute Metta, Lagos State.
7. Renovation Of Block Of Four Classrooms, Vice Principal And Teachers' Offices at Government Junior College, Victoria Island, Lagos.
8. Medical Outreach At Mushin Local Government, Lagos.
9. Renovation And Furnishing Of The Medical Bay at Ayetoro Primary School, Bariga Lagos.
10. Medical Outreach to Ikoyi Obalende Local Government, Lagos.
11. Payment Of Medical Bill For Indigent Patient at Lagos Island Marternity Hospital, Lagos.
12. Water Borehole Project At Vigilant Heart Charitable Society, Igbo Efon, Lagos State.
13. Suppport For The Red Umbrella Sickle Cell Walk in Lagos State.
14. Provision Of Essential Materials To Peculiar Saints Orphanage Home, Ajah, Lagos State.
15. Provision Of Essential Materials To Special Correction Center For Girls, Idi Araba, Lagos State.
16. Provision Of Essential Materials To Surah Comprehensive Health Center, Lagos Island, Lagos.
17. Renovation Of Kitchen And Provision Of Essential Materials To Special Correction Center For Girls, Idi Araba, Mushin, Lagos State.
18. Payment Of School Fees And Provision Of Esential Materials To Raco Orphanage Home, Ibeju Lekki, Lagos State.
19. Construction And Provision Of Equipment For A Sick Bay at Adeife Sodipo Primary School, Bariga, Lagos State.
20. Payment Of Medical Bills Of indigent Patients At The Island Maternity Hospital, Lagos State.
21. Donation Of 25 Life Vests To Indigenes Of Ibaologa Community, Ibeju Lekki, Lagos State.
22. Renovation Of Sanitary Facility And Provision Of Pumping Machine At Olomu Primary School, Ajah, Lagos.
23. Provision Of Essential Materials To Atanda Olu School, Surulere, Lagos.
24. Provision Of Essential Materials To St Agatha Special Needs Centre, Satellite Town, Lagos.
25. Reconstruction And Furnishing Of A Block Of 3 Classrooms At Government Comprehensive Day Secondary School, Shongo-Sarkin Yaki, Gombe, Gombe State.
26. Medical Outreach At Internally Displaced Persons (IDP) Camp Community, Jalingo, Taraba State.
27. Medical Outreach At Misau Community.
28. Construction And Renovation Of Maternity/Dispensary Health Center, Lubo, Yalmatu Daba, Gombe.
29. Construction And Interlocking Of Premesis And Provision of Sanitary Facilities At Ministry Of Health, Bauchi.
30. Medical Outreach At General Hospital Owa Alero, Agbor, Abraka, Delta State.
31. Provision Of Essential Materials At Holy Child Ministry, Abaraka, Delta State.
32. Construction Of New Borehole At Home Of Mercy Orphanage Home Uromi, Edo State
33. Provision Of Hospital Equipment At St. Joseph's Catholic Hospital, Asaba, Delta State.
34. Medical Outreach At Ajikamia Community, Shendam, Plateau State.
35. Contruction Of Borehole Water System And Water Gallery At Umuhu Comprehensive Secondary School, Ngor Okpala, Imo State
36. Renovation And Equipping Of Children's Rooms At Daughters Of Divine Love Motherless Babies Home And Profile Centre, Enugu State.
37. Renovation And Roofing Of A Classroom At United Primary School, Nkpor, Anambra State.

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.



Construction and Furnishing of Medical Bay at Adeife Sodipo Akindeko Memorial Primary School

Fidelity Helping Hands Programme (FHHP)

CSR Officer Ernest Chukwuedozie Leads the Dauntless Class Inductees in Handing Over Essential Items Donated to Children at Heart of Gold Orphanage Home, Masha Kilo, Lagos State

Water Borehole Project at Vigilant Heart Orphanage, Igbo-Efon, Lekki-Epe Express Way, Lagos State by Mrs. Nneka Onyeali-Ikpe

Bishop of the Catholic Diocese of Uromi, Most Rev. Dr. Donatus Ogun Commisions the Newly Constructed Borehole at Home of Mercy, Uromi, Edo State

Honourable Muibi Folawiyo inspects the Renovated and Furnished Home Economics Centre at Special Correctional Centre for Girls, Idi-Araba, Lagos State

Donation of Essential Materials at Peculiar Saint Orphange by Inductees in Training

The RBH VI Region, Chinwe Iloghalu Handing Over Donated Life Vests to the Local Government's Representative

Provision of essential materials at Home of The Destitute, Okobaba, Ebute Metta, Yaba, Lagos State

The Regional Bank Head, South West 1, Adebayo Adeyinka handing over 100 mattresses to the Controller of Nigerian Correctional Services, Mrs. Violet Ogbebor, at Abeokuta, Ogun State

Her Excellency, the First Lady, Bauchi State – Hajiya (Dr) Aishatu Bala Muhammad Hands Over a Treated Mosquito Net to a Beneficiary of the Medical Outreach in Bauchi State

R-L ED Corporate Banking, Obaro Odeghe Hands Over a Mosquitoe Treated Net to a Beneficiary During a Medical Outreach at Mushin LGA, Lagos,

Reps of the Governor of Gombe State, Permanent Secretary, Ministry of Health, HRH Hassan Ibrahim commisions the renovated and furnished Primary Health Care Center, Lubo, Yamaltu-Daba, Gombe State

The renovated Primary Healthcare Centre

Provision of home appliances and essential materials at St Agatha's Special Needs Centre, Satelite Town, Lagos State

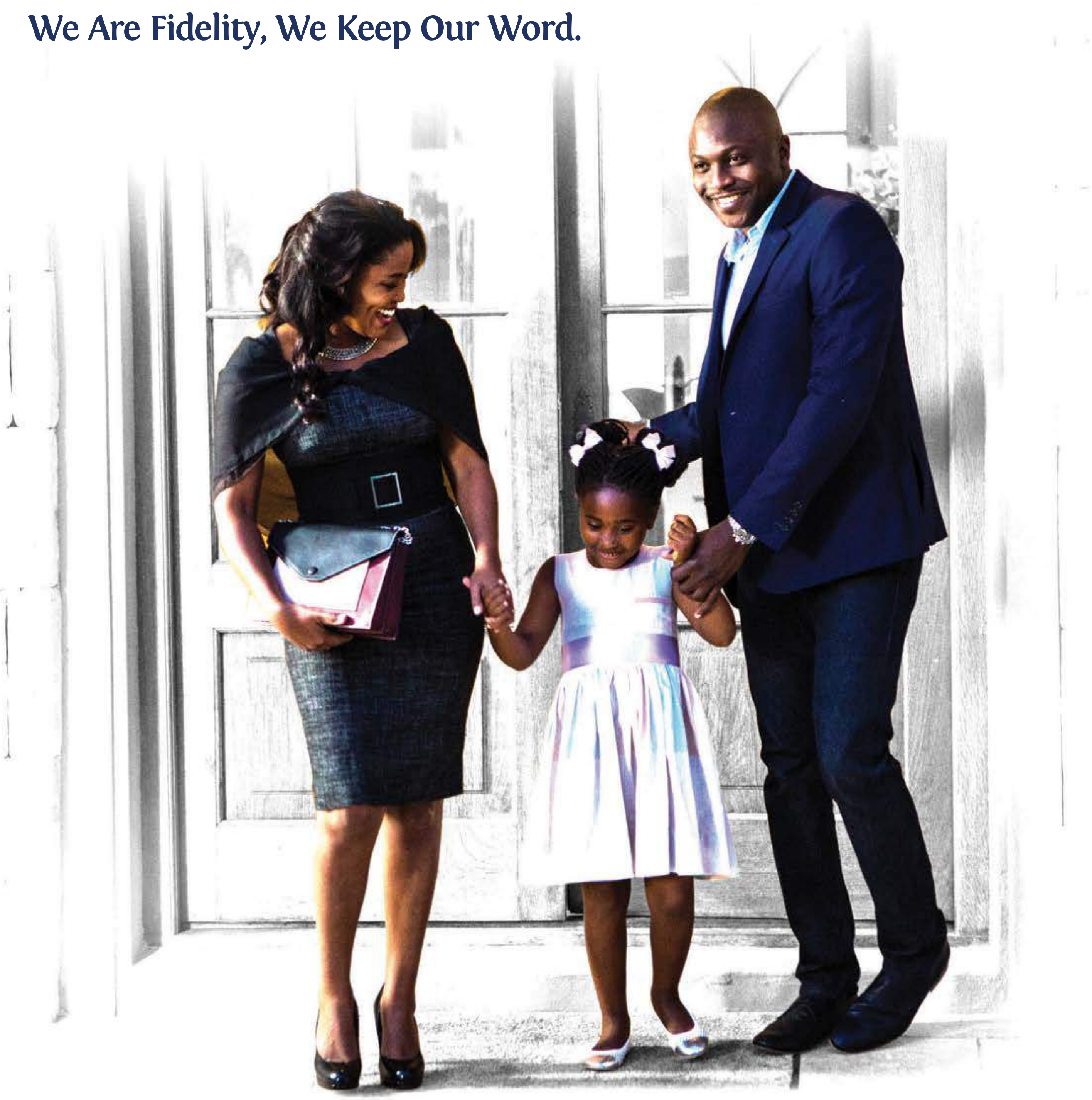
Donation of home appliances and sanitary wares at Atunda-Olu School, Lagos State

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

Fidelity

Nothing Bind Us More To You Than A Promise Kept

We Are Fidelity, We Keep Our Word.



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

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

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 & Proliferation (CFT&P), 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.
- Incorporation of AML/CFT & P risks into the Enterprise Risk Management framework.
- Adequate allocation of Compliance Officers in Head Office, Regional Offices and Branches of the Bank through our Cluster 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.
- 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 & Proliferation of Small Arms (AML/CFT&P) 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 (as amended), the Terrorism Prevention Regulations 2013, CBN AML/CFT Regulation 2103 (as amended), CBN AML/CFT Administrative Sanctions Regulation 2018, the Financial Action Task Force (FATF) recommendations and other relevant local and international principles and regulations guiding AML/CFT & P.

Our AML/CFT & P framework is designed such that we have adequate systems and processes in place and our people are adequately trained to prevent, promptly detect and report suspicious money laundering and terrorism financing and proliferation activities.

We have implemented an AML solution (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 &P activities. These documents cover the following:

- Scope of the AML/CFT&P framework.
- Board and Management roles and responsibilities.
- Reports to Board and Senior Management.
- Customer Due Diligence (CDD)/Know Your Customer (KYC) and Risk Categorization.
- 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 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&P reports and reviews same to ensure compliance with all statutory, regulatory and internal procedures of the Bank. The Committee in turn, submits a quarterly report to the full Board on the foregoing to give assurance.

The management of the Bank is committed to the AML/CFT&P framework, by ensuring the AML/CFT&P framework is properly documented and approved. It also ensures constant review of the framework to incorporate new laws and guidelines. Management ensures that all resources needed for achievement of the goals set by the AML/CFT&P 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&P reports are submitted to the Board and Management:

- Regular report on AML/CFT&P and other compliance related issues are presented at the Bank's Operational Risk & Service Measurement Committee meetings.
- Quarterly AML/CFT&P 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&P 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&P/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 (as amended).

Transaction Monitoring

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

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

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

Basic Statutory Reports

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

- Section 2 of the Act requires all financial institutions to submit a report of all international transfer of funds and securities exceeding ten thousand dollars ($10,000) or its equivalent in other foreign currencies.
- Section 6 of the Act requires all financial institutions to submit a report on all unusual or suspicious transactions within 48hours of the transactions.
- Section 10 of the Act requires all financial institutions to submit a report of all lodgments or transfer of funds in excess of N5 million for individual customers and N10 million and above for corporate customers.

Politically Exposed Persons (PEPs)

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

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

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

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

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

Fidelity ensures that all accounts, customers' relationships on-boarding and transactions are filtered through several watch-lists or 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, 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&P Training

Fidelity Bank conducts regular and continuous AML/CFT&P 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&P 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/CFT&P 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&P.
- Record keeping and retention policy.

Correspondent Banks – AML/CFT&P Due Diligence

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

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

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

Customer records

In accordance with the Statutes of Limitation and Money Laundering Prohibition Act 2011 (as amended) 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&P 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&P 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&P risks the bank is exposed to.

The AML/CFT&P framework is also reviewed by both the external auditors of the bank as well as regulators during their routine examination of the bank. During the year, we took a step further to engage an external consultant to review and test the adequacy of our compliance and AML/CFT &P) function and process. The outcome of the review has also helped strengthen our processes.

Cooperation with Regulators and Law Enforcement Agencies.

The Bank continues to cooperate with law enforcement agencies and regulators by making records and documents available to aid their investigation at all times. All employees of the Bank are required to cooperate fully with regulators and law enforcement agencies and make available required records or documents based on the powers conferred on the agencies by their respective Acts as well as the Money Laundering (Prohibition) Act 2011 (as amended).

Foreign Account Tax Compliance Act (FATCA)

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

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

Under the agreement, the FFI is required to:

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

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

Before the effective date, Fidelity Bank registered and entered into an agreement with the IRS as a Participating Foreign Financial Institution in compliance with the requirements of FATCA and was issued a Global Intermediary Identification Number (GIIN).

The Bank immediately put in place mechanisms for collection of requisite information from all new and existing customers in accordance with the requirements of the Act and commenced rendering reports of U.S. Accounts from 2015 as required.

Internal Control System

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

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

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

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

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

Control Environment

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

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

Our Board and Executive Management sets the right tone from the top and ensures the right messages are passed across. The Board 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 2019. These include:

1. Effective Fraud Risk Assessment programme that ensures fraud risks are adequately managed and mitigated including bankwide anti-fraud training and awareness sessions.

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

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

(i) Implementation of mandatory Personal Identification Number requirements for all POS transactions for debit cards except for hotels and web.

(ii) Implementation of One Time Password (OTP)/second factor authentication for web transactions.

(iii) Acquisition of Enterprise Fraud Risk Management solution that when implemented has capacity to build behaviour-based rules as well as monitor and block suspicious electronic transactions. This is currently at the Proof of Concept stage.

(iv) Establishment of 24/7 Electronic Anti-Fraud Unit 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 associated cyber threat 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, inability to respond to security incidents, 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 established a functional Security Operations Centre (SOC). The cyber operations have commenced and are growing to the target maturity level. The implementation is placing the Bank to effectively counter the emerging cyber threats.

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

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, 2019 are provided in the schedule below:

S/N	Description	Number of Complaints		Amount Claimed		Amount Refunded	
		2019	2018	2019 (million)	2018 (million)	2019 (million)	2018 (million)
1	Pending Complaints B/F	87	93	4,911	9,564	N/A	N/A
2	Received Complaints	1,304	718	25,475	5,395	N/A	N/A
3	Resolved Complaints	1,312	724	10,422	10,048	399	115
4	Unresolved complaints escalated to CBN	-	-	-	-	N/A	NA
5	Unresolved complaints pending with the Bank c/f	79	87	19,964	4,911	N/A	N/A

KPMG

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

For the year ended 31 December 2019

In compliance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code") and 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 2019. 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 CBN Code and SEC Code. These procedures, which are limited in scope but sufficient for the Board's objectives in line with the Codes, are different in scope from an external audit. Consequently, no opinion is expressed by us on the activities reported upon.

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

On the basis of our review, 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 succession planning and Board gender diversity.

Olumide Olayinka
Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
5 March, 2020

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

For the year ended 31 December 2019

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 period. 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 as issued by the International Accounting Standards Board (IASB) 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 as issued by the International Accounting Standards Board (IASB) , the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

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

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:
Date: March 2, 2020

Gbolahan Joshua
Executive Director
FRC/2017/ICAN/00000016999
March 2, 2020

Nnamdi J. Okonkwo
Managing Director/Chief Executive Officer
FRC/2014/ICA/00000006963
March 2, 2020

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

EY
Building a better working world

Opinion

We have audited the financial statements of Fidelity Bank Plc ("the Bank") which comprise the statement of financial position as at 31 December 2019, 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 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board 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 of Nigeria Act No. 6, 2011 and Central Bank of Nigeria 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 Auditor's 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 the audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

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Key Audit Matter	How the matter was addressed in the audit
Expected Credit Loss on financial assets and off-balance sheet exposures Financial assets (Due from banks, loans and advances to customers and investment securities) and off- balance sheet exposures (loan commitments and financial guarantee contracts issued) constitute a significant portion of the Bank's statement of financial position and transactions, as a major component of the Bank's financial intermediation function revolves around granting of credit and management of excess funds. The International Financial Reporting Standards (IFRS) 9 - Financial Instruments requires the use of an Expected Credit Loss model (ECL) for recognising impairment of financial instruments. The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as: • Determining criteria for Significant Increase in Credit Risk (SICR) for staging purposes. • 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 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. • Factors considered in determining Credit Conversion Factor (CCF) for off balance sheet exposures such as bonds and guarantees and loan commitments.	Our audit approach was a combination of both control and substantive procedures. 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 balances, access controls over inputs into the system, change management controls and staging configuration within the system. We gained an understanding of how the PD, LGD and EAD were derived by the system by performing a walkthrough using live data. We evaluated the PD, LGD, EAD, incorporating macro-economic variables and the ECL, by rebuilding the model using R statistical software. For loans and other financial assets classified under stages 1 & 2, we selected material loans and reviewed the repayment history for possible repayment default. We assessed the various factors considered in classifying the loans within stage 1 & 2 and in the measurement of ECL. For stage 3 loans and other financial assets, we assessed all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realisation. For off balance sheet exposures such as bonds and guarantees and loan commitments, we assessed the assumptions and inputs in determining the credit conversion factor (CCF) by reviewing historical trends. Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7- Financial Instruments: Disclosures

Key Audit Matter	How the matter was addressed in the audit
This was considered a key audit matter given the level of complexity and judgement involved in the process. Refer to Notes 2.1.3 (Significant accounting judgements, estimates and assumptions), 2.4.3 (Impairment of financial assets), 3.2.1 (Management of credit risk), 3.2.4 (Expected credit loss measurement), 21 (Due from banks), 22 (Loans and advances to customers) and 23 (Investment securities) to the financial statements for relevant disclosures relating to the Expected Credit Loss.	

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' report, Statement of directors' responsibilities in relation to the preparation of the financial statements, Report of the statutory audit committee, Corporate governance report, Statement of value added and Five-year financial summary, which we obtained prior to the date of this report, and the annual report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 201, relevant Central Bank of Nigeria (CBN) Circulars and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the 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.

