FIDELITY BANK PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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Report of directors

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 2020.

1. Results

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

	N'million	**N'million**
Profit before income tax	28,054	30,353
Income tax expense	(1,404)	(1,928)
Profit for the year	**26,650**	**28,425**
Earnings per share		
Basic and Diluted (in Kobo)	**92**	**98**

2. Proposed Dividend

In respect of the 2020 financial year, the Board of Directors recommend a dividend of 22 kobo per Ordinary Share of 50 kobo each amounting to N6,371,768,852 for approval at the Annual General Meeting.

If approved, dividend will be paid to Shareholders whose names appear on the Register of Members at the close of business on April 16**,** 2021. The proposed dividend is subject to Withholding Tax at the applicable tax rate, which will be deducted before payment.

3. Legal Form

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

4. Principal Business Activities

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

5. Beneficial Ownership

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

Report of directors

6. Share Capital

The range of shareholding as at December 31, 2020 is as follows:

RANGE	No of Holders	% Holders	Units	% Units
1 - 1000	95,091	23.87	79,856,649	0.28
1001 - 5000	170,961	42.91	470,372,832	1.62
5001 - 10000	51,874	13.02	425,912,543	1.47
10001 - 50000	57,675	14.48	1,372,240,107	4.74
50001 - 100000	10,579	2.66	822,806,965	2.84
100001 - 500000	9,292	2.33	2,023,048,488	6.99
500001 - 1000000	1,417	0.36	1,057,520,202	3.65
1000001 - 5000000	1,089	0.27	2,262,404,399	7.81
5000001 - 10000000	174	0.04	1,277,602,619	4.41
10000001 - 50000000	171	0.04	3,334,898,129	11.51
50000001 - 100000000	27	0.01	1,899,806,566	6.56
100000001 - 28962585692	56	0.01	13,936,116,193	48.12
	398,406	**100.00**	**28,962,585,692**	**100.00**

Substantial Interest in Shares

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

7. Directors And Their Interests

Changes on the Board:

The following changes occurred on the Board of the Bank after the 32nd Annual General Meeting, which held on April 30, 2020:

(i) Otunba Seni Adetu, Independent Non-Executive Director retired from the Board on June 30, 2020.
(ii) Mr. Ernest Ebi, former Chairman/Non-Executive Director, retired from the Board on August 14, 2020.
(iii) Chief Charles Umolu, Non-Executive Director, retired from the Board on December 16, 2020.
(iv) Mr. Michael Okeke, Non-Executive Director, retired from the Board on December 18, 2020.
(v) Mr. Alex Ojukwu, Non-Executive Director, retired from the Board on December 31, 2020.
(vi) Mrs. Aku Odinkemelu, Executive Director, retired from the Board on December 31, 2020.

Report of directors

The Board uses this medium to place on record its sincere appreciation to Mr. Ernest Ebi MFR, Otunba Seni Adetu, Chief Charles Umolu, Mr. Michael Okeke, Mr. Alex Ojukwu, and Mrs. Aku Odinkemelu for their meritorious service to the Bank during their tenure on the Board.

In addition, Mr. Nnamdi Okonkwo, former Managing Director/Chief Executive Officer (MD/CEO) of the Bank retired from the Board on December 31, 2020, upon completion of his contract tenure. In compliance with the succession policy of the Bank, the Board approved the appointment of Mrs. Nneka Onyeali-Ikpe (former Executive Director, Lagos and South West), as the MD/CEO of the Bank and she assumed duties on January 1, 2021. The approval of the Central Bank of Nigeria was obtained for the appointment. The Board hereby expresses its deep and profound appreciation to Mr. Nnamdi Okonkwo for his significant contributions to the growth and development of the Bank during his tenure on the Board.

In compliance with the Board Succession Policy of the Bank, the following Directors were appointed to the Board after the 32nd Annual General Meeting:

(a) Mr. Mustafa Chike-Obi was appointed as a Non-Executive Director and Chairman of the Board of Directors with effect from August 15, 2020.
(b) Engr. Henry Ikem Obih was appointed as an Independent Non-Executive Director with effect from September 21, 2020.
(c) Mr. Kevin Ugwuoke was appointed as Executive Director, Chief Risk Officer with effect from July 28, 2020.
(d) Mrs. Amaka Onwughalu was appointed as a Non-Executive Director and her appointment was approved by the Central Bank on December 15, 2020.
(e) Mr. Nelson Nweke was appointed as a Non-Executive Director and his appointment was approved by the Central Bank on December 15, 2020.
(f) Mr. Chinedu Okeke was appointed as a Non-Executive Director and his appointment was approved by the Central Bank on January 4, 2021.
(g) Dr. Kenneth Opara was appointed as Executive Director, Lagos & South West and his appointment was approved by the Central Bank to take effect from January 1, 2021.

The appointments have been approved by the Central Bank of Nigeria and the new Directors will be presented for election by Shareholders at the 33rd 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 33rd Annual General Meeting are Pst. Kings Akuma and Mr. Chidi Agbapu. Being eligible, they have offered themselves for re-election and will be presented for re-election at the 33rd Annual General Meeting.

Report of directors

Directors and Their Interests

The Directors who held office during the year ended 31 December 2020 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 301 and 302 of the Companies and Allied Matters Act (CAMA), 2020 and the listing requirements of the Nigerian Stock Exchange (NSE) are as detailed below:

		As at December 31, 2020		As at December 31, 2019	
	DESIGNATION	**Direct**	**Indirect**	**Direct**	**Indirect**
Mr. Mustafa Chike-Obi	Chairman, Non-Executive Director	32,516,294	NIL	NIL	NIL
Alhaji Isa Inuwa	Independent Non-Executive Director	NIL	NIL	NIL	NIL
Pst. Kings C. Akuma	Non-Executive Director	1,149,675	NIL	1,149,675	NIL
Mr. Chidi Agbapu	Non-Executive Director	1,724,276	NIL	724,276	NIL
Engr. Henry Obih	Independent Non-Executive Director	NIL	NIL	NIL	NIL
Mrs. Nneka C. Onyeali-Ikpe	Executive Director	57,456,000	NIL	52,456,000	NIL
Mr. Gbolahan Joshua	Executive Director	49,800,000	NIL	41,176,471	NIL
Mr. Obaro Odeghe	Executive Director	43,176,471	NIL	41,176,471	NIL
Mr. Hassan Imam	Executive Director	41,176,471	NIL	41,176,471	NIL
Mr. Kevin Ugwuoke	Executive Director	39,112,811	NIL	NIL	NIL
Mrs. Amaka Onwughalu	Non-Executive Director	NIL	NIL	NIL	NIL
Mr. Nelson Nweke	Non-Executive Director	NIL	NIL	NIL	NIL
Mr. Ernest Ebi, MFR, FCIB*	Non-Executive Director/Chairman	6,125,163	NIL	8,755,163	NIL
Chief Charles C. Umolu *	Non-Executive Director	3,673,000	NIL	NIL	NIL
Mr. Michael E. Okeke *	Non-Executive Director	1,441,500	NIL	2,311,500	NIL
Mr. Alex C. Ojukwu *	Non-Executive Director	3,229,730	NIL	2,229,730	NIL
Otunba Seni Adetu *	Independent Non-Executive Director	NIL	NIL	NIL	NIL
Mr. Nnamdi Okonkwo*	Managing Director/CEO	104,750,000	NIL	102,000,000	NIL
Mrs. Chijioke Ugochukwu*	Executive Director	74,000,000	NIL	76,250,000	NIL
Mrs. Aku Odinkemelu*	Executive Director	44,958,500	NIL	44,958,500	NIL