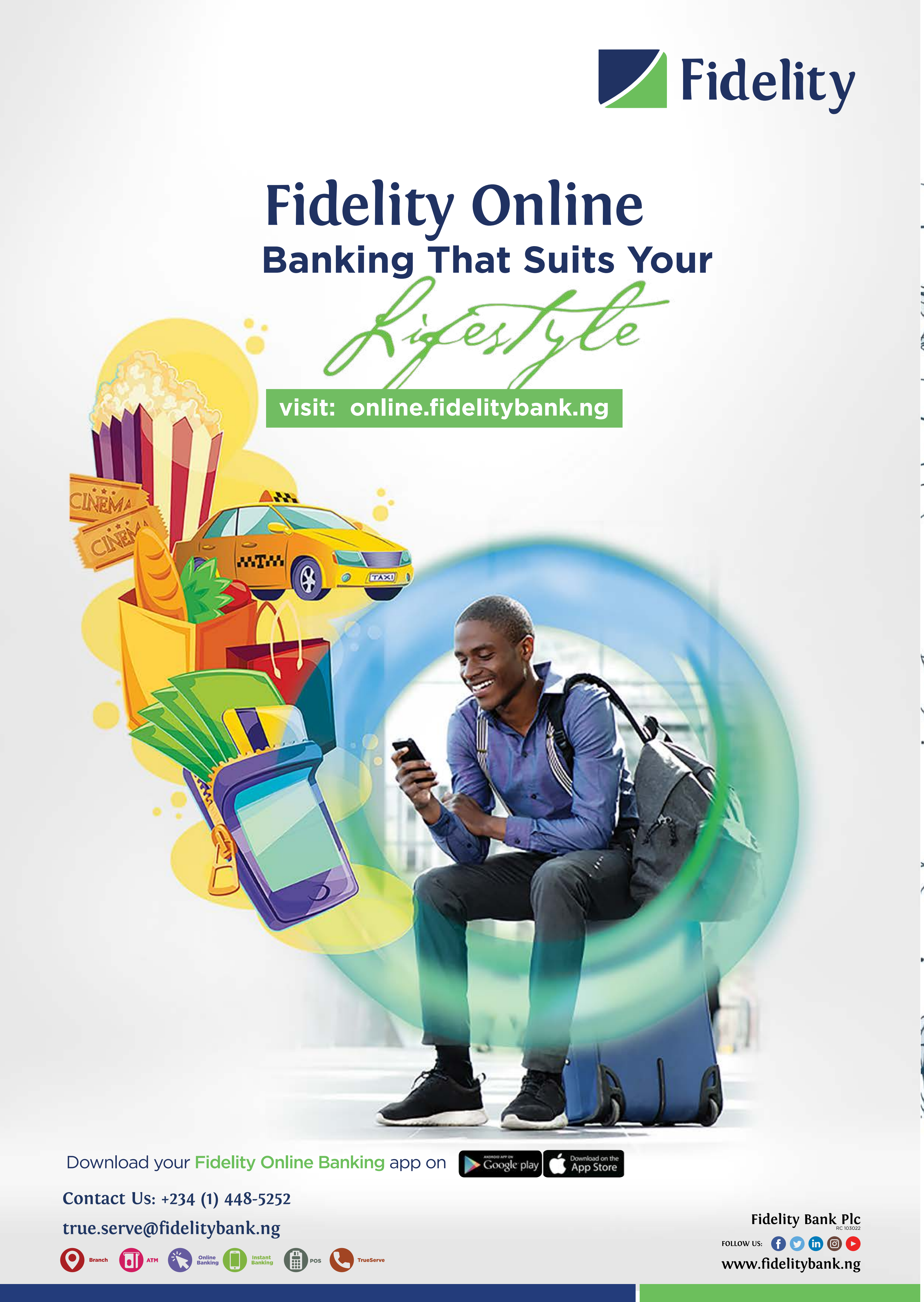
In compliance with the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 and circulars issued by Central Bank of Nigeria, we confirm that:

i) Related party transactions and balances are disclosed in Note 37 of the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

ii) Returns on customers' complaints are disclosed in Note 40.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.

iii) As stated in Note 40.1 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 2019.

Signed:
Jamiu Olakisan, FCA,
FRC/2013/ICAN/00000003918
For: Ernst & Young (Chartered Accountants)
Lagos, Nigeria
Date: 6 March 2020



FINANCIAL STATEMENTS

Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2019

	Notes	2019 N'million	2018 N'million*
Gross Earnings		**215,514**	**189,005**
Interest revenue calculated using the effective interest rate method	6	176,994	153,682
Other interest and similar income	12.1	5,350	3,769
Interest expense calculated using the effective interest rate method	7	(99,289)	(84,095)
Net interest income		**83,055**	**73,356**
Credit loss reversal/(expense)	8	5,292	(4,215)
Net interest income after credit loss expense		**88,347**	**69,141**
Fee and commission income	9	25,262	20,410
Fee and commission expense	9	(5,268)	(3,346)
Net losses on derecognition of financial assets measured at amortised cost	10	(4,705)	-
Other operating income	11	7,908	11,144
Net gains/(losses) from financial assets at fair value through profit or loss	12	801	(132)
Personnel expenses	13	(24,129)	(23,910)
Depreciation and amortisation	14	(5,421)	(6,247)
Other operating expenses	15	(52,442)	(41,971)
Profit before income tax expense		**30,353**	**25,089**
Income tax expense	16	(1,928)	(2,163)
Profit For The Year		**28,425**	**22,926**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation gains on equity instruments at fair value through other comprehensive income #	23.3.1	**7,476**	1,612
Total items that will not be reclassified to profit or loss in subsequent period		**7,476**	**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 period		4,134	(2,424)
- Changes in allowance for expected credit losses		504	277
- Reclassification adjustments to profit or loss	17	2,261	(1,671)
Net losses on debt instruments at fair value through other comprehensive income		6,899	(3,818)
Total items that will be reclassified subsequently to profit or loss		6,899	(3,818)
Other comprehensive (loss)/income for the year, net of tax		**14,375**	**(2,207)**
Total comprehensive income for the year, net of tax		**42,800**	**20,719**
Earnings per share			
Basic and diluted (in kobo)	18	**98**	**79**

 # Income from these instruments is exempted from tax

** Certain amounts in the comparative have been restated and do not correspond to the amount in the audited financial statements of the prior period presented. See Notes 44.*

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

Statement Of Financial Position

As At 31 December 2019

	Notes	31 Dec 2019 N'million	31 Dec 2018 N'million
ASSETS			
Cash and balances with central bank	19	453,392	384,931
Due from banks	21	149,869	111,633
Loans and advances to customers	22	1,126,974	849,880
Investment securities:			
Financial assets at fair value through profit or loss (FVTPL)	23.1	45,538	14,052
Debt instruments at fair value through other comprehensive income (FVOCI)	23.2	134,846	157,639
Equity instruments at fair value through other comprehensive income (FVOCI)	23.3	14,536	9,977
Debt instrument at amortised cost	23.4	118,569	118,662
Other assets	27	28,756	35,124
Right-of-use assets	28	1,529	-
Property, plant and equipment	24	38,392	36,909
Intangible assets	25	1,636	1,076
Total Assets		**2,114,037**	**1,719,883**
Liabilities			
Deposits from customers	29	1,225,213	979,413
Current income tax payable	16	2,339	1,609
Other liabilities	30	397,074	300,335
Provisions	31	3,795	3,343
Debts issued and other borrowed funds	32	251,586	240,767
TOTAL LIABILITIES		**1,880,007**	**1,525,467**
EQUITY			
Share capital	33	14,481	14,481
Share premium	34	101,272	101,272
Retained earnings	34	43,642	37,133
Other equity reserves:			
• Statutory reserve	34	35,008	30,744
• Small scale investment reserve (SSI)	34	764	764
• Non-distributable regulatory reserve (NDR)	34	13,897	408
• Fair value reserve	34	20,969	7,038
• AGSMEIS reserve	34	3,997	2,576
Total equity		**234,030**	**194,416**
TOTAL LIABILITIES AND EQUITY		**2,114,037**	**1,719,883**

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 2 March 2020 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/2014/ICA/00000006963

Statement Of Changes In Equity

For The Year Ended 31 December 2019

	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non-distributable regulatory reserve	Fair value reserve	AGSMEIS reserve	Total equity
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
As at 1 January 2019	**14,481**	**101,272**	**37,133**	**30,744**	**764**	**408**	**7,038**	**2,576**	**194,416**
Profit for the year	-	-	28,425	-	-	-	-	-	28,425
Other comprehensive income						-		-	
Net change in fair value of debt instrument at FVOCI	-	-	-	-	-	-	4,134	-	4,134
Net change in fair value of equity instrument at FVOCI	-	-	-	-	-	-	7,476	-	7,476
Changes in allowance for expected credit losses	-	-	-	-	-	-	504	-	504
Net reclassification adjustment for realised net gains	-	-	-	-	-	-	2,261	-	2,261
Total comprehensive income	-	-	**28,425**	-	-	-	**14,375**	-	**42,800**
Dividends paid	-	-	(3,186)	-	-	-	-	-	(3,186)
Transfers between reserves	-	-	(18,730)	4,264	-	13,489	(444)	1,421	-
At 31 December 2019	**14,481**	**101,272**	**43,642**	**35,008**	**764**	**13,897**	**20,969**	**3,997**	**234,030**
Statement of changes in equity for the year ended 31 December 2018									
As at 1 January 2018	**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 instruments at FVOCI	-	-	-	-	-	-	(2,424)	-	(2,424)
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	1,612	-	1,612
Changes in allowance for expected credit losses	-	-	-	-	-	-	277	-	277
Reclassification adjustment for realised net gains	-	-	-	-	-	-	(1,671)	-	(1,671)
Total comprehensive income	**-**	**-**	**22,926**	**-**	**-**	**-**	**(2,207)**	**-**	**20,719**
Dividends paid			(3,186)						(3,186)
Transfers between reserves	-	-	(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**

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 2019

	Notes	2019 N'million	2018 N'million
Operating Activities			
Cash flows generated from/(used in) operations	35	(99,598)	116,016
Interest received		164,200	142,155
Interest paid		(89,455)	(81,853)
Income tax paid	16c	(1,198)	(1,053)
Net cash flow (used in)/generated from operating activities		**(26,051)**	**175,265**
Investing activities			
Purchase of property, plant and equipment	24	(5,774)	(2,281)
Proceeds from sale of property and equipment		2,939	76
Purchase of intangible assets	25	(2,183)	(2,879)
Purchase of debt instruments at amortised cost	23.6.2	(51,409)	(51,373)
Purchase of debt instruments at FVOCI	23.6.1	(124,560)	(246,754)
Redemption of amortised cost financial assets	23.6.2	54,556	51,842
Proceeds from sale of debt financial assets at FVOCI	23.6.1	152,922	156,482
Proceeds from sale of equity instruments at FVOCI	23.3	2,918	-
Dividend received		1,392	229
Net cash flows used in investing activities		**30,801**	**(94,658)**
Financing activities			
Dividends paid		(3,186)	(3,186)
Lease payment	2.1.2	(494)	-
Proceeds of debts issued and other borrowed funds	32	64,336	57,498
Repayment of debts issued and other borrowed funds	32	(55,842)	(38,986)
Net cash flows (used in)/ generated from financing activities		**4,814**	**15,326**
Net increase in cash and cash equivalents		**9,564**	**95,933**
Net foreign exchange difference on cash and cash equivalents		3,401	10,122
Cash and cash equivalents at 1 January	20	**246,950**	**140,895**
Cash and cash equivalents at 31 December	20	**259,915**	**246,950**

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

Notes To Financial Statements

1. Corporate Information

These financial statements are for Fidelity Bank Plc (the "Bank"), a company incorporated in Nigeria on 19 November 1987.

The registered office address of the Bank is at Fidelity Place, 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

The Bank's financial statements for the year ended **31 December 2019** have been prepared in accordance with International Financial Reporting Standards ("IFRSs") 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 cash flows and the notes.

The financial statements have been prepared in accordance with the assumption of going concern and items in the financial statements are measured at historical cost, except for financial assets 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 unless otherwise stated.

2.1.2 Changes on Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Bank has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations are applied for the first time in 2019, but do not have an impact on the financial statements of the Bank.

IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Bank is the lessor.

The Bank adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The Bank elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Bank also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

Assets	N'million
Right-of-use assets	1,721
Property, plant and equipment	(750)
Prepayments	(971)
Total assets	-
Total adjustment on equity (retained earnings)	-

The adoption of IFRS 16 does not give rise to a lease liability as the Bank does not have an enforceable right to renew or extend its leases as at the end of the reporting period and the non-cancellable periods have been fully paid.

(a) Nature of the effect of adoption of IFRS 16

The Bank has lease contracts for various buildings used as branches, offices and other outlets. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Bank; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Other assets and Other liabilities, respectively.

At the date of initial application of IFRS 16, the Bank does not have any lease classified as a finance lease (as lessee).

Upon adoption of IFRS 16, the Bank applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Bank.

Leases previously accounted for as operating leases.

The Bank recognised right-of-use assets for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. In all leases, the right-of-use assets were recognised based on the amount equal to the related prepaid and accrued lease payments previously recognised.

The Bank also applied the available practical expedients wherein it:

*Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

*Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

*Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

*Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) Summary of new accounting policies

Set out below are the new accounting policies of the Bank upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

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

Short-term leases and leases of low-value assets

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

For policy applicable before 1 January 2019, see Note 2.9

(c) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Bank's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	
	Total	Total
As at 1 January 2019	**N'million**	**N'million**
Transfer from prepayment	971	971
Transfer from property, plant and equipment (Note 24)	750	750
Additions during the year (Note 28)	494	494
Depreciation expense	(686)	(686)
As at 31 December 2019	1,529	1,529

(d) Below is a list of other interpretations and amendment that were effective for the first time in 2019 but do not have a significant impact on the Bank:

i IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

ii Amendments to IFRS 9: Prepayment Features with Negative Compensation

iii Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

iv Amendments to IAS 28: Long-term interests in associates and joint ventures

v Annual Improvements 2015-2017 Cycle

(a) IFRS 3 Business Combinations

(b) IFRS 11 Joint Arrangements

(c) IAS 12 Income Taxes

(d) IAS 23 Borrowing Costs

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.

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.

Allowances for credit losses

Measurement of the expected credit loss allowance

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

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

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

Determination of collateral Value

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

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

Fair value measurement of financial instruments

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

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:

Significant judgement in determining the lease term of contracts with renewal options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Bank has concluded that its leases are only enforceable for the periods that payments have been made and has therefore not recognised any lease liabilities. This applies only to property leases.

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.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, 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 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.

Proposed amendments to IFRS 17

In June 2019, the IASB issued an Exposure Draft (ED) on proposed amendments to IFRS 17. The Board considered 25 concerns and implementation challenges raised by stakeholders and assessed whether to propose changes to the standard. The Board selected only those changes that, in its estimation, would not lead to a significant loss of useful information for investors, nor unduly disrupt implementation processes under way, nor risk undue delays in the effective date of IFRS 17.

"The IASB proposes in the ED 12 targeted amendments to the standard in eight areas and asks stakeholders whether they agree with the proposed amendments. The eight areas of IFRS 17 subject to proposed changes are:

- Deferral of the effective date of IFRS 17 for one year, including an additional year of deferral for the application of IFRS 9 to qualifying insurance entities (i.e. qualifying insurers can apply IFRS 17 and IFRS 9 for the first time in reporting periods beginning on or after 1 January 2022)
- Additional scope exclusions
- Expected recovery of insurance acquisition cash flows from insurance contract renewals
- CSM relating to investment activities
- Applicability of the risk mitigation option for contracts with direct participation features
- Reinsurance contracts held - expected recovery of losses on underlying contracts
- Simplified presentation of insurance contracts in the statement of financial position
- Transition modifications and reliefs"

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

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly Risk-Free Interest Rate (an RFR).

These amendments are effective annual periods beginning on or after 1 January 2020

The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

"Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument".

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.

To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

These amendments will not have significant impact on the bank's financial statements when they become effective.

The amendments to IAS 39

"The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

• For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

• For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.

• For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge."

These amendments will not have significant impact on the bank's financial statements when they become effective.

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 recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized 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.

Definition of a Business - Amendment to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. These amendments will currently have no impact on the financial statements of the Bank.

The Conceptual Framework for Financial Reporting

"The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

• Chapter 1 – The objective of financial reporting

• Chapter 2 – Qualitative characteristics of useful financial information

• Chapter 3 – Financial statements and the reporting entity

• Chapter 4 – The elements of financial statements

• Chapter 5 – Recognition and derecognition

• Chapter 6 – Measurement

• Chapter 7 – Presentation and disclosure

• Chapter 8 – Concepts of capital and capital maintenance

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8. The new framework will have no significant impact on the financial statements of the Bank.

Definition of Material - Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The Bank will apply this amendment when it becomes effective on 1 January 2020.

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

2.4.1 Initial Recognition

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

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

Day 1 Profit or Loss

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

Amortised Cost and Gross Carrying Amount

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

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

Effective Interest Method

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

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

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

Interest Income

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

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

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

2.4.2 Financial Assets - Subsequent Measurement

(a) Debt Instruments

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

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

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

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

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

Business Model Assessment

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

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

Solely Payments of Principal and interest (SPPI) Assessment

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

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

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

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

Reclassifications

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

Modifications

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

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

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

(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.

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.

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.

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

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 is 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 processes are not recorded on the statement of financial position.

2.4.4 Presentation of Allowance for ECL

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

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

Write-Off

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

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

2.4.5 Financial liabilities

Initial and Subsequent Measurement

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

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

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

Derecognition

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

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

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

Financial Guarantee Contracts and Loan Commitments

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

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

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

2.5 Revenue Recognition

Interest income and expense

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

Fees and Commission Income

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

Income From Bonds or Guarantees and Letters of Credit

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

Dividend Income

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

2.6 Impairment of Non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.7 Statement of Cash Flows

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

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

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

2.8 Cash and Cash Equivalents

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

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

2.9 Leases

Leases are divided into finance leases and operating leases.

(a) The company is the lessee (Policy applicable before 1 January 2019)

(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.

For policy applicable from 1 January 2019 see note 2.1.2.

(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.

2.10 Property, Plant and Equipment

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

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

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

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

The assets' residual values 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.

2.11 Intangible Assets

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

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

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

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

2.12 Income Taxation

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

(i) Current Income Tax

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

(ii) Deferred Income Tax

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

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

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 taxable entities where there is an intention to settle the balance on a net basis.

2.13 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.

2.14 Retirement Obligations and Employee Benefits

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

2.14.1 Defined Contribution Pension Scheme

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

2.14.2 Short-Term Benefits

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

2.15 Share Capital

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.

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.

2.16 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

2.17 Comparatives

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

Segment Reporting

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

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

Retail Banking

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

Corporate Banking

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

Investment Banking

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

3. Financial Risk Management And Fair Value Measurement And Disclosure

3.1 Introduction and Overview

Set out below is the information about the nature and extent of risks arising from the financial instruments to which the bank is exposed at the end of the reporting period.

Enterprise Risk Management

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

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

(ii) Clearly defined governance structure.

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

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

Risk Management Governance Structure

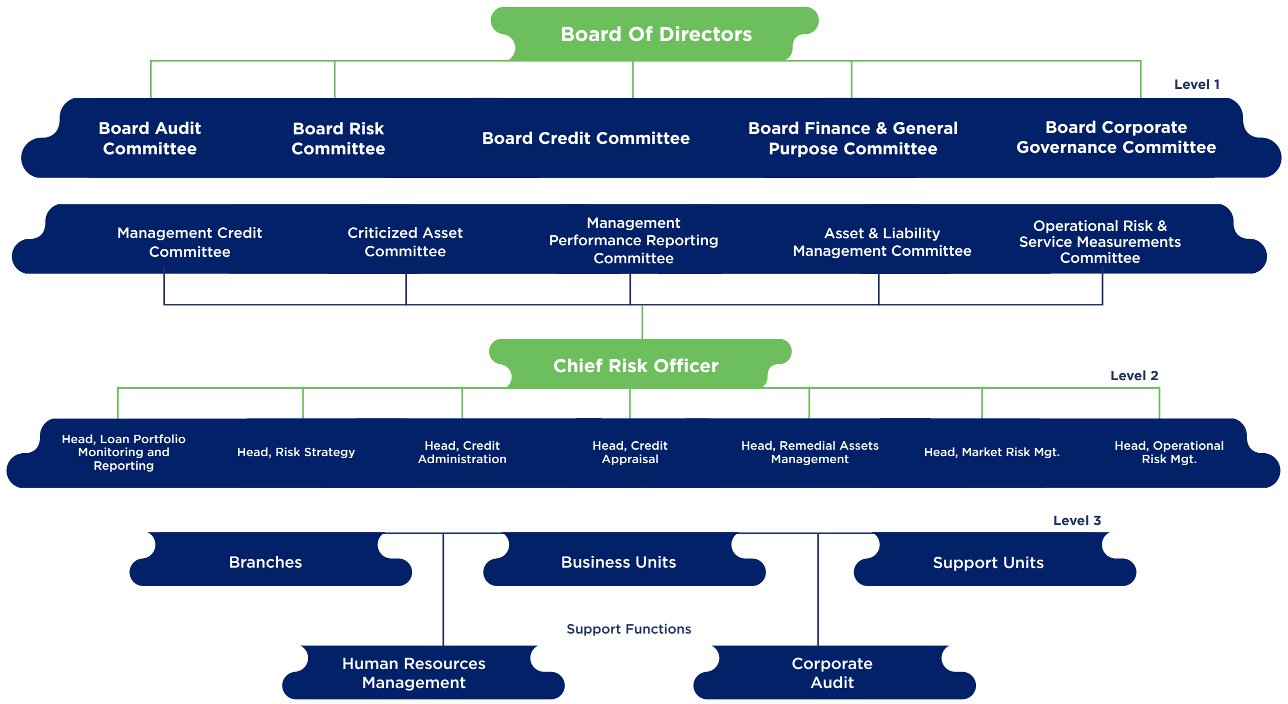
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit Committee, Board Risk Committee, Board Credit Committee (BCC), Board 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 Processing, Credit Administration, Remedial Assets Management, Market Risk Management & ALM and IT & Operational Risk Management.