Note: * These Directors completed their tenure and retired from the Board in 2020 as indicated in the preceding section.

Report of directors

Directors' Interests in Contracts

The Directors' interests in related party transactions as disclosed in **Note 38** to the financial statements and interests in contracts as detailed below were disclosed to the Board of Directors in compliance with Section 303 of the Companies and Allied Matters Act, 2020.

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.

Mr. Alex Ojukwu, Mr. Michael Okeke and Mrs. Chijioke Ugochukwu completed their tenure on the Board in the course of the 2020 financial year.

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 caliber 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.

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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 fixed pay (guaranteed cash) 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.

Report of directors

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

8. Events After Reporting Period

There were no significant events after the reporting period which could have had a material effect on the financial position of the Bank as at December 31, 2020 and on the profit and other comprehensive income for the year then ended, which have not been adequately provided for or disclosed.

9. Property, Plant And Equipment

Information relating to property, plant and equipment is given in **Note 25** to the financial statements. In the Directors' opinion, the fair value of the Bank's properties is not less than the carrying value shown in the financial statements.

Report of directors

10. Donations And Charitable Contributions

Donations and gifts to charitable organizations during the year ended December 31, 2020 amounted to N535,575,195.26 (2019 FY – N165,009,020.57). There were no donations to political organizations during the year. The beneficiaries were:

S/N	BENEFICIARY	DONATIONS	AMOUNT
1	COALITION AGAINST COVID-19	DONATION TO COALITION AGAINST COVID-19	250,000,000.00
2	SOKOTO STATE	DONATION TO SOKOTO STATE COVID-19 TRUST FUND.	10,000,000.00
3	BENUE STATE	DONATION TO BENUE STATE COVID-19 TRUST FUND.	5,000,000.00
4	ZAMFARA STATE	DONATION TO ZAMFARA STATE COVID-19 TRUST FUND	10,000,000.00
5	KANO STATE	DONATION TO KANO COVID-19 TRUST FUND	10,000,000.00
6	BORNU STATE	DONATION TO BORNU STATE COVID-19 TRUST FUND	5,000,000.00
7	YOBE STATE	DONATION TO YOBE STATE COVID-19 TRUST FUND	5,000,000.00
8	ANAMBARA STATE	DONATION OF 50-BED ISOLATION CENTER TO ANAMBRA STATE	60,000,000.00
9	TARABA STATE	DONATION TO TARABA STATE COVID-19 TRUST FUND	10,000,000.00
10	KASTINA STATE	DONATION TO KASTINA STATE COVID-19 TRUST FUND	10,000,000.00
11	JIGAWA STATE	DONATION TO JIGAWA COVID-19 TRUST FUND	5,000,000.00
12	PLATEAU STATE	DONATION TO PLATEAU STATE COVID-19 TRUST FUND	10,000,000.00
13	KEBBI STATE	DONATION TO BIRNIN-KEBBI COVID-19 TRUST FUND	5,000,000.00
14	NASARAWA STATE	DONATION TO NASARAWA STATE COVID-19 TRUST FUND	5,000,000.00
15	GOMBE STATE	DONATION TO GOMBE STATE COVID-19 TRUST FUND	10,000,000.00
16	ADAMAWA STATE	DONATION TO ADAMAWA STATE COVID-19 TRUST FUND	10,000,000.00
17	LASGIDIS RECYCLERS, IBEJU KEKKI, LAGOS	CLEAN UP OF ADMIRALTY WAY	500,000
18	SOKOTO STATE UNIVERSITY	FIDELITY YOUTH EMPOWEMENT ACADEMY YEA7	15,000,000.00
19	CENTRE FOR SOCIAL AWARENESS, ADVOCACY AND ETHICS (CSAAE), OWERRI	SPONSORSHIP OF IMO WOMEN INTERNATIONAL DAY	500,000.00
20	UNIVERSITY OF PORT HARCOURT TEACHING HOSPITAL, PORT-HARCOURT	RENOVATION OF EXISTING FACILITY IN THE DEPARTMENT OF OBSTETRICS AND GYNAECOLOGY	2,000,000.00
21	MCNET CONCEPT INTERNATIONAL, ANAMBRA	SUPPORT FOR EDUCATION ICON AWARD NIGERIA (EIAN)	1,000,000.00
22	GIFTED STEPPERS DANCE ACADEMY, IKORODU, LAGOS	FINANCIAL SUPPORT AND DONATION OF SKILL ACQUISITION MATERIALS TO THE GIFTED STEPPERS	2,000,000.00

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23	MAKING ORUMBA GREAT AGAIN (MOGA), ANAMBRA	SPONSORSHIP OF MOGA WEEK 2020 (SIT TO READ, RISE TO LEAD)	1,000,000.00
24	CHARTERED INSTITUTE OF ARBITRATORS, NIGERIA (CIAN)	GOLD SPONSORSHIP OF THE CHARTERED INSTITUTE OF ARBITRATORS, NIGERIA 2020 ANNUAL CONFERENCE	2,000,000.00
25	THE INTERNATIONAL AWARD FOR YOUNG PEOPLE , NIGERIA	SPONSORSHIP OF THE INTERNATIONAL AWARD FOR YOUNG PEOPLE, NIGERIA	10,000,000.00
26	SICKLE CELL ADVOCACY AND MANAGEMENT INITIATIVE (SAMI)	SPONSORSHIP OF POSITIVE AND WELLNESS SUMMIT, 2020/COVID RESPONSE	500,000.00
27	LIVING FOUNTAIN ORPHANAGE HOME, LAGOS	FINANCIAL DONATION TO LIVING FOUNTAIN ORPHANAGE HOME	5,000,000.00
28	IBUDUN IGHODALO FOUNDATION	SUPPORT TO IBIDUN IGHODALO FOUNDATION	1,000,000.00
29	ANAMBRA STATE GOVERNMENT	ADOPTION AND GROUND RENT FEE OF THE DENNIS MEMORIAL GRAMMAR SCHOOL (DMGS) GARDEN ONITSHA	4,110,000
30	ANAMBRA STATE GOVERNMENT	REHABILITATION AND BRANDING OF THE DENNIS MEMORIAL GRAMMAR SCHOOL (DMGS) ROUNDABOUT, ONITSHA	11,193,595
31	KIOSQUE VEGETAL, LAGOS	ANNUAL CHRISTMAS DECORATION OF FALOMO ROUND ABOUT	8,421,875.00
32	SACRED HEART COLLEGE, IBADAN	RENOVATION OF SANITARY FACILITY	3,127,638.48
33	LIVING FOUNTAIN ORPHANAGE HOME, LAGOS	DONATION OF ESSENTIAL MATERIALS	250,000.00
34	NATIONAL PRIMARY SCHOOL, LAGOS	RENOVATION OF SICKBAY / DONATION OF LAPTOPS TO ICT LABORATORY	2,230,000.00
35	SOUGHT-AFTER ORPHANAGE HOME, AJAH, LAGOS	DONATION OF ESSENTIAL MATERIALS	350,000.00
36	E-BANKING DIVISION IN PARTNERSHIP WITH SICKLE CELL AID FOUNDTION (SCAF)	DONATION OF ESSENTIAL MATERIAL TO INDIVIDUALS LIVING WITH SICKLE CELL DISEASE IN NIGERIA	3,832,500.00
37	IDPs IN KONA COMMUNITY, JALINGO, TARABA	MEDICAL OUTREACH	13,706,000.00
38	GANJUWA LOCAL GOVERMENT AREA , BAUCHI STATE	RENOVATION OF THE GENERAL HOSPITAL IN KAFIN MADAK CITY	7,079,520.00
39	PERCULIA SAINTS OPHANAGE HOME, LAGOS	DONATION OF ESSENTIAL MATERIALS	380,000.00
40	GOODNEWS HUMANITARIAN FOUNDATION, AWKA IBOM	REFURBISHING AND EQUIPPING OF ICT CENTRE	2,000,000.00
41	JEWEL CARE FOUNDATION	MEDICAL OUTREACH	8,201,000.00
42	VIGILANT HEART CHARITABLE SOCIETY ORPHANAGE HOME, LAGOS	PROVISION OF ESSENTIAL ITEMS	800,000.00
43	COLLEGE OF MEDICINE UNIVERSITY OF LAGOS	RENOVATION OF SANITARY FACILITY	4,016,002.78
44	COMMUNITY SECONDARY SCHOOL , AGOBI IWOLLO, ENUGU	RENOVATION OF CLASSROOM BLOCKS AND SANITARY FACILITY	4,408,000.00

Report of directors

45	COMMAND SECONDARY SCHOOL, EDE, OSUN STATE	PROVISION OF SCHOOL CHAIRS AND TABLES	969,064.00
		TOTAL	**535,575,195.26**

11. Gender Analysis as at December 31, 2020

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 2020 is shown below:

Gender Analysis of Total Staff As At 31 December 2020

	31 December 2020		31 December 2019	
Gender	Number of Staff	Percentage of Total Staff	Number of Staff	Percentage of Total Staff
Female	1336	45%	1268	45%
Male	1609	55%	1536	55%
Total	**2945**	**100%**	**2804**	**100%**

Gender Analysis of Executive Management As At 31 December 2020

	31 December 2020		31 December 2019	
Gender	Number	Percentage of Total Staff	Number	Percentage of Total Staff
Female	2	29%	3	43%
Male	5	71%	4	57%
Total	**7**	**100%**	**7**	**100%**

Gender Analysis of Top Management (AGM-GM) As At 31 December 2020

Grade	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
General Manager	5	1	6	6	-	6
Deputy General Manager	7	2	9	9	2	11
Assistant General Manager	18	5	23	17	3	20
Total	30	8	38	32	5	37
Percentage (%)	**79%**	**21%**	**100%**	**84%**	**16%**	**100%**

Report of directors

Gender Analysis of The Board Of Directors As At 31 December 2020						
Grade	31 December 2020			31 December 2019		
	Male	Female	Total	Male	Female	Total
Executive Director	**4**	**2**	**6**	2	3	5
Deputy Managing Director	**-**	**-**	**-**	1	-	1
Managing Director	**1**	**-**	**1**	1	-	1
Non-Executive Director	**7**	**1**	**8**	7	-	7
Total	**12**	**3**	**15**	11	3	14
Percentage (%)	**80%**	**20%**	**100%**	**73%**	**27%**	**100%**

12. **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 five (5) physically challenged persons and ensures that the work environment is accessible and conducive for them.

13. **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 3,265 hospitals across the country. The scheme covers each staff, his/her spouse and four biological/adopted children.

The Bank also has an International Health Insurance Scheme, which provides staff with a personal health insurance plan and emergency medical evacuation support.
These healthcare facilities are actively enhanced with health screening exercises that in recent years, included mammograms, prostate screening, eye screening, cardiovascular and tuberculosis screening and immunization for cerebrospinal meningitis and Hepatitis B.

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

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

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

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14. Staff health and the COVID-19 Pandemic

More recently, health awareness programmes have focused on preventing the spread of the Corona Virus. The Bank has adopted several measures to ensure that Staff and other Stakeholders are protected from the Coronavirus. These include implementation of 50% onsite and remote work, regular advisories on safety measures to prevent the spread of the virus, ensuring proper conduct of Staff while at work, and limiting gatherings to ensure proper social distancing.

Some of the steps taken to ensure that staff, customers and stakeholders visiting the Bank's premises are protected include:

(a) 50% staff physical attendance at the Bank's offices on a two-week rotational basis and ensuring compliance through the digital duty roster.
(b) Installation and use of contactless hand sanitizers at the Bank's buildings and Automated Teller Machines (ATMs).
(c) Use of contactless thermometers to confirm the temperature of everyone entering the Bank's premises and buildings;
(d) Regular supply of personal protective equipment including facemasks and hand sanitizers to staff members.
(e) Strategically placed notices and signs around the Bank's premises to serve as constant reminders on the importance of practicing the safety tips recommended by the health authorities, to prevent the spread of the virus.
(f) Regular communication to staff and stakeholders on the dangers of the virus through emails, screensavers and notices at the Bank's ATMs.
(g) Redesigning customers' waiting areas in the Branches to comply with social distancing requirements.
(h) Staff with existing health conditions, including pregnant women and nursing mothers were directed to work remotely until further notice;
(i) Introduction of teleconsulting with doctors to enable staff members receive medical attention without physical hospital visits.