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

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



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

Risk Culture

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

Risk Appetite

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

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

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

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

3.2 Credit Risk

3.2.1 Management of Credit Risk

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

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The Bank measures and manages credit risk following the principles below:

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

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

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

3.2.2 Credit Risk Rating

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

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

Bank rating	Applicable score band	Agusto & Co.	Description of the grade
			Investment grade
AAA	90% - 100%	AAA	Exceptionally strong business fundamentals and overwhelming capacity to meet obligations in a timely manner.
			Standard Monitoring
AA	80% - 89%	AA	Very good business fundamentals and very strong capacity to meet obligations
A	70% - 79%	A	Good business fundamentals and strong capacity to meet obligations
BBB	60%- 69%	BBB	Satisfactory business fundamentals and adequate capacity to meet obligations
BB	50% - 59%	BB	Satisfactory business fundamentals but ability to repay may be contingent upon refinancing.

Bank rating	Applicable score band	Agusto & Co.	Description of the grade
B	40% - 49%	B	Weak business fundamentals and capacity to repay is contingent upon refinancing.
CCC	30% - 39%	CCC	Very weak business fundamentals and capacity to repay is contingent upon refinancing.
CC	20% - 29%	CC	Very weak business fundamentals and capacity to repay in a timely manner may be in doubt.
			Default
C	0% - 19%	C	Imminent Insolvency

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

Internal Rating Categories	Interpretation	Mapping to External Rating
AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
AA	Very good financial condition and very low likelihood of default	AA
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 reprice date i.e. the last time the lending was re-priced at a market rate.

(b) Definition of Default

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

Quantitative Criteria

• Internal credit rating - Downgrade from Performing to Non-performing

• 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 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 2019 and 31 December 2019, 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.

	2020	2021	2022
Inflation rate			
Base Case	11.30%	10.80%	8.50%
Best Case	9.30%	8.80%	4.10%
Worst Case	13.30%	12.80%	10.50%
Crude Oil ($)			
Base Case	55.00	50.00	50.00
Best Case	70.00	65.00	60.00
Worst Case	40.00	35.00	30.00
Foreign Reserves ($Bn)			
Base Case	35.14	31.94	30.44
Best Case	43.33	40.24	39.44
Worst Case	25.55	27.02	27.82
Unemployment rate			
Base Case	23.93%	24.33%	24.73%
Best Case	22.43%	22.83%	23.23%
Worst 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%
Worst 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%
Worst Case	15.00%	15.50%	15.50%

(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 31st December 2019 and 31st December 2018 is represented by the net carrying amounts of the financial assets set out below:

31 December 2019				
	Maximum exposure	**Fair value of Collateral held**	**Surplus collateral**	**Net exposure**
Financial Assets	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	421,734	-	-	421,734
Due from banks	150,178	22,715	-	127,463
Loans and advances to customers	1,178,389	27,070,569	25,892,180	-
Investments:				
• Financial assets at fair value through profit or loss	45,538	-	-	45,538
• Debit instruments at fair value through other comprehensive income	134,846	-	-	134,846
• Debit instruments at amortised cost	118,723	-	-	118,723
Other assets	27,676	-	-	27,676
Financial guarantee contracts:				
Performance bonds and guarantees	204,135	-	-	204,135
Letters of credit	134,082	-	-	134,082
	2,415,301	**27,093,284**	**25,892,180**	**1,214,197**

31 December 2018				
	Maximum exposure	**Fair value of Collateral held**	**Surplus collateral**	**Net exposure**
Financial Assets	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	340,307	-	-	340,307
Due from banks	112,439	22,980	-	89,459
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	-	-
	2,107,487	**9,752,641**	**8,634,396**	**989,242**

*Excluding equity instruments

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 2019, is set out below:

31 Dec 2019					
	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	**421,734**	**149,869**	**1,126,974**	**298,953**	**25,749**
Concentration by sector					
Agriculture	-	-	32,931	-	-
Oil and gas	-	-	244,799	-	-
Consumer credit	-	-	53,786	-	-
Manufacturing	-	-	215,707	-	-
Mining and Quarrying	-	-	3,776	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	26,495	-	-
Construction	-	-	35,594	-	-
Finance and insurance	-	150,178	4,508	19,249	-
Government	-	-	150,086	279,858	-
Power	-	-	118,413	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	135,991	-	-
Communication	-	-	32,416	-	-
Education	-	-	5,159	-	-
Other	421,734	-	118,729	-	27,676
Total gross amount	**421,734**	**150,178**	**1,178,389**	**299,107**	**27,676**
Concentration by location	N'million	N'million	N'million	N'million	N'million
Abroad	-	150,178	-	-	-
Nigeria:	-	-	-	-	-
North East	-	-	10,758	-	-
North Central	421,734	-	83,834	-	-
North West	-	-	60,013	-	-
South East	-	-	31,418	-	-
South South	-	-	138,234	-	-
South West	-	-	854,131	299,107	27,676
Total gross amount	**421,734**	**150,178**	**1,178,389**	**299,107**	**27,676**

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**	**28,251**
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	-	90,090	-	30,470
Total gross amount	**340,307**	**112,439**	**906,624**	**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	-	-	683,100	290,563	30,470
Total gross amount	**340,307**	**112,439**	**906,624**	**290,563**	**30,470**

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

	31 December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit grade	N'million	N'million	N'million	N'million
Investment grade	26,740	-	-	26,740
Standard monitoring	289,441	166,406	-	455,847
Default	-	-	7,256	7,256
Gross carrying amount	**316,181**	**166,406**	**7,256**	**489,843**
Loss allowance	(4,738)	(12,015)	(2,575)	(19,328)
Carrying amount	**311,443**	**154,391**	**4,681**	**470,515**

	31 December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit grade	N'million	N'million	N'million	N'million
Investment grade	10,121	-	-	10,121
Standard monitoring	267,059	136,853	-	403,912
Default	-	-	10,957	10,957
Gross carrying amount	**277,180**	**136,853**	**10,957**	**424,990**
Loss allowance	(6,107)	(13,776)	(2,220)	(22,103)
Carrying amount	**271,073**	**123,077**	**8,737**	**402,887**

(b) Government, Public Sector & NBFIs Portfolio

	31 December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit grade	N'million	N'million	N'million	N'million
Investment grade	11,825	-	-	11,825
Standard monitoring	123,982	-	-	123,982
Default	-	-	-	-
Gross carrying amount	**135,807**	**-**	**-**	**135,807**
Loss allowance	(62)	-	-	(62)
Carrying amount	**135,745**	**-**	**-**	**135,745**

	31 December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit grade	N'million	N'million	N'million	N'million
Investment grade	3,412	-	-	3,412
Standard monitoring	96,713	-	-	96,713
Default	-	-	86	86
Gross carrying amount	**100,125**	**-**	**86**	**100,211**
Loss allowance	(369)	-	-	(369)
Carrying amount	**99,756**	**-**	**86**	**99,842**

(c) Transport, Communication, Commerce & General Portfolio

	31 December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit grade	N'million	N'million	N'million	N'million
Investment grade	12,298	-	-	12,298
Standard monitoring	190,884	65,543	-	256,427
Default	-	-	19,100	19,100
Gross carrying amount	**203,182**	**65,543**	**19,100**	**287,825**
Loss allowance	(820)	(3,213)	(14,062)	(18,095)
Carrying amount	**202,362**	**62,330**	**5,038**	**269,730**

	31 December 2018			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	1,598	-	-	1,598
Standard monitoring	161,060	32,555	-	193,615
Default	-	-	22,894	22,894
Gross carrying amount	**162,658**	**32,555**	**22,894**	**218,107**
Loss allowance	(4,677)	(2,679)	(12,208)	(19,564)
Carrying amount	**157,981**	**29,876**	**10,686**	**198,543**

(d) Automobile, Equipment & Mortgage Loans Portfolio

	31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	22,892	-	-	22,892
Standard monitoring	18,461	8,849		27,310
Default	-	-	3,254	3,254
Gross carrying amount	**41,353**	**8,849**	**3,254**	**53,456**
Loss allowance	(5)	(2,908)	(1,333)	(4,246)
Carrying amount	**41,348**	**5,941**	**1,921**	**49,210**

	31 December 2018			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	19,721	72	-	19,793
Default	-	-	7,049	7,049
Gross carrying amount	**19,721**	**72**	**7,049**	**26,842**
Loss allowance	(67)	-	(4,483)	(4,550)
Carrying amount	**19,654**	**72**	**2,566**	**22,292**

(e) Medium and Small Scale Enterprises Portfolio

	31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Credit grade	N'million	N'million	N'million	N'million
Standard monitoring	135,908	15,777	-	151,685
Default	-	-	6,384	6,384
Gross carrying amount	**135,908**	**15,777**	**6,384**	**158,069**
Loss allowance	(29)	(1,052)	(4,981)	(6,062)
Carrying amount	**135,879**	**14,725**	**1,403**	**152,007**

	31 December 2018			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	62,431	3,325	-	65,756
Default	-	-	6,803	6,803
Gross carrying amount	**62,431**	**3,325**	**6,803**	**72,559**
Loss allowance	(274)	(48)	(3,466)	(3,788)
Carrying amount	**62,157**	**3,277**	**3,337**	**68,771**

(f) Personal & Employee Loans Portfolio

	31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	50,726	24	-	50,750
Default	-	-	2,639	2,639
Gross carrying amount	**50,726**	**24**	**2,639**	**53,389**
Loss allowance	(3,062)	-	(560)	(3,622)
Carrying amount	**47,664**	**24**	**2,079**	**49,767**

	31 December 2018			
	Stage 1	Stage 2	Stage 3	Total
Credit grade	N'million	N'million	N'million	N'million
Investment grade	-	-	-	-
Standard monitoring	60,023	79	-	60,102
Default	-	-	3,812	3,812
Gross carrying amount	**60,023**	**79**	**3,812**	**63,914**
Loss allowance	(2,958)	-	(3,411)	(6,369)
Carrying amount	**57,065**	**79**	**401**	**57,545**

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

31 Dec 2019	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	421,734	-	-	45,538	-
Past due and not impaired (0-30 days)	-	150,178	862,293	253,569	27,676
Past due and not impaired (31-90 days)	-	-	269,298	-	-
Past due and impaired (aged above 90 days)	-	-	46,798	-	-
Gross	421,734	150,178	1,178,389	299,107	27,676
Impairment Allowance	-	(309)	(51,415)	(154)	(1,927)
Net	**421,734**	**149,869**	**1,126,974**	**298,953**	**25,749**

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)	-	112,439	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	112,439	906,623	290,563	30,470
Impairment Allowance	-	(806)	(56,744)	(210)	-
Net	**340,307**	**111,633**	**849,880**	**290,353**	**30,470**

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

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 2019	N'million	N'million	N'million	N'million	N'million	N'million
Grades:						
1. AAA to AA	3,863	703	57,742	-	58,445	-
2. A+ to A-	118,040	1,589	21,886	-	23,475	-
3. BBB+ to BB-	15,566	58,766	451,662	39,305	549,733	-
4. Below BB-	12,709	55,598	445,696	2,179	503,473	-
5. Unrated	-	325	4,305	-	4,630	27,676
	150,178	**116,981**	**981,291**	**41,484**	**1,139,756**	**27,676**
Collective impairment	(309)	(3,382)	(24,490)	(32)	(27,904)	(1,927)
Net Amount	**149,869**	**113,599**	**956,801**	**41,452**	**1,111,852**	**25,749**

	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	-	-	-	-	-	35,124
	112,439	**27,217**	**805,559**	**22,245**	**855,022**	**35,124**
Collective impairment	(806)	(543)	(30,066)	(346)	(30,955)	
Net Amount	**111,633**	**26,674**	**775,493**	**21,899**	**824,067**	**35,124**

B. Maximum Exposure to Credit Risk – Financial Instruments not subject to Impairment

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

Maximum exposure to Credit Risk		
	2019	2018
Financial assets measured at fair value through profit or loss	N'million	N'million
Debt securities		
Federal Government bonds	1,875	86
Treasury bills	36,176	13,966
Placement	7,487	-

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 2019 and 31 December 2018:

	Investments in Government Securities					
	Cash & cash equivalents				**Corporate bonds**	**Total**
31 December 2019	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	204,077	183,363	89,400	-	-	476,840
A+ to A-	-	-	-	5,450	13,407	18,857
BBB+ to BB-	55,838	-	-	-	-	55,838
Below BB-	-	-	-	-	-	-
Unrated	-		-		-	-
	259,915	**183,363**	**89,400**	**5,450**	**13,407**	**551,535**

	Investments in Government Securities					
	Cash & cash equivalents				**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**

Loss Allowance

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

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

3.2.8 Description of Collateral Held

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

(a) Key Collateral Management Policies

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

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

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

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

Where guarantees are used for credit risk mitigation, the creditworthiness of the guarantor is assessed and established using the credit approval process in addition to that of the obligor or main counterparty. Management of secured credits requires periodic inspections of the collateral to ensure its existence and adequacy for the bank's exposure. These inspections include examination of security agreements to determine enforceability of liens, verification of adequate insurance protection, proper legal registration and adequacy of overall safeguards.

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

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

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

	31 December 2019		31 December 2018	
	Exposure		**Exposure**	**Collateral Value**
	N'million		N'million	N'million
Secured against real estate	215,737	2,010,909	63,635	189,758
Secured by shares of quoted companies	20	40	-	-
Secured by Others	953,832	25,059,620	834,417	9,351,270
Unsecured	8,800	-	8,572	-
Gross loans and advances to customers	**1,178,389**	**27,070,569**	**906,624**	**9,541,028**

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

3.3 Liquidity risk

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

3.3.1 Management of Liquidity Risk

The Bank's principal liquidity objective is to ensure that the Bank holds sufficient liquid reserve to enable it meet all probable cashflow obligations, without incurring undue transaction costs under normal conditions. Liquidity management safeguards the ability of the bank to meet all payment obligations as they fall due. 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 Asset and Liability Management (ALM) Group.

The liquidity management framework is designed to identify, measure and manage the Bank's liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

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

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. We keep a portfolio of highly liquid securities in major currencies around the world to supply collateral for cash needs associated with clearing activities.

Short-Term Liquidity

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 2019	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	110,046	-	-	343,346	-	453,392
Due from banks	101,853	3,647	51,294	-	-	156,794
Loans and advances to customers	135,282	149,074	338,959	419,077	339,078	1,381,469
Investment securities						
- Financial instrument at FVTPL	1,341	10,193	31,550	1,180	1,874	46,138
- Debt instruments at FVOCI	10,815	4,281	95,605	7,225	20,784	138,710
- Debt instruments at amortised	22,571	23,450	21,262	17,978	40,394	125,655
Other assets	1,696	2,096	6,045	7,936	9,770	27,543
Total financial assets	**383,604**	**192,742**	**544,714**	**796,742**	**411,900**	**2,329,702**
Financial liabilities						
Customer deposits	249,853	483,146	514,447	-	-	1,247,446
Other liabilities	50,978	95,957	5,003	12,507	250,139	414,584
Debt issued and other borrowed funds	26,015	11,338	22,675	226,754	-	286,782
Total financial liabilities	**326,846**	**590,441**	**542,125**	**239,260**	**250,139**	**1,948,811**
Gap (assets-liabilities)	**56,758**	**(397,699)**	**2,589**	**557,482**	**161,761**	
Cumulative liquidity gap	**56,758**	**(340,941)**	**(338,352)**	**219,130**	**380,891**	
Financial guarantee contract:						
Performance bonds and guarantees	10,217	20,767	72,375	57,053	43,723	204,135
Letters of credit	10,389	66,134	57,559	-	-	134,082
Total	**20,606**	**86,901**	**129,934**	**57,053**	**43,723**	**338,217**

	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	158,096
Other assets	25,525		3,515		1,430	30,470
Total financial assets	**298,684**	**137,247**	**258,930**	**694,929**	**343,917**	**1,733,707**
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**	**(68,859)**	**25,973**	**(32,155)**	**207,101**	**212,402**
Cumulative liquidity gap	**80,342**	**11,483**	**37,456**	**5,301**	**212,402**	
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**

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

3.4 Market Risk

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

3.4.1 Management of Market Risk

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

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

The Board approves the Bank's Market Risk Management Policy and performs its oversight management role through the Board Risk Committee (BRC). The Bank's trading strategy evolves from its business strategy, and is in line with its risk appetite. The Bank's Market Risk and Access & Liabilty Management (ALM) group manages the Bank's market risk in line with established risk limits, which are measured, monitored and reported periodically.

Established risk limits, which are monitored on a daily basis by the Bank's Market Risk group include intraday limit, daily devaluation limit for currency positions, net open position limit, dealers' deposit placement limit, stop loss limit, duration limit and management action trigger. 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.

3.4.1.2 Foreign Exchange Risk

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

The table below summarises the Bank's exposure to foreign currency exchange risk at 31 December 2019.

	31 December 2019				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	7,845	436	663	444,448	453,392
Due from banks	138,580	1,644	5,797	3,848	149,869
Loans and advances to customers	462,832	1,082	846	662,214	1,126,974
Investment securities:	-	-	-	-	-
- Financial assets at FVTPL	7,487	-	-	38,051	45,538
- Debt instruments at FVOCI	13,202	-	-	121,644	134,846
- Equity instruments at FVOCI	-	-	-	14,536	14,536
- Debt instruments at amortised cost	-	-	-	118,569	118,569
Other financial assets	19,312	-	-	6,437	25,749
	649,257	**3,162**	**7,307**	**1,409,747**	**2,069,473**
Financial liabilities					
Customer deposits	281,011	4,666	2,906	936,630	1,225,213
Other liabilities	33,528	478	1,259	361,809	397,074
Debt issued and other borrowed funds	219,723	**870**	**846**	30,147	251,586
	534,262	**6,014**	**5,011**	**1,328,586**	**1,873,873**
Net exposure	114,995	(2,852)	2,296	81,161	195,600

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	114,995	(2,852)	2,296
Closing Exchange Rate (Naira/ Currency)	364.7	457	409
1% Currency Depreciation (+)	368	462	413
Net effect of depreciation on Profit or loss (pre-tax)	1,150	(29)	23
1% Currency Appreciation (-)	361	452	405
Net effect of appreciation on Profit or loss (pre-tax)	(1,150)	29	(23)

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
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	21,246	719	554	362,412	384,931
Due from banks	104,170	2,235	5,011	217	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	28,240	28,251
	477,704	**3,241**	**5,965**	**1,188,115**	**1,675,025**
Financial liabilities					
Customer deposits	205,750	3,198	4,956	765,509	979,413
Other liabilities	81,062	2,365	737	216,171	300,335
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	474	(23)	3
1% Currency Appreciation (-)	355	461	412
Net effect of appreciation on Profit or loss	(474)	23	(3)

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.