15. 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 business activities or relationships that violate the provisions 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.

16. Employee Involvement and Training

The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made on achieving it. 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 including regular virtual town hall meetings hosted by the MD/CEO.

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

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

Report of directors

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 967 staff members (885 core staff and 82 non-core), participated in various training programs in H1 2020, while 3,541 (1,667 core staff and 1,874 non-core) participated in H2 2020.

17. **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. In 2020, Fidelity Bank Plc was assigned the credit ratings below by the following rating agencies:

Fitch Ratings	Long-Term = B- Short-Term =B Outlook = Stable
Standard & Poor's (S&P)	Short Term = B Long Term = B- Outlook = Stable
Global Credit Rating Co (GCR)	Short Term= A2 Long Term = A- Outlook = Stable

Fitch Ratings	**Long-Term = B-** **Short-Term =B** **Outlook = Stable**
Standards & Poor (S&P)	**Short Term = B** **Long Term = B-** **Outlook = Stable**
Global Credit Rating Co (GCR)	**Short Term= A2** **Long Term = A-** **Outlook = Stable**

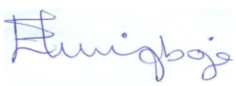
Additional information on the ratings can be obtained from the Bank's website at https://www.fidelitybank.ng/investor-relations/credit-ratings/

Report of directors

18. **External Auditors**

The External Auditor, Ernst & Young (whose appointment was approved by Shareholders at the Annual General Meeting of May 5, 2011), will complete its tenure on May 4, 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, the approval of the Central Bank of Nigeria, has been obtained for the appointment of a new External Auditor (Deloitte & Touche) for the Bank upon expiration of the current External Auditor's tenure. The firm will be presented for the approval of Shareholders at the 33rd Annual General Meeting in accordance with Section 401(1) of the Companies and Allied Matters Act, 2020.



Ezinwa Unuigboje
Company Secretary
FRC/2014/NBA/0000000957
Fidelity Bank Plc
No. 2 Kofo Abayomi Street Victoria
Island
Lagos.

15 March, 2021

Statement of corporate responsibility for the financial statements

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

I. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statement misleading.

II. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and result of operation of the bank as of and for the period ended December 31, 2020.

III. The bank’s internal Controls has been designed to ensure that all material information relating to the bank has been provided to the Auditors in the course of the Audit.

IV. The bank’s internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2020,

V. That we have disclosed to the bank’s Auditors and the Audit Committee that there are no significant deficiencies in the design or operation of the bank’s internal controls which could adversely affect the bank’s ability to record, process, summaries and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit ; And that there is no fraud involving management or other employees which could have any significant role in the bank’s internal control.

VI. There is no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Date: 15 March 2021

Victor Abejegah	Nneka Onyeali-Ikpe
Chief Financial Officer	Managing Director/CEO
FRC/2013/ICAN/00000001733	FRC/2017/NBA/00000016998

Statement of directors' responsibilities in relation to the preparation of the financial statements

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act (CAMA), 2020, Sections 24 and 28 of the Banks and Other Financial Institutions Act (BOFIA), 2020, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Bank, and of the financial performance for the year. The responsibilities include ensuring that:

a) Appropriate internal controls are established 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 (CAMA), 2020 , Banks and Other Financial Institutions Act (BOFIA), 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria.

c) The Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

d) It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), the requirements of the Companies and Allied Matters Act (CAMA), 2020 , Banks and Other Financial Institutions Act (BOFIA), 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

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

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: 15 March 2021

Director

Director

Report of the Statutory Audit Committee

For The Year Ended 31 December 2020

To The Members of Fidelity Bank Plc

In compliance with Section 404(7) of the Companies and Allied Matters Act, 2020, we the members of the Statutory Audit Committee hereby report that we:

- Reviewed the scope and planning of the audit requirements and found them adequate.
- Reviewed the financial statements for the year ended 31 December 2020 and are satisfied with the explanations obtained.
- Reviewed the External Auditors Management Report for the year ended 31 December 2020 and are satisfied that Management is taking appropriate steps to address the issues raised.
- Ascertained that the Company 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 2020 in accordance with the prescribed CBN format.
- Ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2020 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 15, 2021

MEMBERS OF THE COMMITTEE

1) Chief. Frank Onwu	- Chairman (Shareholder)
2) Dr. Christian Nwinia	- Member (Shareholder)
3) Mr. Innocent Mmuoh	- Member (Shareholder)
4) Pst. Kings Akuma	- Member (Director)
5) Mr. Nelson Nweke	- Member (Director)

In Attendance:
Mrs. Ezinwa Unuigboje - Company Secretary

Corporate governance report

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 is the foundation on which we manage risk and build the trust of all our stakeholders.

The Bank's governance framework is designed to ensure on-going compliance with its internal policies, applicable laws and regulations as well as the corporate governance codes. These include the Financial Reporting Council of Nigeria's Code of Corporate Governance ("the NCCG Code"), the Central Bank of Nigeria's (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code"), the Securities & Exchange Commission's Code of Corporate Governance ("the SEC Code"), the Post-Listing Requirements and Rules issued from time to time by the Nigerian Stock Exchange (NSE).

The Bank undertakes frequent internal assessment of its level of 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.

Corporate governance report

KEY GOVERNANCE DEVELOPMENTS:

(1) Board Changes:

The following changes occurred on the Board after the 32nd Annual General Meeting on April 30, 2020.

(i) Management Transition:

2020 was a year of management transition for the Bank. Mr. Nnamdi Okonkwo, the former Managing Director/Chief Executive Officer (MD/CEO) of the Bank retired from the Board with effect from December 31, 2020, upon completion of his contract tenure. In compliance with the succession policy of the Bank, the Board approved the appointment of Mrs. Nneka Onyeali-Ikpe, as the MD/CEO of the Bank and she assumed duties on January 1, 2021. The approval of the Central Bank of Nigeria was obtained for the appointment.

(ii) Retirements from the Board:

The following Directors completed their tenure in accordance with the Bank's policies and retired from the Board as indicated below:

(a) Mr. Ernest Ebi, Chairman/Non-Executive Director, retired from the Board on August 14, 2020.
(b) Otunba Seni Adetu, Independent Non-Executive Director retired from the Board on June 30, 2020.
(c) Chief Charles Umolu, Non-Executive Director, retired from the Board on December 16, 2020.
(d) Mr. Michael Okeke, Non-Executive Director, retired from the Board on December 18, 2020.
(e) Mr. Alex Ojukwu, Non-Executive Director, retired from the Board on December 31, 2020.
(f) Mrs. Aku Odinkemelu, Executive Director, retired from the Board on December 31, 2020.