3.4.1.3 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 2019	N'million		N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	453,392	-	-	453,392
Due from banks	149,869	-	47,412	102,457
Loans and advances to customers	1,126,974	270,554	856,420	-
Investment securities				-
- Financial assets at FVTPL	45,538	-	45,538	-
- Debt instruments at FVOCI	134,846	-	134,846	-
- Debt instruments at amortised cost	118,569	-	118,569	-
Other financial assets	25,749	-	-	25,749
	2,054,937	**270,554**	**1,202,785**	**581,598**
Financial liabilities				
Customer deposits	1,225,213	-	533,605	691,608
Other liabilities	397,074	-	250,139	146,935
Debts issued and other borrowed funds	251,586	53,820	197,766	-
	1,873,873	**53,820**	**981,510**	**838,543**

	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	-
- Debt instruments at FVOCI	157,639	-	157,639	-
- Debt instruments at amortised cost	118,662	-	118,662	-
Other financial assets	28,251	-	-	28,251
	1,665,049	**231,563**	**966,795**	**466,691**
Financial liabilities				
Customer deposits	979,413	-	473,950	505,463
Other liabilities	300,335	-	133,841	166,494
Debts issued and other borrowed funds	240,767	44,577	196,190	-
	1,520,515	**44,577**	**803,981**	**671,957**

(a) Interest Rate Sensitivity

Total Interest Repricing Gap

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

31 December 2019	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	-	-	-	-	-	-
Due from banks	2,912	44,500	-	-	-	47,412
Loans and advances to customers	231,825	49,536	62,714	466,084	316,815	1,126,974
Investment securities						-
- Financial assets at FVTPL	11,535	2,044	29,505	580	1,874	45,538
- Debt instruments at FVOCI	15,096	26,598	69,007	6,825	17,320	134,846
- Debt instruments at amortised cost	45,996	2,274	18,768	17,913	33,618	118,569
Total assets	**307,364**	**124,952**	**179,994**	**491,402**	**369,627**	**1,473,339**
Financial liabilities						
Customer deposits	228,679	62,261	19,469	111,018	112,178	533,605
Other liabilities	-	531	20,498	83,526	145,583	250,139
Debts issued and other borrowed funds	41,492	9,414	72	200,608	-	251,586
Total liabilities	**270,171**	**72,206**	**40,039**	**395,152**	**257,761**	**1,035,330**
Net financial assets/ (liabilities)	**37,193**	**52,746**	**139,955**	**96,250**	**111,865**	**438,009**

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	-	-	-	-	-	-
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	-	-	-	133,841	-	133,841
Debt issued and other borrowed funds	23,088	11,108	33,469	173,102	-	240,767
Total liabilities	**111,894**	**85,942**	**184,170**	**466,552**	**-**	**848,558**
Net financial assets and liabilities	**(47,888)**	**48,982**	**63,425**	**(44,814)**	**330,094**	**349,799**

(b) Interest Rate Sensitivity Analysis On Variable Rates Instruments On Profit And Equity

31 December 2019						
Asset with variable interest rate	Increase/ Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Loans and advances to customers	+200/-200bp	270,554	5,411	(5,411)	5,411	(5,411)
Investments:						
Debts issued and other borrowed funds	+200/-200bp	53,820	(1,076)	1,076	(1,076)	1,076

30 December 2018						
Asset with variable interest rate	Increase/ Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Loans and advances to customers	+200/-200bp	231,563	4,631	(4,631)	4,631	(4,631)
Investments:						
Debts issued and other borrowed funds	+200/-200bp	44,577	(892)	892	(892)	892

(c) Interest Rate Sensitivity Analysis On Fixed Rates Instruments On Profit And Equity

31 December 2019						
Asset with fixed interest rate	Increase/ Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	45,538	911	(911)	911	(911)
Debt instruments at FVOCI*	+200/-200bp	134,846	-	-	2,697	(2,697)

31 December 2018						
Asset with fixed interest rate	Increase/ Decrease in bp	Amount	Effect of increase by 200bp on profit	Effect of decrease by 200bp on profit	Effect of increase by 200bp on Equity	Effect of decrease by 200bp on Equity
		N'million	N'million	N'million	N'million	N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	14,052	281	(281)	281	(281)
Debt instruments at FVOCI*	+200/-200bp	157,639	-	-	3,153	(3,153)

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

3.4.4 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. A 10 percent increase in the value of the Bank's equity investment at FVOCI at 31 December 2019 would have increased equity by N1.4 billion (2018 : N997 million). An equivalent decrease would have resulted in an equivalent but oppsite impact.

3.5 Fair Value Of Financial Assets And Liabilities

Financial assets	31 December 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	**453,392**	**453,392**	**384,931**	**384,931**
Cash	31,658	31,658	44,624	44,624
Balances with central bank other than mandatory reserve deposits	78,388	78,388	90,693	90,693
Mandatory reserve deposits with central banks	343,346	343,346	249,614	249,614
Due from banks	**149,869**	**150,178**	**111,633**	**112,439**
- Current balances with foreign banks	101,853	101,853	53,684	53,684
- Placements with other banks and discount houses	48,016	48,325	57,949	58,755
Loans and advances to customers	**1,126,974**	**1,178,389**	**849,880**	**906,623**
- Term loans	962,949	997,634	744,967	784,903
- Advances under finance lease	42,484	45,586	21,193	26,835
- Other loans	121,541	135,168	83,719	94,885
Fair Value Through Profit and Loss	**45,538**	**45,538**	**14,052**	**14,052**
- Treasury bills	36,176	36,176	13,966	13,966
- Federal Government bonds	1,875	1,875	86	86
- Placement	7,487	7,487	-	-
Debt instruments at FVOCI	**134,846**	**134,846**	**157,639**	**157,902**
- Treasury bills	98,939	98,939	137,545	137,660
- Federal Government bonds	18,147	18,147	14,131	14,150
- State Government bonds	4,353	4,353	4,437	4,529
- Corporate Bonds	13,407	13,407	1,526	1,562
Equity instruments measured at FVOCI	14,536	14,536	9,977	9,977
Debt instruments at amortised	**118,569**	**119,124**	**118,662**	**118,872**
- Treasury bills	48,248	47,755	37,725	38,120
- Federal Government bonds	69,224	70,220	75,146	75,932
- State Government bonds	1,097	1,149	**2,129**	2,129
- Corporate Bonds	-	-	**3,662**	3,872
Financial liabilities				
Deposit from customers	**509,067**	**509,067**	**351,931**	**348,089**
Term	247,564	247,564	172,178	234,642
Domiciliary	261,503	261,503	179,753	113,447
Debts issued and other borrowed funds	**251,586**	**255,003**	**240,767**	**241,333**

(a) Financial Instruments Measured At Fair Value

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

31 December 2019	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	-	1,875	-	1,875
- Treasury bills	-	36,176	-	36,176
- Placement	-	7,487	-	7,487
Debt instruments measured at FVOCI				
- Treasury bills	-	98,939	-	98,939
- Federal Government bonds	-	18,147	-	18,147
- State Government bonds	-	4,353	-	4,353
- Corporate bonds	-	13,407	-	13,407
Equity instruments measured at FVOCI	1,840	12,696	-	14,536
Assets for which fair values are disclosed				
Loans and advances to customers	-	-		-
- Term loans	-	-	997,634	997,634
- Advances under finance lease	-	-	45,586	45,586
- Other loans	-	-	135,168	135,168
Debt instruments at amortised cost		-		
- Treasury bills	-	47,755		47,755
- Federal Government bonds	-	70,220		70,220
- State Government bonds	-	1,149		1,149
- Corporate Bonds	-			-

Liabilities for which fair value are disclosed				
	Level 1	Level 2	Level 3	Total
Financial liabilities	N'million	N'million	N'million	N'million
Borrowings				
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds	-	-	255,003	255,003

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
- Equity investments	-	12,282	-	12,282
Equity instruments measured at FVOCI	4,156	5,821	-	9,977
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				-
Loans and Advances	-	-		-
- 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

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	**-**	**-**	**258,007**	**258,007**

(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 2019 and 31 December 2018 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 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 period. The fair value is determined by using discounted cashflow method.

3.6 Operational Risk Management

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

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

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 and day-to-day operational risk management lies with the Bank's business and support units. Based on this business partnership model the Bank ensures close monitoring and high awareness of operational risk.

Operational Risk Framework

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

Loss Data Collection

The Bank implements an event driven Loss Data Collection (LDC) system designed to facilitate collection of internal loss data triggered at the occurrence of a loss event anywhere within the divisions of the Bank. The LDC system captures data elements, which discriminate between boundary events related to credit, market and operational risk.

The system facilitates collection of loss data arising from actual losses, potential losses and near misses. Work-flow capabilities built within the Bank's predefined Event Escalation Matrix enable risk incidents to be reported to designated Event Identifiers, Event Managers, Event Approvers and Action Owners that manage each risk incident from point of occurrence to closure.

Risk and Control Self Assessments (RCSA)

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

Key Risk Indicators (KRIs)

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

Business Continuity Management (BCM)

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

4 Capital Management

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

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

(b) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and

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

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

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

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the period ended 31 December 2019 and the comparative period 31 December 2018 is in line with the 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 2019 and as at 31 December 2018. During those two periods, the Bank as an entity complied with all of the externally imposed capital requirements to which it is subject to.

	31 December 2019	31 December 2018
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings (2019: less proposed dividend)	37,849	33,948
Statutory reserve	35,008	30,744
Small scale investment reserve	4,761	764
Tier 1 Deductions - Intangible Assets	(1,636)	(1,076)
Total qualifying Tier 1 capital	191,735	180,133
Regulatory adjustment	10,640	16,314
Adjusted qualifying Tier 1 capital	**181,095**	**163,819**
Tier 2 capital		
Local Bond Issue (Discounted at 60%)	12,000	18,002
Revaluation reserve	-	-
Fair value reserve	20,969	7,038
Total Tier 2 capital	**32,969**	**25,040**
Less other deductions	-	-
	32,969	25,040
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital		
Total Tier 1 & Tier 2 Capital	**214,064**	**188,859**
Risk-weighted assets:		
Credit Risk Weighted Assets	920,616	887,081
Market Risk Weighted Assets	64,232	67,642
Operational Risk Weighted Assets	185,821	179,367
Total risk-weighted assets	**1,170,669**	**1,134,090**
Capital Adequacy Ratio (CAR)	18.29%	16.65%
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 chief operating decision maker reviews in assessing performance, allocating resources and making investment decisions.

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

Segment Result of Operations

The segment information provided to the Chief Operating Decision Maker for the reportable segments for the year ended 31 December 2019 is as follows:

	Retail banking	Corporate banking	Investment banking	Combined
	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2019				
Revenue derived from external customers	97,398	72,432	45,685	215,514
Revenues from other segments	-	-	-	-
Total	**97,398**	**72,432**	**45,685**	**215,514**
Interest income	80,246	67,236	34,862	182,344
Interest expense	(43,679)	(36,776)	(18,834)	(99,289)
Profit before tax	**20,189**	**5,442**	**4,722**	**30,353**
Income tax expense	(1,282)	(346)	(300)	(1,928)
Profit for the year ended 31 December 2019	18,907	5,096	4,422	28,425
Total segment assets	1,160,578	516,434	437,024	2,114,037
Total segment liabilities	1,211,834	457,152	209,093	1,880,007
Other segment information				
Depreciation/ Amortization	**(3,689)**	**(1,060)**	**(672)**	**(5,421)**

The segment information provided to the chief operating decision maker 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	64,383	38,029	189,005
Revenues from other segments	-	-	-	-
Total	**86,593**	**64,383**	**38,029**	**189,005**
Interest income	66,587	56,263	34,601	157,451
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 ended 31 December 2018	17,303	2,181	3,441	22,926
Total segment assets	792,925	510,211	416,747	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)**

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 31 December 2019 and 31 December 2018.

6. Interest revenue calculated using the effective interest rate method

	31 December 2019	31 December 2018
	N'million	N'million
Loans and advances to customers	132,554	109,322
Advances under finance lease.	4,153	5,389
Treasury bills and other investment securities:		
-Fair value through other comprehensive income	22,059	19,547
-Amortised cost	12,011	16,133
Placements and short term funds	6,217	3,291
	176,994	**153,682**

7. Interest Expense caculated using the effective interest rate method

	31 December 2019	31 December 2018
	N'million	N'million
Term deposits	60,899	51,517
Debts issued and other borrowed funds	25,647	22,741
Savings deposits	8,185	6,170
Current accounts	4,550	3,666
Inter-bank takings	8	1
	99,289	**84,095**

8. Credit loss reversal/(expense)

The table below shows the ECL charges on financial instruments recorded in profit or loss for the year ended 31 December 2019:

	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balances with Central Bank of Nigeria	-	-	-	-	-	-	-
Due from banks	-	(497)	-			-	(497)
Loans and advances to customers	-	(5,739)	-	2,686	(2,276)	-	(5,329)
Debt instruments measured at FVOCI	-	504	-	-	-	-	504
Debt instruments measured at amortised costs	-	(56)	-	-	-	-	(56)
Financial guarantees	-	-	-	-	-	-	-
Letters of credit	-	(206)	-	-	-	-	(206)
Total impairment reversal	-	**(5,994)**	**-**	**2,686**	**(2,276)**	**-**	**(5,584)**
Other assets (Note 27)		292	-	-	-	-	292
	-	**(5,702)**	**-**	**2,686**	**(2,276)**	**-**	**(5,292)**

The table below shows the ECL charges on financial instruments for the year recorded in profit or loss for the year ended 31 December 2018:

	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	POCI	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Balances with Central Bank of Nigeria	-	-	-	-	-	-	-
Due from banks	-	806	-	-	-	-	806
Loans and advances to customers	-	3,114	-	(1,340)	646	-	2,420
Debt instruments measured at FVOCI	-	270		-	-	-	270
Debt instruments measured at amortised costs		199					199
Financial guarantees	-	(448)	-	-	-	-	(448)
Letters of credit	-	618	-	-	-	-	618
Total impairment Loss	-	**4,559**	**-**	**(1,340)**	**646**	**-**	**3,865**
Other assets (Note 27)		350					350
	-	**4,909**	**-**	**(1,340)**	**646**	**-**	**4,215**

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:

	31 December 2019			
Segments	**Retail Banking**	**Corporate Banking**	**Investment Banking**	**Total**
	N'million	N'million	N'million	N'million
Fee and commission type:				
ATM charges	2,996	1,444	-	4,440
Accounts maintenance charge	1,943	1,146	206	3,295
Commission on travellers cheque and foreign bills	1,521	1,559	61	3,141
Commission on E-banking activities	1,762	525	660	2,947
Commission on Fidelity Connect	1,145	325	59	1,529
Other fees and commissions	439	167	264	870
Commission and fees on banking services	486	23	7	517
Commission and fees on NXP	764	337	-	1,101
Collection fees	255	73	7	334
Telex fees	861	159	7	1,027
Cheque issue fees	160	5	1	166
Letters of credit commissions and fees	875	448	10	1,334
Commissions on off balance sheet transactions	872	479	-	1,351
Remittance fees	180	25	-	205
Total revenue from contracts with customers	**14,259**	**6,714**	**1,283**	**22,255**
Other non-contract fee income:				
Credit related fees	1,945	1,062	-	3,007
Total fees and commission income	16,204	7,776	1,283	25,262
Fee and commission expense	(3,298)	(1,453)	(517)	(5,268)
Net fee and commission income	**12,906**	**6,323**	**766**	**19,994**

Segments	31 December 2018 Retail Banking	Corporate Banking	Investment Banking	Total
	N'million	N'million	N'million	N'million
Fee and commission type:				
ATM charges	2,310	1,279	-	3,588
Accounts maintenance charge	1,544	1,094	261	2,899
Commission on travellers cheque and foreign bills	1,193	1,404	15	2,613
Commission on E-banking activities	1,324	390	1,138	2,852
Commission on fidelity connect	1,152	256	24	1,432
Other fees and commissions	588	97	88	772
Commission and fees on banking services	484	2	1	487
Commission and fees on NXP	466	234	-	700
Collection fees	204	60	3	267
Telex fees	664	52	5	721
Cheque issue fees	166	6	2	174
Letters of credit commissions and fees	689	561	2	1,251
Commissions on off balance sheet transactions	724	376	-	1,101
Remittance fees	120	15	82	218
Total revenue from contracts with customers	**11,628**	**5,826**	**1,621**	**19,075**
Other non-contract fee income:				
Credit related fees	788	547	-	1,335
Total fees and commission income	**12,416**	**6,373**	**1,621**	**20,410**
Fee and commission expense	(2,235)	(790)	(321)	(3,346)
Net fee and commission income	**10,181**	**5,583**	**1,300**	**17,064**

10. Net losses on derecognition of financial assets measured at amortised cost

A significant modification was carried out on a loan to a customer and the cash flows of the modified assets are substantially different from the contractual cash flows of the original financial assets. Based on this, the cash flows of the original financial assets were deemed to have expired and therefore derecognised and a new financial assets was recognised at fair value. The gross carrying amount of the loan before modification was N29 billion. The financial assets is not deemed to be credit impaired.

11. Other Operating Income

	31 December 2019	31 December 2018
	N'million	N'million
Net foreign exchange gains	3,401	10,122
Dividend income (Note 23.3.1)	1,444	229
Profit on disposal of property, plant and equipment	2,510	15
Other income	553	778
	7,908	**11,144**

12. Net gains/(losses) from financial assets at fair value through profit or loss

	31 December 2019	31 December 2018
	N'million	N'million
Net (losses)/gains arising from:		
- Bonds	177	(133)
- Treasury bills	650	1
- Placements	(26)	-
	801	**(132)**
12.1 **Interest income on financial assets measured at FVTPL**	**5,350**	**3,769**

Interest income on financial assets measured at FVTPL are not calculated using the effective interest rate method and have been presented separately in the statement of profit or loss and other comprehensive income.

13. Personnel Expenses

	31 December 2019	31 December 2018
	N'million	N'million
Wages and salaries	21,129	21,434
End of the year bonus (see note 31.1)	2,537	2,000
Pension contribution	463	476
	24,129	**23,910**

14. Depreciation and Amortisation

	31 December 2019	31 December 2018
	N'million	N'million
Property, plant and equipment (Note 24)	3,112	3,815
Intangible asset-computer software (Note 25)	1,623	2,432
Depreciation of right-of-use assets (Note 28)	686	-
	5,421	**6,247**

15. Other Operating Expenses

	31 December 2019	31 December 2018
	N'million	N'million
Banking sector resolution cost	10,478	8,764
Marketing, communication & entertainment	10,430	8,352
Other expenses	4,858	2,594
Deposit insurance premium	4,732	3,310
Outsourced cost	4,333	4,022
Repairs and maintenance	3,383	3,114
Computer expenses	3,301	2,366
Consultancy expenses	1,960	687
Cash movement expenses	1,170	901
Security expenses	1,149	1,280
Travelling and accommodation	1,130	840
Legal expenses	726	606
Office expenses	617	475
Corporate finance expenses	601	898
Training expenses	538	636
Bank charges	490	268
Electricity	472	452
Directors' emoluments	443	262
Insurance expenses	387	379
Rent and rates	370	915
Stationery expenses	306	285
Auditors' remuneration	200	200
Donations	165	158
Postage and courier expenses	108	108
Telephone expenses	95	99
	52,442	**41,971**

16. Taxation

	31 Dec 2019	31 Dec 2018
	N'million	N'million
(a) Current taxes on income for the reporting year	1,074	1,912
Tertiary education tax	358	-
Police trust fund levy	2	-
Capital gain tax	190	-
Information technology levy	304	251
Current income tax expense	**1,928**	**2,163**
Deferred tax expense	-	-
Income tax expense	**1,928**	**2,163**

	31 Dec 2019	31 Dec 2018
	N'million	N'million
(b) Profit before income tax expense	30,353	25,089
Income tax using the domestic corporation tax rate of 30%	**9,106**	**7,527**
Non-deductible expenses	10,240	5,892
Tax exempt income	(10,797)	(13,419)
Utilization of previously unrecognised tax losses	(5,394)	-
Unrecognised deferred tax assets	(2,605)	-
Income Tax expense based on mimimum tax (note 16d)	525	1,912
Tertiary education tax	358	-
Capital gain tax	190	-
Police trust fund (note 16e)	2	-
Information technology levy (note 16f)	304	251
	1,928	**2,163**

The effective income tax rate is 9% for 31 December 2019 (2018: 9%)

	31 Dec 2019	31 Dec 2018
	N'million	N'million
(c) The movement in the current income tax payable is as follows:		
At 1 January	1,609	1,445
Income tax paid	(1,198)	(1,053)
WHT recovered	**-**	**(946)**
Current income tax expense	1,928	2,163
At 31 December	**2,339**	**1,609**

Reconciliation Of Effective Tax Rate

(d) The income tax is based on minimun tax assessment in line with the Finance Bill Act 2019 as there is no taxable profit to charge tax. (2018: The basis of income tax is minimum tax assessment).

(e) The Nigerian Police Trust Fund Act (PTFA) 2019, stipulates that operating business in Nigeria to contribute 0.005% of their net profit to Police Trust Fund. In line with the Act, the Bank has provided for Police Trust Fund at the specified rate and recognised it as part of income tax for the year.

(f) The National Information Technology Agency Act (NITDA) 2007, stipulates that specified companies contribute 1% of their profit before tax to National Information Development Agency. In line with the Act, the Bank has provided for Information technology levy at the specified rate and recognised it as part of income tax for the period.

17. 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 which were sold during the period.

18. Earnings Per Share (EPS)

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

	31 Dec 2019	31 Dec 2018
	N'million	N'million
Profit attributable to equity holders of the Bank	28,425	22,926
Weighted average number of ordinary shares in issue (million unit)	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	**98**	**79**

19. Cash and Balances With Central Bank

	31 Dec 2019	31 Dec 2018
	N'million	N'million
Cash	31,658	44,624
Balances with central bank other than mandatory reserve deposits	78,388	90,693
Included in cash and cash equivalents (note 20)	**110,046**	**135,317**
Mandatory reserve deposits with central bank (see note 19.1 below)	304,618	219,386
Special cash reserve (see note 19.2 below)	38,728	30,228
	453,392	**384,931**

19.1 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.

19.2 Special cash reserve represents special intervention reserve held with Central Bank of Nigeria.

20. 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.

	31 Dec 2019	31 Dec 2018
	N'million	N'million
Cash and balances with Central Bank (Note 19)	110,046	135,317
Due from banks	149,869	111,633
Total cash and cash equivalents	**259,915**	**246,950**

21. Due From Banks

	31 Dec 2019	31 Dec 2018
	N'million	N'million
Current accounts with foreign banks	101,853	53,684
Placements with other banks and discount houses	48,325	58,755
Sub-total	**150,178**	**112,439**
Less: Allowance for impairment losses	**(309)**	**(806)**
	149,869	**111,633**

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 3.2.4.

	31 December 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
External rating grade				
Performing				
High grade	96,923	-	-	96,923
Standard grade	53,255	-	-	53,255
Total	**150,178**	**-**	**-**	**150,178**

- Due From Banks (Continued)

31 December 2018	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
External rating grade				
Performing				
High grade	71,818	-	-	71,818
Standard grade	40,621	-	-	40,621
Total	**112,439**	**-**	**-**	**112,439**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	112,439	-	-	112,439
New assets originated or purchased	58,755	-	-	58,755
Assets derecognised or repaid (excluding write offs)	(23,828)	-	-	(23,828)
Accrued interest	989	-	-	989
Foreign exchange adjustments	1,823	-	-	1,823
At 31 December 2019	**150,178**	**-**	**-**	**150,178**

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	806	-	-	806
New assets originated or purchased	37	-	-	37
Unwind of discount	15	-	-	15
Assets derecognised or repaid (excluding write offs)	(560)	-	-	(560)
Foreign exchange adjustments	11	-	-	11
At 31 December 2019	**309**	**-**	**-**	**309**

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	52,287	-	-	52,287
New assets originated or purchased	109,935	-	-	109,935
Assets derecognised or repaid (excluding write offs)	(52,287)	-	-	(52,287)
Accrued interest	875	-	-	875
Foreign exchange adjustments	1,629	-	-	1,629
At 31 December 2018	**112,439**	**-**	**-**	**112,439**

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	-	-	-	-
New assets originated or purchased	817	-	-	817
Assets derecognised or repaid (excluding write offs)	(26)	-	-	(26)
Foreign exchange adjustments	15	-	-	15
At 31 December 2018	**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 as at 31 December 2019 and 31 December 2018.

22. Loans and Advances to Customers

	31 Dec, 2019	31 Dec, 2018
	N'million	N'million
Loans to corporate and other organisations	1,125,000	743,307
Loans to individuals	53,389	163,317
	1,178,389	**906,624**
Less: Allowance for ECL/impairment losses	(51,415)	(56,744)
	1,126,974	**849,880**

	31 Dec, 2019	31 Dec, 2018
Loans to corporate entities and other organisations	N'million	N'million
Overdrafts	126,472	57,572
Term loans	953,489	659,101
Advance under finance lease	45,039	26,634
	1,125,000	**743,307**
Less: Allowance for ECL/impairment losses	(47,793)	(42,036)
	1,077,207	**701,271**

	31 Dec, 2019	31 Dec, 2018
Loans to individuals	N'million	N'million
Overdrafts	8,696	7,314
Term loans	44,145	155,802
Advance under finance lease	548	201
	53,389	**163,317**
Less: Allowance for ECL/impairment losses	(3,622)	(14,708)
	49,767	**148,609**
Net loans and advances include	**1,126,974**	**849,880**

22.1 Impairment Allowance for Loans and Advances to Customers

22.1.1 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 period end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	2018 Total
	N'million	N'million	N'million	N'million
Internal rating grade Performing				
High grade (AAA - A)	73,755	-	-	73,755
Standard grade (BBB - B)	758,676	107,710	-	866,386
Sub-standard grade (CCC - CC)	-	148,865	-	148,865
Non- performing:				
Individually impaired	-	-	35,994	35,994
Total	**832,431**	**256,575**	**35,994**	**1,125,000**

31 December 2018				
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	2018 Total
	N'million	N'million	N'million	N'million
Internal rating grade Performing				
High grade (AAA - A)	15,131	-	-	15,131
Standard grade (BBB - B)	524,831	169,408	-	694,239
Non- performing:				
Individually impaired	-	-	33,937	33,937
Total	**539,962**	**169,408**	**33,937**	**743,307**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	**539,962**	**169,408**	**33,937**	**743,307**
New assets originated or purchased	562,980	-	-	562,980
Assets derecognised or repaid (excluding write offs)	(164,848)	(39,386)	(17,510)	(221,744)
Transfers to Stage 1	67,838	(67,838)	-	-
Transfers to Stage 2	(198,054)	204,740	(6,686)	-
Transfers to Stage 3	-	(19,449)	19,449	-
Accrued interest	22,653	8,550	6,761	37,964
Foreign exchange adjustments	1,900	550	43	2,493
At 31 December 2019	**832,431**	**256,575**	**35,994**	**1,125,000**

31 December 2019				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	**11,155**	**16,454**	**14,427**	**42,036**
New assets originated or purchased	7,386	-	-	7,386
Assets derecognised or repaid (excluding write offs)	(2,344)	(2,484)	(16,271)	(21,099)
Transfers to Stage 1	4,077	(4,077)	-	-
Transfers to Stage 2	(11,333)	11,370	(37)	-
Transfers to Stage 3	-	(8,256)	8,256	-
Impact on year end ECL of exposures transferred between stages during the year	(3,547)	5,861	16,016	18,330
Foreign exchange adjustments	260	320	560	1,140
At 31 December 2019	**5,654**	**19,188**	**22,951**	**47,793**

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	**580,934**	**91,212**	**79,333**	**751,479**
New assets originated or purchased	282,912	-	-	282,912
Assets derecognised or repaid (excluding write offs)	(208,289)	(1,178)	(87,316)	(296,783)
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	-
Accrued interest	3,458	703	317	4,478
Foreign exchange adjustments	970	86	165	1,221
At 31 December 2018	**539,962**	**169,408**	**33,937**	**743,307**

31 December 2018				
	Stage 1 Collectively	Stage 2 Collectively	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018	**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 period end ECL of exposures transferred between stages during the period	56	524	1,633	2,213
Amounts written off	32	278	301	611
At 31 December 2018	**11,155**	**16,454**	**14,427**	**42,036**

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil as at 31 December 2019 (2018: nil).

22.1.2 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 3.2.4.

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Internal rating grade performing	N'million	N'million	N'million	N'million
High grade (AAA - A)	-	-	-	-
Standard grade (BBB - B)	46,745	24	-	46,769
Sub-standard grade (CCC - CC)	3,981	-	-	3,981
Past due but not impaired (C)	-		-	-
Non- performing:				
Individually impaired	-	-	2,639	2,639
Total	**50,726**	**24**	**2,639**	**53,389**

31 December 2018				
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Internal rating grade performing	N'million	N'million	N'million	N'million
High grade (AAA - A)	-	-	-	-
Standard grade (BBB - B)	107,641	-	-	107,641
Sub-standard grade (CCC - CC)	34,534	3,476	-	38,010
Past due but not impaired (C)	-	-	-	-
Non- performing:				
Individually impaired	-	-	17,666	17,666
Total	**142,175**	**3,476**	**17,666**	**163,317**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to individual lending is, as follows:

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	**142,175**	**3,476**	**17,666**	**163,317**
New assets originated or purchased	33,960	-	-	33,960
Assets derecognised or repaid (excluding write offs)	(148,800)	(44)	(2,218)	(151,062)
Transfers to Stage 1	19,595	(19,595)	-	-
Transfers to Stage 2	(388)	15,699	(15,311)	-
Transfers to Stage 3	-	(389)	389	-
Accrued interest	3,584	617	1,770	5,971
Foreign exchange adjustments	600	260	343	1,203
At 31 December 2019	**50,726**	**24**	**2,639**	**53,389**

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	3,300	48	11,360	14,708
New assets originated or purchased	3,015	-	-	3,015
Assets derecognised or repaid (excluding write offs)	(11,533)	-	(2,136)	(13,669)
Transfers to Stage 1	8,766	(8,766)	-	-
Transfers to Stage 2	(61)	10,094	(10,033)	-
Transfers to Stage 3	-	(1,333)	1,333	-
Impact on year end ECL of exposures transferred between stages during the period	(448)	(43)	17	(474)
Foreign exchange adjustments	23	-	19	42
At 31 December 2019	**3,062**	**-**	**560**	**3,622**

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	**38,424**	**149**	**5,264**	**43,837**
New assets originated or purchased	149,368	-	-	149,368
Assets derecognised or repaid (excluding write offs)	(22,581)	(124)	(1,143)	(23,848)
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	-
Accrued interest	349	27	128	504
Amounts written off	-	-	(6,544)	(6,544)
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	**142,175**	**3,476**	**17,666**	**163,317**

	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	388	1,467	10,754	12,609
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 period	181	6	5,837	6,024
Amounts written off	-	-	(6,544)	(6,544)
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	3,300	48	11,360	14,708

22.2 Advances Under Finance Lease May Be Analysed As Follows:

	31 December 2019	31 December 2018
Gross investment	N'million	N'million
• No later than 1 year	1,809	4,003
• Later than 1 year and no later than 5 years	43,549	20,474
• Later than 5 years	227	2,358
	45,585	**26,835**
Unearned future finance income on finance leases	(546)	(201)
Net investment	**45,039**	**26,634**
The net investment may be analysed as follows:		
• No later than 1 year	1,775	3,987
• Later than 1 year and no later than 5 years	43,062	19,888
• Later than 5 years	201	2,759
	45,039	**26,634**

22.3 Nature Of Security in Respect of Loans and Advances:

	31 December 2019	31 December 2018
	N'million	N'million
Secured against real estate	210,888	63,635
Secured by shares of quoted companies	20	-
Secured Others	913,115	807,582
Advances under finance lease	45,567	26,835
Unsecured	8,800	8,572
Gross loans and advances to customers	**1,178,389**	**906,624**

23. Investments

23.1 Financial Assets at Fair Value Through Profit and Loss (FVTPL)

	31 December 2019	31 December 2018
	N'million	N'million
Financial assets at fair value through profit and loss (FVTPL)		
Held for trading:		
Federal Government bonds	1,875	86
Treasury bills	36,176	13,966
Placements	7,487	-
Total financial assets measured at FVTPL	**45,538**	**14,052**

23.2 Debt Instruments at Fair Value Through Other Comprehensive Income (FVOCI)

	31 December 2019	31 December 2018
	N'million	N'million
Debt instruments at fair value through other comprehensive income (FVOCI)		
Treasury bills	98,939	137,545
Federal Government bonds	18,147	14,131
State bonds	4,353	4,437
Corporate bonds	13,407	1,526
Total debt instruments measured at FVOCI	**134,846**	**157,639**

An expected credit loss of N504M (31 Dec 2018: N277M) has been recognised on debt instrument measured at FVTOCI, the allowance has been credited to other comprehensive income for the year.

23.3 Equity instruments at Fair Value Through Other Comprehensive income (FVOCI)

	31 December 2019	31 December 2018
	N'million	N'million
Unquoted equity investments:		
- Unified Payment Services Limited (UPSL)	8,776	1,969
- African Finance Corporation (AFC)	2,223	2,377
- The Central Securities Clearing System (CSCS)	1,840	1,682
- Nigerian Inter Bank Settlement System (NIBBS)	1,697	1,475
- Mobile Telecommunications Network (MTN)	-	2,474
Total equity instruments at FVOCI	**14,536**	**9,977**

23.3.1

The Bank has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading. During the year ended 31 December 2019, the Bank recognised dividends of N1.44 billion 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 period. 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 N2.918 billion while the cumulative gain on disposal of the shares is N444 million.

23.4 Debt instruments at Amortised Cost

	31 December 2019	31 December 2018
	N'million	N'million
Treasury bills	48,248	37,725
Federal Government bonds	69,378	75,146
State Government bonds	1,097	2129
Corporate bonds	-	3,872
Sub-total	**118,723**	**118,872**
Allowance for impairment	(154)	(210)
Total debt instruments measured at amortised cost	**118,569**	**118,662**

23.5 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:

	31 December 2019	31 December 2018
	N'million	N'million
Treasury bills - Amortised cost	26,051	17,727
Corporate Bonds - Amortised cost	-	3,835
Federal Government bonds - Amortised cost	51,499	53,666
Federal Government bonds - FVOCI	-	-

23.6 Impairment Losses on Financial Investments Subject to Impairment Assessment

23.6.1 Debt Instruments Measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are:

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	117,086	-	-	117,086
Standard grade	17,760	-	-	17,760
Total	**134,846**	**-**	**-**	**134,846**

31 December 2018				
	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
Total	**157,639**	**-**	**-**	**157,639**

An analysis of Changes in the Fair Value and the Corresponding ECLs is, as Follows:

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	157,639	-	-	**157,639**
New assets purchased	124,560	-	-	**124,560**
Assets derecognised or repaid (excluding write-offs)	(152,922)	-	-	**(152,922)**
Accrued interest	1,435			**1,435**
Change in fair value	4,134	-	-	**4,134**
At 31 December 2019	**134,846**	**-**	**-**	**134,846**

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	279	-	-	**279**
New assets originated or purchased	541	-	-	**541**
Assets derecognised or repaid (excluding write offs)	(136)	-	-	**(136)**
Unwind of discount	99	-	-	**99**
At 31 December 2018	**783**	**-**	**-**	**783**

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	63,108	-	-	**63,108**
New assets originated or purchased	246,754	-	-	**246,754**
Assets derecognised or repaid (excluding write offs)	(156,482)	-	-	**(156,482)**
Accrued interest	1,835	-	-	**1,835**
Change in fair value	2,424	-	-	**2,424**
At 31 December 2018	**157,639**	**-**	**-**	**157,639**

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	9	-	-	**9**
New assets originated or purchased	375	-	-	**375**
Assets derecognised or repaid (excluding write offs)	(105)	-	-	**(105)**
At 31 December 2018	**279**	**-**	**-**	**279**

23.6.2 Debt Instruments Measured at Amortised Cost

The table below shows the credit quality and the maximum exposure to credit risk per 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 3.2.4:

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade	N'million	N'million	N'million	N'million
Performing				
High grade	117,627	-	-	**117,627**
Standard grade	1,096	-	-	**1,096**
Total	**118,723**	**-**	**-**	**118,723**

31 December 2018	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**
Total	**118,872**	**-**	**-**	**118,872**

An analysis of changes in the gross carrying amount and the corresponding ECLs is as follows:

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	118,872	-	-	**118,872**
New assets originated or purchased	51,409	-	-	**51,409**
Assets derecognised or repaid (excluding write offs)	(54,556)	-	-	**(54,556)**
Accrued interest	2,465	-	-	**2,465**
Foreign exchange adjustments	533			**533**
At 31 December 2019	**118,723**	**-**	**-**	**118,723**

31 December 2019				
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	210	-	-	**210**
New assets originated or purchased	48	-	-	**48**
Assets derecognised or repaid (excluding write offs)	(112)	-	-	**(112)**
Unwind of discount	8	-	-	**8**
At 31 December 2019	**154**	-	-	**154**

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	116,026	-	-	**116,026**
New assets originated or purchased	51,373	-	-	**51,373**
Assets derecognised or repaid (excluding write offs)	(51,842)	-	-	**(51,842)**
Accrued interest	2,871	-	-	**2,871**
Foreign exchange adjustments	444	-	-	**444**
At 31 December 2018	**118,872**	**-**	**-**	**118,872**

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	11	-	-	**11**
New assets originated or purchased	264	-	-	**264**
Assets derecognised or repaid (excluding write offs)	(65)	-	-	**(65)**
At 31 December 2018	**210**	-	-	**210**

24. Property, Plant and Equipment

Property, Plant and Equipment	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings	Computer equipment	Motor vehicles	Work in progress	Total
		N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost									
At 1 January 2019	**15,303**	**16,648**	**8,013**	**8,908**	**2,254**	**13,673**	**6,015**	**1,477**	**72,291**
Additions	169	-	169	258	41	4,267	266	604	5,774
Reclassifications	59	308	8	499	-	-	-	(874)	-
Transfer to ROU asset (Note 2.1.2)	-	-	(4,448)	-	-	-	-	-	(4,448)
Disposals	(324)	(43)	(20)	(134)	(7)	(19)	(501)	-	(1,048)
At 31 December 2019	**15,207**	**16,913**	**3,722**	**9,531**	**2,288**	**17,921**	**5,780**	**1,207**	**72,569**
Accumulated depreciation									
At 1 January 2019	-	**(2,798)**	**(5,914)**	**(7,522)**	**(1,971)**	**(11,979)**	**(5,198)**	-	**(35,382)**
Charge for the period	-	(333)	(225)	(582)	(112)	(1,456)	(404)	-	(3,112)
Reclassifications	-	1	(1)	-	-	-	-	-	-
Transfer to ROU asset (Note 2.1.2)	-	-	3,698	-	-	-	-	-	3,698
Disposals	-	2	1	134	4	19	459	-	619
At 31 December 2019	-	**(3,128)**	**(2,441)**	**(7,970)**	**(2,079)**	**(13,416)**	**(5,143)**	-	**(34,177)**
Carrying amount at 31 December 2019	**15,207**	**13,785**	**1,281**	**1,561**	**209**	**4,505**	**637**	**1,207**	**38,392**
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 30 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 period	-	(362)	(1,023)	(559)	(118)	(1,201)	(552)	-	(3,815)
Disposals	-	-	-	13	2	10	312	-	337
At 30 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**

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 2019, the company had no capital commitments for the acquisition of property, plant and equipment (31/12/2018: Nil).