(iii) Board Appointments:

In line with the succession policy of the Bank, the following Directors were appointed to the Board:

(a) Mr. Mustafa Chike-Obi was appointed as a Non-Executive Director and Chairman of the Board of Directors on June 15, 2020 and approved by the Central Bank of Nigeria on July 2, 2020 to take effect from August 15, 2020.
(b) Engr. Henry Obih was appointed as an Independent Non-Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on September 21, 2020.
(c) Mrs. Amaka Onwughalu was appointed as a Non-Executive Director on October 30, 2020 and approved by the Central Bank of Nigeria on December 15, 2020.
(d) Mr. Nelson Nweke was appointed as a Non-Executive Director on November 20, 2020 and approved by the Central Bank of Nigeria on December 15, 2020.
(e) Mr. Chinedu Okeke was appointed as a Non-Executive Director on December 16, 2020 and approved by the Central Bank of Nigeria on January 4, 2021.
(f) Mr. Kevin Ugwuoke was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on July 28, 2020.
(g) Dr. Kenneth Opara was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on August 24, 2020, to take effect from January 1, 2021.

The Directors will be presented for election at the 33rd Annual General Meeting.

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

The Financial Reporting Council of Nigeria (FRCN) formally issued the Nigerian Code of Corporate Governance (NCCG) 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 Code. In 2020, the FRCN issued the prescribed template for regulatory reporting on the Code and the Bank will ensure submission of the requisite returns through the Nigerian Stock Exchange on or before March 31, 2021.

Corporate governance report

(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.

Further to the provisions of the Companies and Allied Matters Act, 2020, the Bank has commenced the process of appointing a third Independent Non-Executive Director.

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

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

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

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

The Directors bring to the Board their diverse experience in several fields ranging from business, corporate finance, accounting, management, banking operations, oil & gas, risk management, engineering, 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 and succession planning. The Directors are also responsible for the integrity of the financial statements.

Corporate governance report

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 briefed on business developments between Board meetings. The Board met seventeen (17) times during the year ended 31 December 2020.

Details of the Directors who served on the Board during the year ended 31 December 2020 are indicated below:

NO	NAME OF DIRECTOR	DESIGNATION	REMARKS
1	Mr. Mustafa Chike-Obi	Chairman/Non-Executive Director	N/A
2	Mr. Chidi Agbapu	Non-Executive Director	N/A
3	Pst. Kings Akuma	Non-Executive Director	N/A
4	Alhaji Isa Inuwa	Independent Non-Executive Director	N/A
5	Engr. Henry Obih	Independent Non-Executive Director	N/A
6	Mrs. Nneka Onyeali-Ikpe	Executive Director	N/A
7	Mr. Gbolahan Joshua	Executive Director	N/A
8	Mr. Obaro Odeghe	Executive Director	N/A
9	Mr. Hassan Imam	Executive Director	N/A
10	Mr. Kevin Ugwuoke	Executive director	N/A
11	Mrs. Amaka Onwughalu	Non-Executive Director	Appointed on December 15, 2020; Attendance at meetings commenced in January 2021
12	Mr. Nelson Nweke	Non-Executive Director	Appointed on December 15, 2020; Attendance at meetings commenced in January 2021
13	Mr. Ernest Ebi	Chairman/Non-Executive Director	Retired on August 14, 2020
14	Otunba Seni Adetu	Independent Non-Executive Director	Retired on June 30, 2020
15	Mr. Alex Ojukwu	Non-Executive Director	Retired on December 31, 2020
16	Mr. Michael Okeke	Non-Executive Director	Retired on December 18, 2020
17	Chief Charles Umolu	Non-Executive Director	Retired on December 16, 2020
18	Mr. Nnamdi Okonkwo	Managing Director/CEO	Retired on December 31, 2020
19	Mrs. Chijioke Ugochukwu	Executive Director	Retired on March 31, 2020
20	Mrs. Aku Odinkemelu	Executive Director	Retired on December 31, 2020

Corporate governance report

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 appointment process is transparent and involves external consultants who carry out an independent evaluation of all nominees as part of the selection process. The importance of achieving the right balance of skills, experience and diversity is also taken into consideration in making Board appointments.

In keeping with the succession planning policy for the Board, five (5) Non-Executive Directors were appointed to the Board after the 32nd Annual General Meeting, specifically a new Chairman, three (3) Non-Executive Directors and one (1) Independent Non-Executive Director. The Board also appointed a new MD/CEO for the Bank sequel to the retirement of the incumbent and reinvigorated the Management Team with the appointment of two (2) new Executive Directors. All the appointments have been approved by the Central Bank and the new Directors will be presented for election at the 33rd Annual General Meeting.

In accordance with the provisions of Article 95(1) (a) of the Articles of Association of the Bank, the Directors to retire by rotation are Pst. Kings Akuma and Mr. Chidi Agbapu. The retiring Directors, being eligible, have offered themselves for reelection at the 33rd Annual General Meeting. The Board is of the firm conviction that the said Directors would continue to add value to the Board and 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 Framework, 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.

Corporate governance report

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 OF DIRECTOR
1	Senior Management Masterclass	Center for Value and Leadership	February 18-21, 2020	Mr. Kevin Ugwuoke
2	AML/CFT for Top Management	IBFC Alliance	February 22, 2020	Mr. Kevin Ugwuoke
3	Oxford Diploma in Organisational Leadership	Oxford SAID Business School	February 19, 2020. (Ongoing)	Mrs. Nneka Onyeali-Ikpe
4	The Global CEO Program- A Transformational Journey	IESE Business School, Shanghai, China	June 8-12, 2020	Mr. Nnamdi Okonkwo
5	The Board's Responsibility in relation to the Internal Capital Adequacy Assessment Process (ICAAP)	In-House Training by the ED CRO	July 27, 2020	Mr. Ernest Ebi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Mr. Nnamdi Okonkwo Mrs. Nneka Onyeali-Ikpe Mrs. Aku Odinkemelu Mr. Gbolahan Joshua Mr. Obaro Odeghe Mr. Hassan Imam Mr. Kevin Ugwuoke
6	Effective Course Oversight: Cybersecurity and Risk Management in the New Normal	FITC, Lagos	August 27 - 28, 2020	Mr. Mustafa Chike-Obi Mrs. Aku Odinkemelu Mrs. Nneka Onyeali-Ikpe Mr. Kevin Ugwuoke Mr. Alex Ojukwu Mr. Gbolahan Joshua Mr. Chidi Agbapu Pst. Kings Akuma Mr. Michael Okeke Mr. Obaro Odeghe
7	Strategic Agility for Turbulent Times	Harvard Business School	September 10-24, 2020	Mr. Alex Ojukwu
8	Executing Strategy For Results	London Business School	October 18 – 23, 2020	Mr. Obaro Odeghe
9	Corporate Governance: Effectiveness and Accountability in the Boardroom	Kellogg, Northwestern University	November 2-13, 2020	Chief Charles Umolu Mr. Michael Okeke
10	Effective Decision-Making – Thinking Critically and Rationally	Wharton, University of Pennsylvania	November 9-13, 2020	Pst Kings Akuma Mr. Kevin Ugwuoke Engr. Henry Obih Mr. Chidi Agbapu