25. Intangible Assets - Computer Software

	31 December 2019	31 December 2018
	N'million	N'million
Cost		
Balance at beginning of year	4,188	3,361
Additions	2,183	2,879
Disposal during the year	(525)	(2,052)
Balance at end of year	**5,846**	**4,188**
Accumulated amortization		
Balance at beginning of year	3,112	2,732
Amortisation for the year	1,623	2,432
Disposal during the year	(525)	(2,052)
Balance at end of year	4,210	3,112
Carrying amount	**1,636**	**1,076**

These relate to purchased software.

The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N1,623 million for the year ended 31 December 2019 (2018: N2,432 million).

26. 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 (2018: 30% or 32%).

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

26.1 Deferred Tax Assets

	31 December 2019	31 December 2018
	N'million	N'million
Deferred tax assets		
Property, plant and equipment	5,753	4,818
Allowances for loan losses	1,250	4,240
Tax loss carried forward	16,779	22,173
	23,781	**31,231**
Unrecognised deferred tax asset	**(23,781)**	**(31,231)**
Net	-	-

26.2

The Bank has unutilised capital allowance of N32.9 billion (31 Dec 2018: N27.3 billion), unused tax losses carried forward of N55.9 billion (31 Dec 2018: N73.9 billion) and deductible temporary difference of N9.8 billion (31 Dec 2018: taxable temporary difference N2. billion) 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.

27. Other Assets

	31 December 2019	31 December 2018
Financial assets	N'million	N'million
Sundry receivables	24,163	25,525
Others	888	3,515
Investments in SMESIS	2,575	1,430
Shared Agent Network Expansion Facility (SANEF)	50	-
	27,676	**30,470**
Less:		
Specific allowances for impairment	(1,927)	(2,219)
	25,749	28,251
Non financial assets		
Prepayments	2,422	6,564
Other non financial assets	585	309
	3,007	6,873
Total	**28,756**	**35,124**

Reconciliation of Allowance for Impairment

	31 December 2019	31 December 2018
	N'million	N'million
At beginning of year	2,219	1,869
(Reversal)/charge for the year	(292)	350
At end of year	**1,927**	**2,219**

28. Right-of-Use Assets

Building	31 December 2019	31 December 2018
	N'million	N'million
Cost		
Effect of adoption of IFRS 16	1,721	-
Additions	494	-
	2,215	-
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation for the year	(686)	-
Balance	(686)	-
Carrying amount	**1,529**	-

The expense for low value item and short term lease is N370 million.

29. Deposits from Customers

	31 December 2019	31 December 2018
	N'million	N'million
Demand	430,107	391,576
Savings	275,219	227,970
Term	247,564	172,178
Domiciliary	261,503	179,753
Others	10,820	7,936
	1,225,213	**979,413**
Current	1,225,213	979,413
Non-current	-	-
	1,225,213	**979,413**

30. Other Liabilities

	31 December 2019	31 December 2018
	N'million	N'million
Customer deposits for letters of credit	50,978	69,966
Accounts payable	82,170	81,235
Manager's cheque	3,484	3,961
FGN Intervention fund (see note 30.1)	250,139	133,840
Payable on E-banking transactions	8,642	8,282
Other liabilities/credit balances	1,661	3,051
	397,074	**300,335**

30.1

Included in the FGN Intervention fund is CBN Bailout Fund of N92.07 billion (31 Dec 2018: N93.39 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.

31. Provision

	31 December 2019	31 December 2018
	N'million	N'million
Provisions for year end bonus (see note 31.1)	2,580	2,000
Provisions for litigations and claims (see note 31.1)	623	545
Provision for guarantees and letters of credit (see note 31.3)	592	798
	3,795	**3,343**

31.1

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.

Movement in provision for year end bonus		
At 1 January	2,000	2,200
Arising during the year	2,537	2,000
Utilised	(1,957)	(2,200)
At the end of the year	**2,580**	**2,000**

	31 December 2019	31 December 2018
Movement in provision for litigations and claims	N'million	N'million
At 1 January	545	545
Arising during the year	111	-
Utilised	(33)	-
At the end of the year	**623**	**545**

31.2

Current Provision	3,172	2,798
Non-current provisions	623	545
	3,795	**3,343**

31.3 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:

31.3.1 Performance bonds and guarantees

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and period end stage classification. Details of Bank's internal grading system are explained in Note 3.2.2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3.2.4.

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	183,722	-	-	183,722
Standard grade	20,414	-	-	20,414
Non- performing:				
Individually impaired	-	-	-	-
Total	**204,135**	**-**	**-**	**204,135**

31 December 2018	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	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
Non- performing:				
Individually impaired	-	-	-	-
Total	**238,443**	**-**	**-**	**238,443**

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	238,443	-	-	238,443
New exposures	95,578	-	-	95,578
Exposures matured/lapsed	(129,885)	-	-	(129,885)
At 31 December 2019	**204,135**	**-**	**-**	**204,135**

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	1	-	-	1
New exposures	1	-	-	1
Changes in ECL	(1)	-	-	(1)
Foreign exchange adjustments	-	-	-	-
At 31 December 2019	**1**	**-**	**-**	**1**

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
Exposures matured/lapsed	(131,707)	-	-	(131,707)
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
Changes in ECL	(584)	-	-	(584)
At 31 December 2018	**1**	**-**	**-**	**1**

31.3.2 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 3.2.4.

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	113,969	-	-	**113,969**
Standard grade	20,112	-	-	**20,112**
Non- performing				
Individually impaired	-	-	-	**-**
Total	**134,082**	**-**	**-**	**134,082**

31 December 2018	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal rating grade				
Performing				
High grade	-	-	-	
Standard grade	188,641	-	-	**188,641**
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 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2019	188,641	-	-	188,641
New exposures	97,572	-	-	97,572
Exposures matured/lapsed	(152,130)	-	-	(152,130)
Amounts written off	-	-	-	-
At 31 December 2019	**134,082**	**-**	**-**	**134,082**

31 December 2019	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2019	797	-	-	797
New exposures	577	-	-	577
Exposures matured/lapsed	(439)	-	-	(439)
Changes in ECL during the year	(344)			(344)
At 31 December 2019	**591**	**-**	**-**	**591**

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
Exposures matured/lapsed	(96,870)	-	-	(96,870)
At 31 December 2018	**188,641**	**-**	**-**	**188,641**

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	179	-	-	179
New exposures	679	-	-	679
Exposures matured/lapsed	(61)	-	-	(61)
At 31 December 2018	**797**	**-**	**-**	**797**

32. Debts Issued And Other Borrowed Funds

	31 December 2019	31 December 2018
	N'million	N'million
Long term loan from Proparco Paris (see note 32.1)	3,979	6,628
Long term loan from African Development Bank (ADB) (see note 32.2)	22,630	13,842
European Investment Bank Luxembourg (see note 32.3)	3,465	4,480
$400 Million Euro Bond issued (see note 32.5)	145,141	143,098
Local Bond issued (see note 32.6)	30,137	30,004
Repurchase transaction with Renaissance Capital (see note 32.7)	23,650	23,088
Afrexim (see note 32.4)	22,584	-
Loan from Mashreq Bank (see note 32.8)	-	19,627
	251,586	**240,767**

Reconciliation of debt issued and other borrowed funds:

	31 December 2019	31 December 2018
	N'million	N'million
At 1 January	240,767	213,233
Additions during the year	64,336	57,498
Accrued interest (Note 7)	5,067	11,277
Payment during the year	(55,842)	(38,986)
Foreign exchange difference	(2,742)	(2,255)
At end of the year	**251,586**	**240,767**

32.1

The amount of N3.979 billion (31 Dec 2018: N6.628 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 semiannually. The borrowing is an unsecured borrowing.

32.2

The amount of N22.630 billion (31 Dec 2018: N13.842 billion) represents the amortised cost balance in two different on-lending facility granted to the Bank by ADB. The first is a $75million facility granted 6 October 2014 while the second is a $40million facility granted on 7 May 2019. The $75million facility was disbursed in two tranches. 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 on 6 October 2021. The $40million facility was disbursed on 27 April 2019 and matures on 27 July 2021. Both facilities are at the interest rate of LIBOR plus 4.75% (for the $75million facility) and 4.5% (for the $40million facility) per annum. Interest is repaid semi-annually, with principal repayment at maturity. The borrowing is an unsecured borrowing.

32.3

The amount of N3.465 billion (31 Dec 2018: N4.480 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.

32.4

The amount of N22.584 billion, (31 Dec 2018: Nil) represents amortised cost balance of $75 million borrowing from AFREXIM due to mature in March 2022. Repayment is semi-annual and the interest rate is six months LIBOR plus 5.75%.

32.5

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) is 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 N145.141 billion (31 Dec 2018 : N143.098 billion) represents the amortised cost of $400 million, five-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.

32.6

The amount of N30.137 billion (31 Dec 2018: N30.004 billion) represents the amortised cost of a N30 billion, six and half 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.

32.7

The amount of N23.650 billion, (31 Dec 2018: N23.088 billion) represents a $33million dollar borrowing under a repurchase agreement from Renaissance Capital, at an interest rate of Libor plus 3% per annum.

32.8

The amount of Nil billion (31 Dec 2018: N19.627 billion) 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.

33. Share Capital

	31 December 2019	31 December 2018
Authorised	N'million	N'million
32 billion ordinary shares of 50k each (2018: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2018: 28,963 million ordinary shares)	14,481	14,481

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

34. 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 reserve.

Fair Value Reserves

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income until the investment is derecognised or impaired.

AGSMEIS Reserve

Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS); AGSMEIS reserve 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.

35. Cash Flows Generated from Operations

	31 December 2019	31 December 2018
	N'million	N'million
Profit before income tax	30,353	25,089
Adjustments for:		
- Depreciation and amortisation	5,421	6,247
- Profit from disposal of property and equipment (Note 11)	(2,510)	(15)
- Net foreign exchange gains	(3,401)	(10,122)
- Net (gains)/losses from financial assets at fair value through profit or loss	(801)	132
- Impairment (reversal)/charge on financial assets	(5,584)	3,865
- Impairment charge on other assets	292	350
- Increase in provisions	452	598
- Net losses on derecognition of financial assets measured at amortised cost	4,705	-
- Dividend income	(1,445)	(229)
- Gain on debt instruments measured at FVOCI reclassified from equity	2,261	(1,671)
- Net interest income	(83,055)	(73,356)
	(53,312)	**(49,112)**
Changes in operating assets		
- Cash and balances with the Central Bank (restricted cash)	(93,732)	(68,597)
- Loans and advances to customers	(270,484)	(116,631)
- Financial assets held for trading	(30,685)	6,455
- Other assets	6,076	6,774
Changes in operating liabilities		
- Deposits from customers	245,800	221,946
- Other liabilities	96,739	115,181
Cash flows from/(used in) operations	**(99,598)**	**116,016**

36. Contingent Liabilities and Commitments

36.1 Capital Commitments

At the reporting date, the Bank had capital commitments amounting to N2.5 billion (31 Dec 2018: N1.7 billion).

36.2 Confirmed Credits and Other Obligations on Behalf of Customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	31 December 2019	31 December 2018
	N'million	N'million
Performance bonds and guarantees (Note 31.3.1)	204,135	238,443
Letters of credit (Note 31.3.2)	134,082	188,641
AGSMEIS Disbursement	48	9
	338,265	**427,093**

Included in Performance bonds and guarantees is N79.05 billion Bank of Industry backed guarantee.

36.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N7.74 billion as at 31 December 2019 (31 Dec 2018: N4.244 billion). Based on the advice of the Bank's legal team and the case facts, the management of the Bank estimates a potential loss of N623 million (31 Dec 2018: N545 million) upon conclusion of the cases. A provision for the potential loss is shown in Note 31.

37. Related Party Transactions with Key Management Personnel

The related party transactions in respect of Entity controlled by Key Management Personnel has been disclosed in compliance with Central Bank of Nigeria circular BSD/1/2004.

37.1 Deposits/Interest Expense From Related Parties

Entity Controlled by key Management Personnel	Related party	Nature of relationship	Deposits at 31 Dec 2019	Interest expense 2019	Deposits at 31 Dec 2018	Interest expense 2018
		N	N	N	N	N
Geoelis and Co Nig Limited (HM) (DP)	Insider related	Former Director	-	-	-	-
Cy Incorporated Nig Limited (DSRA)	Insider related	Former Director	25,449	-	21,305	-
Equipment Solutions and Logistics Services Limited	Insider related	Former Director	60,539	-	60,241	119
The Genesis Restaurant Limited	Insider related	Former Director	65,784,926	119	-	-
Next International Limited	Insider related	Former Director	-	-	-	-
Namjid. Com Limited	Insider related	Former Director	-	-	46,535	-
John Holt Plc	Insider related	Former Director	128,989,759	1,698,497	62,956,650	-
Transcorp Power Limited	Insider related	Former Director	46,473,115	-	216,416,161	-
Tenderville Ltd	Insider related	Former Director	-	-	-	-
Rosies Textile	Insider related	Former Director	-	-	-	-
Ass. Haulages (Nig) Ltd 2	Insider related	Former Director	-	-	-	-
Genesis Hub Limited	Insider related	Former Director	19,139,131	36,734	23,559,683	-
Genesis Deluxe Cinemas Limited	Insider related	Former Director	10,062,680	-	8,869,363	44,536
SUB-TOTAL			**270,535,599**	**1,735,350**	**311,929,938**	**44,655**
A-Z Petroleum Products Limited	Insider related	Current Director	517,867	-	14,652,776	-
Neconde Energy Limited	Insider related	Current Director	4,606,753,227	-	7,233,658	-
Dangote Industries Limited	Insider related	Current Director	665,554	-	482,257	-
Damos Practice Limited	Insider related	Current Director	43,032	-	-	-
Alcon Nigeria Limited	Insider related	Current Director	5,267,332	-	-	-
Emeka Unachukwu	Insider related	Current Director	19,406	6,916	17,559	21,121
Agric Int'l Tech and Trade Limited	Insider related	Current Director	151,498,579	-	2,030,383,439	-
Congregation of Holy Spirit (Spiritan University Nneochi)	Insider related	Current Director	2,852,328	-	4,132,423	-
Otunba Seni Adetu	Insider related	Current Director	75,377	-	-	-
Mr. Ernest Ebi	Insider related	Current Director	236,563,500	2,664,855	-	-
Pastor Kings C. Akuma	Insider related	Current Director	4,294,959	69,485	-	-
Chief Charles Chidebe Umolu	Insider related	Current Director	2,602,325	46,118	-	-
Mr. Okeke Ezechukwu Michael	Insider related	Current Director	1,840,026	669	-	-
Mr. Alex Chinelo Ojukwu	Insider related	Current Director	2,339,522	33	-	-
Mr. Chidi Agbapu	Insider related	Current Director	11,399,851	96,954	-	-
SUB-TOTAL			**5,026,732,885**	**2,885,030**	**2,056,902,112**	**21,121**
Transactions with Key Management Personnel	Insider Related		1,136,334,461	1,212,943	43,341,180	390,910
TOTAL			**6,433,602,945**	**5,833,323**	**2,412,173,230**	**456,686**

37.2 Loans and Advances/Interest Income from Related Parties

Entity Controlled by key Management Personnel	Related party	Nature of Relationship	Loan amount Outstanding	Interest Income		Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
			2019	2019		2018	2018			
			N	N		N	N			
Cy Incorporated Nigeria Limited	Mrs. Onome Olaolu	Former Director	286,276,066	-		286,276,066	-	Finance Lease/Overdraft	Lost	Perfected
Equipment Solutions And Logistics Services Limited	Mr. Ik Mbagwu	Former Director	767,029,435	49,843,606		717,185,830	145,098,974	Term Loan/Overdraft	Lost	Perfected
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	Former Director	168,280,861	27,238,330		215,142,432	31,904,814	Term Loan/Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	Former Director	440,634,503	67,182,395		600,951,508	91,025,194	Term Loan	Performing	Perfected
Genesis Hub Limited	Ichie Nnaeto Orazulike	Former Director	169,384,022	45,328,005		283,005,159	76,875,224	Term Loan/Overdraft	Performing	Perfected
Genesis Food Nigeria Ltd	Ichie Nnaeto Orazulike	Former Director	1,021,777,231	72,187,909				Term Loan/Overdraft	Performing	Perfected
Genesis Sojourner Ltd	Ichie Nnaeto Orazulike	Former Director	1,507,447,456	204,572,275				Term Loan/Overdraft	Performing	Perfected
Genesis Technical Company Ltd	Ichie Nnaeto Orazulike	Former Director	434,118,377	18,751,474				Term Loan/Overdraft	Performing	Perfected
Stanchions Nigeria Ltd	Ichie Nnaeto Orazulike	Former Director	524,416,007	23,177,025				Term Loan/Overdraft	Performing	Perfected
John Holt Plc	Chief Christopher Ezeh	Former Director	540,894,704	12,119,295		92,656,533	10,902,937	Term Loan	Performing	Perfected
A-Z Petroleum Limited	Mr. Alex Ojukwu	Current Director	37,760,188	3,252,596		13,395,836	3,884,254	Term Loan/Overdraft	Performing	Perfected
Agric Int'l Tech and Trade Limited	Mr. Ernest Ebi	Current Director	2,000,000,000	180,000,000		2,000,000,000	13,808,219	Term Loan	Performing	Perfected
Dangote Industries Limited	Mr. Ernest Ebi	Current Director	59,007,201,657	3,731,549,229		30,577,435,779	2,482,174,764	Term Loan	Performing	Perfected
Dangote Fertilizer Ltd	Mr. Ernest Ebi	Current Director	311,154,171	5,326,007				Term Loan	Performing	Perfected
Dangote Oil Refining Company Ltd	Mr. Ernest Ebi	Current Director	5,033,936,064	371,111,698				Term Loan	Performing	Perfected
Dangote Cement Plc -Obajana Plant	Mr. Ernest Ebi	Current Director	122,797,568	1,165,117				Term Loan	Performing	Perfected
Dangote Sugar Refinery Plc	Mr. Ernest Ebi	Current Director	-	-		17,192,768	4,694,863	Term Loan	Performing	Perfected
Tenderville Limited	Chief Christopher Ezeh	Former Director	17,903,846	2,498,284		3,288,908,342	463,030,769	Term Loan/Overdraft	Performing	Perfected
Transcorp Ughelli Power Limited	Mr. Stanley Lawson	Former Director	-	-		9,136,175,125	1,401,199,899	Term Loan	Performing	Perfected
Neconde Energy Limited	Pastor Kings C. Akuma	Current Director	8,601,030,007	1,140,837,596				Term Loan	Performing	Perfected
SUB-TOTAL			**80,992,042,164**	**5,956,140,840**		**47,228,325,378**	**4,724,599,911**			