Corporate governance report

11	Continuous Education Programme for Directors of Banks and Other Financial Institutions	CBN-FITC	November 12-13, 2020	Mr. Henry Obih Engr. Obaro Odeghe Mr. Alex Ojukwu Mr. Gbolahan Joshua Alhaji Isa Inuwa Mr. Chidi Agbapu Pst. Kings Akuma Mr. Michael Okeke
12	Improving Board Effectiveness	KPMG	November 21, 2020	Mr. Mustafa Chike-Obi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mr. Nnamdi Okonkwo Mrs. Nneka Onyeali-Ikpe Mrs. Aku Odinkemelu Mr. Gbolahan Joshua Mr. Obaro Odeghe Mr. Hassan Imam Mr. Kevin Ugwuoke
13	Women working for Change Summit	Women Working For Change	November 24, 2020	Mrs. Nneka Onyeali-Ikpe
14	Induction for New Directors	In-House	November 24-25, 2020	Mr. Mustafa Chike-Obi Alhaji Isa Inuwa Engr. Henry Obih Mr. Obaro Odeghe Mr. Gbolahan Joshua Mr. Hassan Imam Mr. Kevin Ugwuoke
15	Annual AML/CFT/Sustainability Banking Training	IBFC Alliance	November 26, 2020	Mr. Mustafa Chike-Obi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mr. Nnamdi Okonkwo Mrs. Nneka Onyeali-Ikpe Mrs. Aku Odinkemelu Mr. Gbolahan Joshua Mr. Obaro Odeghe Mr. Hassan Imam Mr. Kevin Ugwuoke

Corporate governance report

16	Review of the Nigerian Code of Corporate Governance (NCCG) 2018 issued by the Financial Reporting Council of Nigeria	KPMG	November 26, 2020	Mr. Mustafa Chike-Obi Mr. Alex Ojukwu Mr. Michael Okeke Chief Charles Umolu Pst. Kings Akuma Mr. Chidi Agbapu Alhaji Isa Inuwa Engr. Henry Obih Mr. Nnamdi Okonkwo Mrs. Nneka Onyeali-Ikpe Mrs. Aku Odinkemelu Mr. Gbolahan Joshua Mr. Obaro Odeghe Mr. Hassan Imam Mr. Kevin Ugwuoke
17	Virtual And Physical C-Suite Communication, Presentation And Media Coaching Training For The New MD/CEO Designate	Bronwyn Nielson	December 1, 2020	Mrs. Nneka Onyeali-Ikpe
18	Leading Digital Transformation and Innovation	INSEAD	December 7 – 11, 2020	Mr. Gbolahan Joshua
19	Driving Growth Through Strategic Partnerships	Wharton, University of Pennsylvania	December 14-18, 2020	Mrs. Aku Odinkemelu

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; Corporate Strategy
2	PricewaterhouseCoopers	Business Process Re- engineering
3	Deloitte & Touche	Board Consultancy Services

Corporate governance report

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, focusingonstrategy,corporateculture, monitoring,evaluation,performanceandstewardship. 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 controlsystems.
(d) Communicating standards of ethical organizational behaviour by setting the tone at the top.

The independent consultant's report on the Board appraisal is presented to Shareholders at the Annual General Meeting in each year and 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, it is periodically updated to reflect contemporary issues that may arise, which may be of interest to the Bank in particular and the finance industry or national/global economies. The Board meets quarterly or as the need arises.

(B). **BOARD COMMITTEES**

The responsibilities of the Board are further accomplished through 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.

Corporate governance report

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.

Composition of Board Committees as at December 31, 2020:

S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
1	**Board Finance & General Purpose Committee**	Mr. Chidi Agbapu	Chairman (Independent)
		Pst. Kings Akuma	Non-Executive
		Mr. Ezechukwu Okeke	Non-Executive
		Chief Charles Umolu	Non-Executive
		Engr. Henry Obih	Independent Non-Executive Director
2	**Board Corporate Governance Committee:**	Pst. Kings Akuma	Chairman
		Mr. Ezechukwu Okeke	Non-Executive
		Engr. Henry Obih	Independent Non-Executive
		Mr. Alex Ojukwu	Non-Executive
		Chief Charles Umolu	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
		Alhaji Isa Inuwa	Independent Non-Executive
3	**Board Risk Committee:**	Mr. Alex Ojukwu	Chairman
		Chief Charles Umolu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Ezechukwu Okeke	Non-Executive
		Engr. Henry Obih	Independent Non-Executive
		Mr. Chidi Agbapu	Non-Executive
		Alhaji Isa Inuwa	Independent Non-Executive
		Mr. Nnamdi Okonkwo	Managing Director/CEO

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4	**Board Audit Committee:**	Alhaji Isa Inuwa	Chairman (Independent)
		Engr. Henry Obih	Independent Non-Executive
		Mr. Alex Ojukwu	Non-Executive
		Mr Charles Umolu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Ezechukwu Okeke	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
5	**Board Credit Committee:**	Chief Charles Umolu	Chairman
		Engr. Henry Obih	Independent Non-Executive
		Mr. Alex Ojukwu	Non-Executive
		Pst. Kings Akuma	Non-Executive
		Mr. Chidi Agbapu	Non-Executive
		Alhaji Isa Inuwa	Independent Non-Executive
		Mr. Nnamdi Okonkwo	Managing Director

Composition of Board Committees with effect from January 1, 2021:

S/N	COMMITTEE	MEMBERSHIP	DESIGNATION
1	**Board Finance & General Purpose Committee (FGPC)**	Mr. Chidi Agbapu	Chairman, Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Mr. Nelson Nweke	Non-Executive Director
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
2	**Board Corporate Governance Committee (BCGC):**	Engr. Henry Obih	Chairman, Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Nelson Nweke	Non-Executive Director