Entity Controlled by key Management Personnel	Related party	Loan amount Outstanding	Interest Income		Loan amount Outstanding	Interest Income	Facility Type	Status	Collateral Status
		2019	2019		2018	2018			
		N	N		N	N			
Related party	**Key management personnel**								
Okonkwo Nnamdi John	Managing Director	167,099,238	14,392,847		200,286,879	6,057,579	Term Loan/Credit Card	Performing	Perfected
Chijioke Ugochukwu	Executive Director	147,713,884	3,749,511		114,018,796	3,619,621	Term Loan/Credit Card	Performing	Perfected
Mohammed Balarabe	Executive Director	124,532,605	2,984,175		90,272,588	3,166,846	Term Loan/Credit Card	Performing	Perfected
Odinkemelu Aku	Executive Director	106,113,910	3,897,219		115,760,629	4,276,404	Term Loan/Credit Card	Performing	Perfected
Onyeali - Ikpe Nneka Chinwe	Executive Director	141,403,616	4,732,508		113,095,534	2,331,849	Term Loan/Credit Card	Performing	Perfected
Adegbolahan Simisola Joshua	Executive Director	41,860,073	229,477		-	-	Term Loan/Credit Card	Performing	Perfected
Obaro Alfred Odeghe	Executive Director	68,239,535	1,360,964		-	-	Term Loan/Credit Card	Performing	Perfected
Ichie (Dr.) Nnaeto Orazulike	Former Director	17,293,460	2,105,323		2,836,813	40,485	Credit Card	Performing	Perfected
Kayode Gabriel Olowoniyi	Former Director	41,835	18,498		111,444	19,190	Credit Card	Performing	Perfected
Nnamdi I. Oji	Former Director	2,731,588	1,129,119		3,394,975	595,746	Credit Card	Performing	Perfected
Bashari M. Gumel	Former Director	-	-		3,171	1,704	Credit Card	Performing	Perfected
Alex Chinelo Ojukwu	Non Executive Director	2,322,268	115		25,195,595	47,067	Credit Card	Performing	Perfected
Emeka C. Unachukwu	Related to Executive Director	502,285	316,315		1,771,881	779,943	Credit Card	Performing	Perfected
Chief Charles Chidebe Umolu	Non Executive Director	1,932,595	405,829		2,685,441	37,742	Credit Card	Performing	Perfected
Kings Chukwu Akuma	Non Executive Director	168,497	-		291,144	175,463	Credit Card	Performing	Perfected
SUB-TOTAL		821,955,391	35,321,901		669,724,890	21,149,639			
TOTAL		**81,813,997,555**	**5,991,462,741**		**47,898,050,268**	**4,745,749,550**			

37.3 Bank Guarantees in Favour of Key Management Personnel

December 2019				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
National Universities Commission (NUC)	Congregation Of The Holy Spirit (Spiritan University Nneochi)	Ichie (Dr.) Nnaeto Orazulike / Mrs. Pauline Odinkemelu	Former Director / Executive Director	200,000,000
BOI	Genesis Deluxe Cinemas A/C 2 (Imprest)	Ichie (Dr.) Nnaeto Orazulike	Former Director	344,000,000
BOI	Genesis Deluxe Cinemas-Gateway Abuja	Ichie (Dr.) Nnaeto Orazulike	Former Director	73,327,121
BOI	Genesis Foods Nigeria Limited Genesis Sojourner Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,014,225,503
BOI	Genesis Sojourner Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	1,500,000,000
Flour Mills Of Nig	The Genesis Restaurant Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	25,000,000
Honeywell Flour Mills	The Genesis Restaurant Limited	Ichie (Dr.) Nnaeto Orazulike	Former Director	25,000,000

December 2018				
Beneficiary Name	Related Entity	Name Of Related Bank Director	Position In Bank	Amount (N)
Congregation Of The Holy Spirit	National Universities Commission	Ichie Nnaeto Orazulike /Pauline Odinkemelu	Former Director / Executive Director	200,000,000
National Universities Commission (Nuc)	BOI	Ichie (Dr.) Nnaeto Orazulike	Former Director	250,000,000

37.4 Key Management Compensation

	31 December 2019	31 December 2018
	N'million	N'million
Salaries and other short-term employee benefits (Executive directors only)	498	353
Pension cost	14	11
Other employment benefits paid	202	272
	714	**636**

38. Employees

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

	Number	Number
	31 December 2019	31 December 2018
Executive Directors	5	5
Management	395	399
Non-management	2,533	2,504
	2,933	**2,908**

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
	31 December 2019	31 December 2018
N300,000 - N2,000,000	12	12
N2,000,001 - N2,800,000	6	6
N2,800,001 - N3,500,000	647	532
N3,500,001 - N6,500,000	1,380	1,453
N6,500,001 - N7,800,000	262	275
N7,800,001 - N10,000,000	315	334
N10,000,001 and above	311	296
	2,933	**2,908**

39. Directors' Emoluments

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

	2019	2018
	N'million	N'million
Fees and sitting allowances	76	70
Executive compensation	498	353
Other director expenses	268	192
	842	**615**
Fees and other emoluments disclosed above include amounts paid to:		
Chairman	10	14
Highest Paid Director	110	102

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

	Number	Number
	31 December 2019	31 December 2018
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	14	12
	14	**12**

40. Compliance With Banking Regulations

40.1

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 2019.

S/N	Schedule Of Regulatory Contraventions As At 31 December 2019	
	Nature Of Contravention	**Amount (N)**
1	Non refund of excess lending fees to customers as directed by CBN	2,000,000
2	Non-adherence to Complaints Resolution Service Agreement by the bank	2,000,000
3	Breach of competency framework in respect of Chief Audit Executive	2,000,000
4	Non-adherence to CBN Guidelines on ATM Operations in Nigeria	2,000,000
		8,000,000

S/N	Schedule Of Regulatory Contraventions As At 31 December 2018	
	Nature Of Contravention	**Amount (N)**
1	Failure to attest/certify the financials by Audit Committee	5,000,000
2	Failure to separate "provisions" in the Statement of Financial Position	5,000,000
3	Non-repatriation of export proceeds. Forex Examination Report	2,000,000
4	CAC Penalty - Failure to display financial statements in branch	1,098,500
		13,098,500

40.2

In line with circular FDR/DIR/CIR/GEN/01/020, the returns on customers' complaints for the year ended 31 December 2019 is set as below:

S/N	Description	Number		Amount Claimed		Amount Refunded	
		2019	2018	2019	2018	2019	2018
				Million	Million	Million	Million
1	Pending complaints b/f	87	75	4,911	4,590	N/A	N/A
2	Received complaints	1,304	1,199	25,475	8,034	N/A	N/A
3	Resolved complaints	1,312	1,181	10,422	3,060	399	61
4	Unresolved complaints escalated to CBN	-	-	-	-	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	79	93	19,964	9,564	N/A	N/A

40.3 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 2019.

41. Gender Diversity

31 December 2019					
	Women		Men		Total
	Number	%	Number	%	
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	6	17%	30	83%	36
Total	**9**		41		50
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**

42. 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.

	31 December 2019	31 December 2018
	N'million	N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	47,224	13,260
General provision	18,590	43,891
Provision for other assets	2,366	2,219
Provision for litigations and claims	643	545
Provision for due from bank and investments	743	1,298
Provision for off-balance sheet exposure	133	798
Total prudential provision (A)	**69,700**	**62,011**
IFRS provision:		
Specific impairment (see note 22)	29,103	25,788
Collective impairment (see note 22)	22,312	30,955
Provision for other assets (see note 27)	1,927	2,219
Provision for litigations and claims (see note 31)	623	545
Provision for due from bank and investments (see note 21 and 23)	1,246	1,298
Provision for off-balance sheet exposure (see note 31)	592	798
Total IFRS provision (B)	**55,803**	**61,603**
Movement in Non-Distributable Regulatory Risk Reserve (RRR)		
Opening balance in RRR	408	444
Net changes in the year	13,489	(36)
Balance in RRR at the end of the year	**13,897**	**408**

43. 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 2019			
	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
Cash and balances with Central Bank	110,046	343,346	453,392
Due from banks	149,869	-	149,869
Loans and advances to customers	352,936	774,038	1,126,974
Investments:			
• Financial assets at fair value through profit or loss	43,084	2,454	45,538
• Debt instruments at fair value through other comprehensive income	110,701	24,145	134,846
• Equity instruments at fair value through other comprehensive income	-	14,536	14,536
• Debt instruments at amortised cost	67,283	51,286	118,569
Other assets	9,837	18,919	28,756
Property, Plant and equipment	-	38,392	38,392
Right-of-use assets	-	1,529	1,529
Intangible assets	-	1,636	1,636
TOTAL ASSETS	**890,504**	**926,935**	**2,114,037**
LIABILITIES			
Deposits from customers	1,225,213	-	1,225,213
Current income tax liability	2,339	-	2,339
Other liabilities	151,938	245,136	397,074
Provision	3,172	623	3,795
Debt issued and other borrowed funds	60,028	191,558	251,586
TOTAL LIABILITIES	**1,477,245**	**402,762**	**1,880,007**

As at 31 December 2018			
	Maturing within 12 months	Maturing after 12 months	Total
ASSETS	N'million	N'million	N'million
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	N'million	N'million	N'million
Deposits from customers	979,413	-	979,413
Current income tax liability	1,609	-	1,609
Other liabilities	75,344	224,991	300,335
Provision	2,798	545	3,343
Debt issued and other borrowed funds	14,954	225,813	240,767
TOTAL LIABILITIES	**1,074,118**	**451,349**	**1,525,467**

44. Reclassifications

During the year, the Bank reclassified a credit related component of commission and fee income to interest and similar income 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 N3.793 billion. Also, interest on financial assets classified as at fair value through profit or loss were presented separately in the statement of profit or loss and other comprehensive income which were included in gains and losses on financial assets at FVTPL in the previous period. This was 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.

45. 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 2019 and on the profit or loss and other comprehensive income for the period then ended, which have not been adequately provided for or disclosed.

Statements Of Value Added

For the year ended 31 December 2019

	2019		2018	
	N'million	%	N'million	%
Interest and similar income	176,994	306	153,682	246
Interest and similar expense	(99,289)	(159)	(84,095)	(135)
	77,705	**134**	**69,587**	**112**
Administrative overheads				
Local	(19,908)	(34)	(7,191)	(12)
Value added	**57,797**	**100**	**62,396**	**100**
Distribution				
Employees:				
Salaries and benefits	24,129	42	23,910	38
Shareholders:				
Dividend paid during the year	3,186	6	3,186	5
Government:				
• Income tax	1,074	2	1,912	3
• Tertiary education tax	358	1	-	-
• Police trust fund levy	2	-		
• Capital gain tax	190	-		
• Information technology levy	304	1		
The future:				
• Asset replacement (depreciation and amortisation)	5,421	9	6,247	10
• Asset replacement (provision for credit losses)	(5,292)	(9)	4,215	7
• Profit retained for the year (transfers to reserves)	28,425	49	22,926	37
	57,797	**100**	**62,396**	**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.

OTHER REPORTS

Five-Year Financial Summary

Financial Position	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2017	As at 31 Dec 2016	As at 31 Dec 2015
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with Central Bank	453,392	384,931	269,625	207,061	185,332
Due from other banks	149,869	111,633	52,287	49,200	79,942
Loans and advances to customers	1,126,974	849,880	768,737	718,401	578,203
Investments:					
Financial assets at fair value through profit or loss	45,538	14,052	20,639	18,098	4,070
Debt instruments at fair value through other comprehensive income	134,846	157,639	-	-	-
Equity instruments at fair value through other comprehensive income	14,536	9,977	-	-	-
Debt instruments at amortised cost	118,569	118,662	-	-	-
Available for sale			76,815	88,586	116,607
Held to maturity			108,784	138,134	180,736
Other assets	28,756	35,124	43,194	37,510	45,902
Right-of-use assets	1,529	-	-	-	-
Property, plant and equipment	38,392	36,909	38,504	40,356	39,985
Intangible assets	1,636	1,076	629	795	945
Total Assets	**2,114,037**	**1,719,883**	**1,379,214**	**1,298,141**	**1,231,722**
Liabilities					
Deposits from customers	1,225,213	979,413	775,276	792,971	769,636
Current income tax payable	2,339	1,609	1,445	1,327	2,332
Other liabilities	397,074	300,335	185,154	157,860	122,887
Provision	3,795	3,343	2,745	1,546	1,945
Debts issued and other borrowed funds	251,586	240,767	213,233	159,035	141,975
Retirement benefit obligations	-	-	-	-	9,431
Total Liabilities	**1,880,007**	**1,525,467**	**1,177,853**	**1,112,739**	**1,048,206**
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	45,069	37,133	23,372	25,918	8,797
Statutory reserve	35,008	30,744	27,305	24,476	23,016
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory reserve (NDR)	12,470	408	28,837	16,271	33,480
Fair value reserve/ Remeasurement reserve	20,969	7,038	5,330	2,220	1,706
AGSMEIS reserve	3,997	2,576	-	-	-
Total Equity	**234,030**	**194,416**	**201,361**	**185,402**	**183,516**
Total Liabilities and Equity	**2,114,037**	**1,719,883**	**1,379,214**	**1,298,141**	**1,231,722**

Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended

	As at 31 December 2019	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016	As at 31 December 2015
	N'million	N'million	N'million	N'million	N'million
Operating income					
Net interest income	83,055	73,356	68,141	31,231	60,864
Impairment charge for credit losses	5,292	(4,215)	(11,315)	(4,797)	(5,764)
Net interest income after impairment charge for credit losses	**88,347**	**69,141**	**56,826**	**26,434**	**55,100**
Commission and other operating income	33,971	31,422	29,151	11,155	25,442
Other operating expenses	(91,965)	(75,474)	(66,764)	(31,458)	(66,518)
Profit before income tax	**30,353**	**25,089**	**19,213**	**6,131**	**14,024**
Income tax expense	(1,928)	(2,163)	(1,445)	(674)	(120)
Profit after tax	**28,425**	**22,926**	**17,768**	**5,457**	**13,904**
Other comprehensive income	14,375	(2,207)	3,110	(1,702)	1,713
Total comprehensive income for the year	**42,800**	**20,719**	**20,878**	**3,755**	**15,617**
Per share data in kobo:					
Earnings per share (basic & diluted)	**98k**	**79k**	**31k**	**19k**	**48k**
Net assets per share	**808k**	**671k**	**695k**	**640k**	**633k**

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 recognise that effective shareholder engagement and dialogue can and often leads to improved corporate policies, more sustainable business practices, and greater transparency and responsibility. The Bank is therefore open to change especially if same has the potential to enhance the sustainability of our business by minimizing risk and protecting shareholder value.

Share Capital Structure

The Bank's Authorised Share Capital as at December 31, 2019 was N16,000,000,000.00 (Sixteen Billion Naira), divided into 32,000,000,000 (Thirty-two Billion) ordinary shares with a nominal value of 50 kobo each and the shares are quoted on the Nigerian Stock Exchange.

Paid up share capital currently stands at N14,481,292,846 divided into 28,962,585,692 shares. The Bank's shares are held by Nigerian citizens and corporations. The Bank currently has approximately 399,000 shareholders.

Relations with Shareholders

The Bank is committed to building and maintaining constructive and long-lasting relationships with shareholders and other stakeholders through regular meetings, forums and targeted group engagements. The Board recognizes the importance of a dual-way communication channel with the Bank's shareholders. The general meeting which is the primary avenue for interaction between the Shareholders, Management and the Board, is utilized effectively for this purpose.

The Board ensures that all shareholders are treated fairly, given equal access to information about the Bank as well as notices of shareholders' meetings. General meetings are conducted in an open manner allowing for free discussions on all issues on the agenda. The Board also ensures that the venue of the general meeting is accessible and that shareholders are not disenfranchised from attending the meeting on account of choice of venue.

As a result, the Bank's Annual General Meetings are well attended and shareholders who are unable to attend are encouraged to use the proxy cards sent with the Notice of Meeting. Proceedings at general meetings are monitored by the representatives of the Central Bank of Nigeria, Securities and Exchange Commission and Nigerian Stock Exchange, amongst others.

Fidelity believes that the key to positive engagement is for the Board and the stakeholders, including shareholders, customers and analysts, to interact in a way that is mutually beneficial, promotes constructive dialogue and ensures that legitimate concerns are raised and addressed. Thus apart from the statutory general meetings, other engagement forums offer an opportunity for shareholders and other stakeholders to deliberate and seek understanding of the Bank's financial results and strategic direction.

These consultations enable the Board and Management of the Bank to appreciate the perspectives of shareholders concerning the Bank's overall financial performance and future plans. Feedback from shareholder engagements assist in guiding the implementation of the Bank's corporate objectives. Furthermore, the quarterly, half-yearly and annual financial results are published in widely read national newspapers as well as on the Bank's website - **www.fidelitybank.ng**.

Protection of Shareholders' Rights

The Board ensures that Shareholders' rights are protected. In particular, the right to attend and vote at general meetings is effectively maintained without restrictions. All shareholders are treated equally regardless of size of shareholding or status. The Board also ensures that the Bank promptly renders to shareholders, documentary evidence of their ownership interest in the Bank such as share certificates 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.investor@fidelitybank.ng
Website: www.fidelitybank.ng

Share Capital History

Year	Authorized (Additional) N	Authorized (Cumulative) N	Issued And Fully Paid (Additional) N	Issued And Fully Paid (Cumulative) N	Consideration
1988	3,000,000	3,000,000	1,865,000	1,865,000	Cash
1989	9,000,000	12,000,000	5,822,000	7,687,000	Bonus/Cash
1989	-	12,000,000	-	7,687,000	-
1990	3,000,000	15,000,000	1,153,050	8,840,050	Bonus/Cash
1991	25,000,000	40,000,000	4,959,950	13,800,000	Bonus/Cash
1992	20,000,000	60,000,000	13,800,000	27,600,000	Cash
1993	40,000,000	100,000,000	12,703,000	40,303,000	Bonus/Cash
1994	50,000,000	150,000,000	51,830,000	92,133,000	Bonus/Cash
1995	-	150,000,000	21,737,000	113,870,000	Bonus
1997	650,000,000	800,000,000	272,247,000	386,117,000	Bonus/Cash
1998	-	800,000,000	151,472,000	537,589,000	Bonus/Cash
2000	700,000,000	1,500,000,000	6,458,920	544,047,920	Cash
2001	-	1,500,000,000		544,047,920	
2001	500,000,000	2,000,000,000	272,023,960	816,071,880	Bonus
2002	-	2,000,000,000	36,501,911	852,573,791	Cash
2003	-	2,000,000,000	336,602,981	1,189,176,772	Cash
2004		2,000,000,000	344,554,220	1,533,730,992	Bonus/Cash
2004	4,000,000,000	6,000,000,000	519,088,134	2,052,819,126	Bonus
2005	2,000,000,000	8,000,000,000	2,222,101,272	4,274,920,398	Cash
2005	2,000,000,000	10,000,000,000	3,956,922,658	8,231,843,056	Merger/Cash
2007	2,500,000,000	12,500,000,000	249,449,790	8,481,292,846	Rights
2007	3,500,000,000	16,000,000,000	6,000,000,000	14,481,292,846	Public Offer

Unclaimed Dividend Report

Unclaimed Dividend As At December 31, 2019

Payt. No	Amount Of Dividend Declared N	Total Div. Paid (Jun - Dec. 31, 2019) N	Total Div. Paid Up To June, 2019 N	Total Div. Paid Up To December, 2019 N	Date Of Payment	Unclaimed Dividend N	Total Amount Returned To Coy After 15 Months
1	1,629,904,972.14	92,464.86	1,552,895,188.49	1,552,987,653.35	12/20/06	1,816,634.30	75,100,684.49
2	2,372,523,026.54	163,614.48	2,232,064,101.90	2,232,227,716.38	12/17/07	1,301,344.38	138,993,965.78
3	7,819,898,220.00	157,491.25	7,580,258,825.57	7,580,416,316.82	11/13/08	460,410.33	239,021,492.85
4	1,303,865,866.04	63,834.02	1,219,410,979.00	1,219,474,813.02	1/4/10	1,110,261.39	83,280,791.63
5	651,932,933.02	466,777.87	575,941,570.09	576,408,347.96	8/13/10	-	75,524,585.06
6	3,649,285,797.30	78,075.83	3,510,804,888.54	3,510,882,964.37	4/29/11	168,446.03	138,234,386.90
7	3,649,285,796.40	126,998.23	3,519,517,527.63	3,519,644,525.86	5/9/12	394,029.78	129,247,240.76
8	5,492,037,855.15	167,532.01	5,300,296,143.95	5,300,463,675.96	5/21/13	1,304,312.23	190,269,866.96
9	3,661,087,989.94	216,800.77	3,297,209,988.98	3,297,426,789.75	5/2/14	2,739,358.98	360,921,841.21
10	4,722,504,209.50	670,378.45	4,328,919,443.65	4,329,589,822.10	5/7/15	13,483,993.48	379,430,393.91
11	4,197,866,869.25	427,400.06	3,813,814,480.48	3,814,241,880.54	5/5/16	28,901,454.19	354,723,534.52
12	3,671,368,473.32	1,459,573.34	3,155,408,943.75	3,156,868,517.09	5/4/17	20,560,774.06	493,939,182.17
13	2,867,295,983.51	81,816,049.13	2,373,225,287.93	2,455,041,337.06	5/25/18	41,140,399.50	371,114,246.95
14	2,884,492,658.99	105,499,938.69	1,052,464,147.76	1,157,964,086.45	4/26/19	1,726,528,572.54	
	48,573,350,651.10			**43,703,638,446.71**		**1,839,909,991.19**	**3,029,802,213.20**

NOTES: Shareholders are advised to update their records and/or open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend payments and e-bonus. Detachable application forms for change of address, unclaimed dividend and e-bonus are attached to the Annual Report for the convenience of all shareholders.