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3	**Board Risk Committee (BRC):**	Mrs. Amaka Onwughalu	Chair, Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive Director
		Pst. Kings Akuma	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO
4	**Board Audit Committee (BAC):**	Alhaji Isa Inuwa	Chairman, Independent Non-Executive Director
		Pst. Kings Akuma	Non-Executive Director
		Mr. Nelson Nweke	Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
5	**Board Credit Committee (BCC):**	Pst. Kings Akuma	Chairman, Non-Executive Director
		Alhaji Isa Inuwa	Independent Non-Executive Director
		Mr. Chidi Agbapu	Non-Executive Director
		Engr. Henry Obih	Independent Non-Executive
		Mrs. Amaka Onwughalu	Non-Executive Director
		Mr. Chinedu Okeke	Non-Executive Director
		Mrs. Nneka Onyeali-Ikpe	Managing Director/CEO

(i). **Board Credit Committee:**

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

(a) Exercising all Board assigned responsibilities on credit related issues.
(b) Review and recommend credit policy changes to the 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.

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(ii). **Board Risk Committee:**

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

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

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

(iii). **Board Audit Committee:**

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

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

(iv). **Board Corporate Governance Committee:**

The Board Corporate Governance Committee comprises a minimum of four (4) Non- Executive Directors (including an Independent Director who chairs the Committee in line with leading practice). The Managing Director (and in her absence, an Executive Director nominated by her) is required to attend the Committee's meetings. The Committee has oversight responsibility for issues relating to the Bank's Corporate Governance Framework. 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.

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(v). **Board Finance & General Purpose Committee:**

The Board Finance & General Purpose Committee has oversight responsibility for issues relating to the Bank's budgetary process, procurements and strategic planning. The Committee is 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 and Meeting Dates in 2020:

Records of the Directors' attendance at meetings during the year ended December 31, 2020 are provided below:

SN	NAME	FULL BOARD	BOARD CREDIT COMMITTEE (BCC)	BOARD AUDIT COMMITTEE (BAC)	BOARD RISK COMMITTEE (BRC)	BOARD CORPORATE GOVERNANCE COMMITTEE (BCGC)	BOARD FINANCE & GENERAL PURPOSE COMMITTEE (BF&GPC)
TOTAL NUMBER OF MEETINGS		**16**	**19**	**11**	**11**	**29**	**12**
1	Mr. Mustafa Chike-Obi (A1)	5	N/A	N/A	N/A	N/A	N/A
2	Pst. Kings Akuma	16	19	11	11	29	12
3	Mr. Chidi Agbapu	16	19	11	11	29	12
4	Alhaji Isa Inuwa	16	11	11	11	29	N/A
5	Engr. Henry Obih (A2)	3	1	1	N/A	2	2
6	Mrs. Amaka Onwughalu (A3)	N/A	N/A	N/A	N/A	N/A	N/A
7	Mr. Nelson Nweke (A4)	N/A	N/A	N/A	N/A	N/A	N/A
8	Mr. Chinedu Okeke (A5)	N/A	N/A	N/A	N/A	N/A	N/A
9	Mrs. Nneka Onyeali-Ikpe	16	N/A	N/A	N/A	N/A	N/A
10	Mr. Gbolahan Joshua	16	N/A	N/A	N/A	N/A	N/A
11	Mr. Obaro Odeghe	16	N/A	N/A	N/A	N/A	N/A
12	Mr. Hassan Imam	16	N/A	N/A	N/A	N/A	N/A
13	Mr. Kevin Ugwuoke (A6)	8	N/A	N/A	N/A	N/A	N/A

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14	Dr. Kenneth Opara (A7)	N/A	N/A	N/A	N/A	N/A	N/A
15	Mr. Ernest Ebi (B1)	12	N/A	N/A	N/A	N/A	N/A
16	Otunba Seni Adetu (B2)	8	12	6	7	18	6
17	Chief Charles Umolu (B3)	16	19	11	11	29	12
18	Mr. Michael Okeke (B4)	16	NA	11	11	29	12
19	Mr. Alex Ojukwu (B5)	16	19	11	11	29	N/A
20	Mr. Nnamdi Okonkwo (B6)	16	19	N/A	11	N/A	N/A
21	Mrs. Chijioke Ugochukwu (B7)	2	N/A	N/A	N/A	N/A	N/A
22	Mrs. Aku Odinkemelu (B8)	16	N/A	N/A	N/A	N/A	N/A

NOTES

N/A - Not Applicable.

A1 - Mr. Mustafa Chike-Obi was appointed as a Non-Executive Director and Chairman of the Board of Directors with effect from August 15, 2020.

A2 - Engr. Henry Obih was appointed as an Independent Non-Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on September 21, 2020.

A3 - Mrs. Amaka Onwughalu was appointed as a Non-Executive Director on October 30, 2020 and approved by the Central Bank of Nigeria on December 15, 2020.

A4 - Mr. Nelson Nweke was appointed as a Non-Executive Director on November 20, 2020 and approved by the Central Bank of Nigeria on December 15, 2020.

A5 - Mr. Chinedu Okeke was appointed as a Non-Executive Director on December 16, 2020 and approved by the Central Bank of Nigeria on January 4, 2021.

A6 - Mr. Kevin Ugwuoke was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on July 28, 2020.

A7 - Dr. Kenneth Opara was appointed as an Executive Director on June 29, 2020 and approved by the Central Bank of Nigeria on August 24, 2020, to take effect from January 1, 2021.

B1 - Mr. Ernest Ebi retired from the Board on August 14, 2020.

B2 - Otunba Seni Adetu retired from the Board on June 30, 2020.

B3 - Chief Charles Umolu retired from the Board on December 16, 2020.

B4 - Mr. Michael Okeke retired from the Board on December 18, 2020.

B5 - Mr. Alex Ojukwu retired from the Board on December 31, 2020.

B6 - Mr. Nnamdi Okonkwo retired from the Board on December 31, 2020

B7 - Mrs. Chijioke Ugochukwu retired from the Board on March 31, 2020.

B8 - Mrs. Aku Odinkemelu retired from the Board on December 31, 2020.