Recommendations & Explanatory Notes

Relating To The Business To Be Conducted At The 32nd Annual General Meeting On 30th April 2020

Resolution 1

To receive the Audited Financial Statements for the year ended December 31, 2019, 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 Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Notes to the Accounts, Five Year Financial Summary, Report of the Directors as well as the Reports of the Independent Auditors and Statutory Audit Committee.

The Financial Statements are prepared in compliance with specific regulatory requirements and accounting standards issued from time to time by the Nigerian Accounting Standards Board and present a true and fair view of the Company's business undertaking during the period under review.

The Directors Report contains important information on the financial performance of the Company, the amount (if any) recommended for payment as Dividend, details of the persons who held office as Directors during the year and the Directors' interest (direct or indirect) in the shares of the Company, amongst others.

The Chairman will therefore lay the Audited Financial Statements of the Company for the year ended December 31, 2019 before the Members at the Annual General Meeting.

During the meeting, representatives of the independent External Auditors, the Board appraisal consultants and the Statutory Audit Committee will also present 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 20 kobo per ordinary share.

Rationale:

The Directors recommend payment of a dividend of 20 kobo per ordinary share entitled thereto for the year ended December 31, 2019.

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 30, 2020 to Shareholders whose names are recorded in the Company's Register of Members at the close of business on April 17, 2020. Shareholders who have mandated their dividend to their bank accounts will be credited on the same date.

Request:

Shareholders are requested to vote in favour of the Resolution to declare a dividend of 20 Kobo per Ordinary Share, to enable the Directors pay the recommended dividend.

Resolution 3

To approve the appointment of Mr. Obaro Odeghe, Mr. Gbolahan Joshua and Mr. Hassan Imam as Executive Directors and Alhaji Isa Mohammed Inuwa as an Independent Non-Executive Director.

Rationale:

Since the last Annual General Meeting, the Deputy Managing Director, Mr. Mohammed Balarabe retired from the Board of Directors of the Bank, having attained retirement age and completed his tenure, while the Executive Director, Shared Services and Products, Mrs. Chijioke Ugochukwu completed her Executive Contract tenure in accordance with the Bank's policy.

The Board, appointed three (3) new Executive Directors and one (1) Independent Non – Executive Director as indicated above.

The new Directors bring to the Board robust experience garnered from public, private and professional practice and their profiles are as detailed below. This is also available on the Bank's website at **www.fidelitybank.ng**.

Profile of Mr. Obaro Odeghe: Executive Director

Obaro Odeghe is the Executive Director, Corporate Banking, with responsibilities covering the Energy, Power, Manufacturing, Telecoms, Fast Moving Consumer Goods, Construction and Real Estate Divisions of the Bank.

He holds a Bachelor's Degree in Agriculture and a Masters in Business Administration from the University of Benin. He has attended a number of executive training and banking specific programs in leading educational and professional institutions including Wharton, Harvard and Kellogg Business Schools.

He has over 24 years experience across various areas of Banking including; Corporate Banking, Commercial Banking, SMEs, Consumer Banking, Institutional Banking, Trade Finance and Operations. Prior to joining Fidelity Bank Plc, he held senior management positions at Zenith Bank Plc and United Bank for Africa (UBA) Plc.

Obaro is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.

Profile of Mr. Gbolahan Joshua: Executive Director

Gbolahan Joshua is the Executive Director/Chief Operations and Information Officer, responsible for overseeing the Operations, Technology, Digital Banking, Investor Relations, Strategy and Business Transformation Divisions of the Bank.

He holds a Bachelor of Science Degree in Accounting from Olabisi Onabanjo University, and is a Chartered Accountant. He has 20 years of comprehensive experience across various areas of assurance and banks including United Bank for Africa (UBA) Plc and First City Monument Bank (FCMB) Limited. He has held various leadership roles including Chief Financial Officer, Chief Strategy Officer and Chief Information Officer.

He has attended a number of executive and banking specific programs in leading educational and professional institutions including Harvard, IMD, and Euromoney.

Profile of Mr. Hassan Imam: Executive Director

Hassan Imam is the Executive Director, North and oversees the Bank's business in Abuja and Northern Nigeria.

He holds a Bachelor's Degree in Economics from Usman Danfodio University, Sokoto. He also holds two Masters of Science degrees in Treasury Management and Banking & Finance, from Bayero University Kano, and a Masters in Business Administration from the Business School Netherland. He is an alumni of the Lagos Business School, Pan Atlantic University, Senior Management Program (SMP 31, 2007). He has attended a number of executive training and banking specific programs in leading educational and professional institutions including Wharton, I.E.S.E, Oxford SAID and Harvard Business Schools.

He has over 24 years experience across various areas of banking including, Treasury, Consumer Banking, Credit, Risk Management and Corporate Banking.

Hassan is a Fellow of the Institute of Credit Administration and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He is also an Associate Member, Chartered Public Accountants.

Profile of Alhaji Isa Mohammed Inuwa, Independent Non-Executive Director

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

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

While at NNPC he was seconded to Nigerian Liquefied and Natural Gas Limited (NLNG) in 2016 as Deputy Managing Director. As the DMD of NLNG, he served on the board of NLNG and NLNG subsidiaries including Bonny Gas Transport Limited (BGTL) and NLNG Ship Management Limited (NSML). He was at various times a Member of the Governing Council of the Nigerian Content Development and Management Board (NCDMB), the Petroleum Training Institute, Chairman of Nigerian Pipelines and Products Storage Company Limited (NPSC) and Alternate Chairman of NNPC LNG Limited, amongst others.

In the financial services industry, his experience spans Commercial Banking, Merchant Banking and Development Finance, with requisite knowledge and experience in retail and commercial banking, operations, international trade finance, agricultural finance, treasury and corporate banking.

He started out as a banker with Union Bank of Nigeria Plc where he did his mandatory youth service programme and worked at the defunct Bank for Credit and Commerce International (BCCI) and International Merchant Bank (IMB). Inuwa rose to the pinnacle of the banking profession with his appointment as Managing Director, Intercity Bank Plc, in 1991.

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

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

He is an active fund raiser for several orphanages and Trustee of two Non-Governmental Organisations (NGOs). Born in Kano, Inuwa was educated at Ahmadu Bello University, Zaria and Stirling University, Scotland where he obtained BSc Accounting and MSc Accounting & Finance degrees respectively. He has attended several courses and executive management programmes at Wharton, Oxford University, Euromoney, INSEAD, IMD and other high profile global institutions.

Request:

Shareholders are requested to vote in favour of the resolution for the appointment of Mr. Obaro Odeghe, Mr. Gbolahan Joshua, Mr. Hassan Imam and Alhaji Isa Mohammed Inuwa as Directors of the Bank.

Resolution 4

Re-election of Mr. Ernest Ebi MFR, FCIB and Mr. Michael Okeke as Non-Executive Directors:

In accordance with Section 259 of CAMA and Article 95(1) of the Company's Articles of Association, one-third of the Non-Executive Directors for the time being (or the number closest to it) are required to retire from office at each Annual General Meeting and if eligible, offer themselves for re-election at the same meeting.

The Directors to retire by rotation every year are those who have served longest in office since their last election.

To give effect to the foregoing provisions, Mr. Ernest Ebi MFR, FCIB and Mr. Michael Okeke shall retire by rotation at the Annual General Meeting and being eligible, have offered themselves for re-election.

The Board confirms that a formal evaluation was conducted to assess the performance of the retiring Non-Executive Directors.

The profiles of the Non-Executive Directors standing for re-election are detailed below and also available on the Bank's website at **www.fidelitybank.ng.**

Profile of Mr. Ernest Ebi MFR, FCIB: Non-Executive Director

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 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 boards of several blue-chip companies.

Profile of Mr. Michael Okeke: Non-Executive Director

Michael 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 Institution of Estate Surveyors & Valuers (NIESV), with professional specialization in property valuation, project finance, procurements, syndicated asset management and valuation of aviation and navigation installations including aircraft, ships and vessels.

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

Request:

Given their experience, background, robust contributions thus far and exemplary attendance record at Board/Board Committee meetings, the Board believes that the retiring Directors will continue to add value to the Company and recommends that Shareholders should vote in favour of the resolution for their re-election.

Resolution 5

To authorize the Directors to fix the remuneration of the Auditors.

Rationale:

The External Auditors, Ernst & Young have indicated its willingness to continue in office as the Bank's Auditors in accordance with Section 357(2) of CAMA.

The Audit Committee has also, in furtherance of Section 359(6)(e) CAMA, recommended the re-appointment of the External Auditors for the 2020 financial year.

Section 361(1) CAMA provides that the remuneration of the Auditors should be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.

A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine the remuneration of the Auditors for the period of the appointment.

In this regard, the Directors will be guided by the provisions of Section 359(6)(e) of CAMA which authorizes the Audit Committee to make recommendations to the Board on the appointment, removal and remuneration of the external auditors of the Company.

Request:

Shareholders are requested to approve the resolution authorizing the Directors to fix the remuneration of the External Auditors for the financial year ending 31 December 2020.

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) CAMA specifically provides that a Shareholder may nominate another Audit Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

The responsibilities of the Audit Committee (which is required to present its Report to Shareholders at each Annual General Meeting), include the following:

(a) Ascertain whether the Company's accounting and reporting policies are in accordance with legal requirements.

(b) Review the scope of the audit requirements.

(c) Review the findings on the Management Letter.

(d) Review the effectiveness of the Company's system of accounting and internal control.

(e) Make recommendations to the Board on the appointment, removal and remuneration of the External Auditors.

(f) Authorise the Internal Auditor to carry out investigations into any activities of the Company which may be of interest to the Committee.

Shareholders are requested to vote at the meeting, to elect three members of the Audit Committee.

Request:

Shareholders are requested to vote on the resolution to elect three (3) representatives to the Audit Committee for the 2020 financial year.

Communications Policy

The Bank has a formal Communications Policy which complies with the Laws, Rules and Regulations guiding the Nigerian Banking Industry as well as the Codes of Corporate Governance issued by its primary and other Regulators. These includes the Banks and Other Financial Institutions Act (BOFIA), 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 (SEC) Attention is also drawn to the following:

(a) **Efficiency**: The Bank uses modern communication technologies in a timely manner to convey its messages to target groups, while building synergies and strategic alliances across multi-media platforms.

(b) **Cultural Awareness**: The Bank operates in a multi-cultural environment and recognises the need to be sensitive to the cultural peculiarities of its operating environment.

(c) **Feedback**: The Bank actively and regularly seeks feedback on its image and communication activities not only from the media and target groups but also the general public.

Information Dissemination

The Bank's Brand and Communications Division oversees the implementation of the Communications Policy as well as the process of dissemination of information from the Bank. The Chief Human Resources Officer is responsible for ensuring that a copy of the Policy is available to each Fidelity Bank employee via the Bank's intranet while the Chief Internal Auditor ensures compliance.

Notes

Fidelity

Fidelity Bank Plc

Proxy Form

Thirty-second Annual General Meeting to be held at 10.00 a. m on the 30th of April, 2020 at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

I/We ______________________ of ______________________ being a Shareholder(s) of Fidelity Bank Plc hereby appoint Mr. Ernest Ebi MFR, FCIB or failing him Mr. Nnamdi Okonkwo or failing him Otunba Seni Adetu as my/our Proxy to act and vote for me/us on my/our behalf at the 32nd Annual General Meeting to be held on the 30th day of April 2020 and at any adjournment thereof Dated this ________ day of ______________ 2020.

Shareholder's Signature ______________________

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not required).	No	Ordinary Business	For	Against
	1.	To receive the Audited Financial Statement for the year ended December 31, 2019 and the Reports of the Directors, Auditors and Audit Committee thereon.		
	2.	To declare a Dividend.		
	3.	To elect Mr. Obaro Odeghe who was appointed as an Executive Director since the last Annual General Meeting.		
	4.	To elect Mr. Gbolahan Joshua who was appointed as an Executive Director since the last Annual General Meeting.		
	5.	To elect Mr. Hassan Imam who was appointed as an Executive Director since the last Annual General Meeting.		
	6.	To elect Alhaji Isa Mohammed Inuwa who was appointed as an Independent Non-Executive Director since the last Annual General Meeting.		
	7.	To re-elect Mr. Ernest Ebi MFR, FCIB and Mr. Michael Okeke as Non-Executive Directors		
	8.	To authorize the Directors to fix the remuneration of the Auditors.		
	9.	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 emailed to the Registrar at **info@firstregistrarsnigeria.com** or deposited at the registered office of the Registrar (as in the Notice) not later than 48 hours before the meeting.

(ii) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.

(iii) If the Shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some of its officers or an attorney duly authorized.

(iv) The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.

(v) It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear appropriate stamp duty from the Stamp Duties Office (not adhesive postage stamps).

Fidelity

Fidelity Bank Plc

Admission Card

For the 32nd Annual General Meeting to be held at 10:00 a.m. on April 30, 2020 at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos

Please admit ______________________________ to the 32nd Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: ______________________________

Account Number: | | | | | | | | | | |

Number of Shares Held: ______________________________

Signature of person attending ______________________________

- **This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.**
- **You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.**

Fidelity Bank Plc RC103022

Fidelity

Fidelity Bank Plc

Admission Card

For the 32nd Annual General Meeting to be held at 10:00 a.m. on April 30, 2020 at the Civic Center, Ozumba Mbadiwe Avenue, Victoria Island, Lagos

Please admit ______________________________ to the 32nd Annual General Meeting of Fidelity Bank Plc.

Name of Shareholder: ______________________________

Account Number: | | | | | | | | | | |

Number of Shares Held: ______________________________

Signature of person attending ______________________________

- **This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.**
- **You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.**

Fidelity Bank Plc RC103022

Change Of Address/Shareholder's Data Update Form

Instructions: Please fill the form and return to the address below:

The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692, Lagos, Nigeria.

Request For Change of Address

Kindly change my/our address in respect of my/our holdings in the company indicated below:

(I) Fidelity Bank Plc

Shareholder's Account Number (If Known)

Shareholder's Account Information

Surname/Company

Other Names

Previous Address

City

State

Present/New Address

City

State

Mobile Telephone

Email Address

Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) Signature & Company Seal

NOTES

(a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
(b) When the holding is in more than one name, all of the security holders must sign.
(c) Please note that this request would not be processed if the signature(s) herein differs 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.

Fidelity

The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria,

Affix A Recent Passport Photograph (individual)

Mandate For E-Dividend Payment

I/We hereby request that from now on, all Dividends due to me/us from my/our holdings in Fidelity Bank Plc should be paid directly to my/our Bank below:

Date (DD/MM/YY)

D D M M Y Y Y Y

Item

Shareholder's Account Number (If Known)

(1) Fidelity Bank Plc

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

(2.2) *Other Names

(2.3)* City

State

(2.4) Email Address

(2.5) Mobile (GSM) Phone Number

(3)*Bank Name

(3.1)*Branch Address

(3.2)*Bank Account Number (10 Digit NUBAN Number)

(3.3)*Bank Sort Code (very Important)

(4)*

Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) /Company Signatures

Company Seal/Incorporation Number (Corporate Shareholder)

(5)*

Authorised Signatures and Stamp of Banker

The branch stamp and signatures of the authorised signatories of your bank are required to confirm that the signature(s) in box 4 is/are that of the shareholder(s) or an authorised signatory.

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) All asterisked fields must be completed.

Fidelity

The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria,

Affix A Recent Passport Photograph (individual)

Unclaimed/Stale Dividend Warrant

I/We declare that i/we am/are the registered holder(s) of Fidelity Bank Plc shares. Till date, I/we am/are yet to receive my/our dividend warrant(s) payments no(s) .... (Please specify). In view of this, I/we request and authorise you to cancel the original dividend warrant(s) and credit my/our account below:

Item

Shareholder's Account Number (If known)

Date (DD/MM/YY)

D D M M Y Y Y Y

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

(1.1) *Other Names

(1.2) Address

(1.3) *Email Address

(1.4) *Mobile (GSM) Phone Number

(2) *Bank Name And Branch

(2.1) *Bank Account Number (10 digit NUBAN number)

Branch Sort Code

(3) I/We hereby authorise that the re-issued/re-validated dividend(s) be paid into my/our current account as indicated above.

(3.1) I/We hereby indemnify the company and registrar against all losses, actions, proceedings, demands, costs and expenses whatsoever which may be made, incurred or brought against them by reason of compliance with this request.

(4) Shareholder's Signature/Thumb Print

Joint/Corporate Shareholder(s) /Company Signatures

Company Seal/Incorporation Number (Corporate Shareholder)

The branch stamp and signature of the authorized signatories of your bank is required to confirm that the signature(s) in box 4 is/are that of the shareholder(s) or an authorised signatory.

NOTES

* When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
* When the holding is in more than one name, all of the security holders must sign.
* Please note that this request would not be processed if the signature(s) herein differs from that which appears in the Registrar's records.

Form For E-Bonus Shares

To:
The Registrar,
First Registrars & Investor Services Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria,

Authority To Credit CSCS A/C With Bonus Shares

Please take this as my/our authority to credit my/our under-mentioned account with Central Securities Clearing Systems (CSCS) Limited with all subsequent allotments and bonuses due on my/our shareholding(s) in Fidelity Bank Plc, from the date hereof.

1. Shareholder's Surname/Company's Name (Whichever is applicable)

Other Names

(First Name) (Other Names)

2. Shareholder's Account Number (If Known)
(As it appears on either your dividend warrant stub or share certificate)

3. Shareholder's CSCS Clearing House Number

4. Shareholder's Stockbroker

5. Shareholder's Mobile Telephone Number

6. Shareholder's E-mail Address:

Signature**
(Individual Shareholder)

Signature**
(Joint/Corporate Shareholders)

Company Seal

Dated this ____________ day of ______________________ 20 ______

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) Please note that this request would not be processed if the signature(s) herein differs from that 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.

Fidelity
Private Banking

We Can Hold On To This Because Of You

Fidelity Bank Private Banking was awarded as the Best Private Bank in Digital Network For Entrepreneurs. We owe it to your patronage.

Financial Advisory | **Wealth Management** | **Custodial Services** | **Luxury Lifestyle**

090 7000 3384
fidelity.privatebankingclientservices@fidelitybank.ng
privatebanking.fidelitybank.ng

Inclined To Serve You Naturally

Membership by Invitation