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Dates of Board and Board Committee meetings in 2020:

Board (16)	**Board Risk Committee (11)**	**Board Audit Committee (11)**	**Board Finance & General Purpose Committee (12)**	**Board Credit Committee (19)**	**Board Corporate Governance Committee (29)**
7-Feb-20	27-Jan-20	30-Jan-20	27-Jan-20	29-Jan-20	30-Jan-20
2-Mar-20	28-Feb-20	2-Mar-20	2-Mar-20	24-Feb-20	6-Feb-20
17-Apr-20	14-Apr-20	17-Apr-20	5-Mar-20	27-Feb-20	18-Feb-20
24-Apr-20	21-Apr-20	23-Apr-20	24-Mar-20	25-Mar-20	2-Mar-20
30-Apr-20	6-May-20	19-May-20	15-Apr-20	16-Apr-20	5-Mar-20
7-May-20	19-May-20	21-May-20	30-Jun-20	20-Apr-20	26-Mar-20
25-Jun-20	27-May-20	3-Aug-20	28-Jun-20	6-May-20	15-Apr-20
29-Jun-20	27-Jul-20	13-Aug-20	13-Aug-20	19-Jun-20	22-Apr-20 29-Apr-20 22-May-20
4-Aug-20	25-Sep-20	15-Oct-20	21-Sep-20	20-Jun-20	5-Jun-20 9-Jun-20
7-Aug-20	12-Oct-20	20-Oct-20	13-Oct-20	22-Jun-20	11-Jun-20 17-Jun-20
13-Aug-20	19-Oct-20	7-Dec-20	10-Nov-20	26-Jun-20 30-Jun-20	18-Jun-20 24-Jun-20
13-Aug-20			9-Dec-20	17-Jul-20 29-Jul-20	30-Jun-20 15-Jul-20
16-Sep-20				26-Aug-20	5-Aug-20 12-Aug-20
30-Oct-20				8-Sep-20	19-Aug-20 20-Aug-20
21-Nov-20				14-Oct-20	9-Sep-20 14-Sep-20 23-Sep-20
16-Dec-20				28-Oct-20 8-Dec-20	13-Oct-20 19-Oct-20 20-Nov-20 9-Dec-20

(C). STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee was established in compliance with Section 404(3) of the Companies and Allied Matters Act, 2020. In 2020, the Committee had six (6) members and membership was split between three (3) members of the Board and three (3) members nominated by Shareholders at the 32nd Annual General Meeting. However, in line with the amendment introduced by the Companies and Allied Matters Act of 2020, the Committee is presently comprised of five (5) members, three (3) shareholders appointed at the Annual General Meeting and two (2) Directors. The Committee's primary responsibilities include:

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

Membership and attendance at the Statutory Audit Committee meetings during the year ended 31 December 2020 is as indicated below:

S/N	NAME	DESIGNATION	Mar 2	Mar 26	Apr 17	Aug 6	Aug 13	Oct 15	Dec 7	NUMBER OF MEETINGS	NUMBER ATTENDED
1	Chief Frank Onwu	Chairman/ Shareholder Representative	√	√	√	√	√	√	√	7	7
2	Dr. Christian Nwinia	Shareholder Representative	√	√	√	√	√	√	√	7	7
3	Mr. Innocent Mmuoh	Shareholder Rep.	√	√	√	√	√	√	√	7	7
4	Mr. Michael Okeke	Non-Executive Director	√	√	√	√	√	√	√	7	7
5	Mr. Alex Ojukwu	Non-Executive Director	√	√	√	√	√	√	√	7	7
6	Alhaji Isa Inuwa	Independent Non-Executive Director	√	√	√	√	√	√	√	7	7

(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 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

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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.

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. Additional information on the terms of reference of management committees, is provided below.

(i). **Executive Committee:**

The Executive Committee (EXCO) is charged with overseeing the business of the Bank within agreed financial and other limits set by the Board from time to time. This Committee is comprised of the Managing Director and the Executive Directors of the Bank. The Committee meets monthly or as required and has the following key objectives:

(a) Ensure implementation of the Bank's Business Plan and Strategy upon approval of same by the Board.
(b) Review budget presentations for each financial year ahead of presentation to the Board.
(c) Evaluate the Bank's strategy at quarterly intervals and update the Board on same.
(d) Review the Bank's Budget performance at quarterly intervals and update the Board on same at bi-annual intervals.
(e) Review the Bank's Quarterly, Half-Yearly and Full Year financial statements ahead of presentation to the Board and the Regulators.
(f) Review and approve proposals for capital expenditure and acquisitions within its approval limit.
(g) Make recommendations to the Board on dividend and/or corporate actions for each financial year.
(h) Any other matter as the Board may direct.

(ii). **Asset & Liability Committee:**

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

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

(iii). **Management Credit Committee:**

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

(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.

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(iv). **Criticized Assets Committee:**

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

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

(v). **Quarterly Business Review Committee:**

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

(a) Review the Bank's quarterlyperformance.
(b) Monitor budget achievement.
(c) Assess efficiency of resource deployment in the Bank.
(d) Review products' performance.
(e) Reappraise cost managementinitiatives.
(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.

(vi). **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.

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(vii). **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 itconcerns:
- 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 relatedissues.
- 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.

(viii). **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) Review, monitor and enforce 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 ITbudget.
(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.
(l) Ensures IT leadership meets on a quarterly basis with the Bank's user groups to further align IT initiatives with business needs.

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(ix). **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 them to executive management.
(i) Advise and provide guidance on issues relating to cyber security projects.
(j) Review and approve final projectdeliverables.
(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 appropriate.

(F). **GOVERNANCE AND MANAGEMENT**

Fidelity Bank has adopted various policies, which define acceptable standards of behavior in the organization. These include the following:

(i) Code of Business Conduct and Ethics Policy.
(ii) Directors Code of Conduct Policy.
(iii) Insider Trading Policy.
(iv) Whistle-blowing Policy.
(v) Staff Remuneration Policy.
(vi) Shareholders Complaints Management Policy.

Corporate governance report

(a). **Code of Business Conduct and Ethics Policy**

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

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

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

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

(b). **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 all Directors are expected to comply with. Directors have a duty to oversee the management of the business and affairs of the Bank. In carrying out this duty, Directors are required to act honestly, in good faith and in the best interest of the Bank at all times. All Directors are expected to execute an annual attestation to adhere strictly to the Code and formally declare their interest, if any, in any contract or transaction to which the Bank is a party.

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

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

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

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

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

Corporate governance report

(d). **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. T

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 0700-3422- 5489 (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

(e). **Staff Remuneration Policy**

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

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

The guiding principles that underpin the staff remuneration policy include:

(i) Remuneration and reward strategies are set at levels that enable the Bank attract, motivate and retain employees with the skills required to efficiently manage the operations and growth of the business;
(ii) Performance goals are aligned to shareholders' interests and ensures that the Board makes prudent decisions in deploying the Bank's resources to generate sustainable growth;
(iii) The Bank's performance-based incentive programs are aligned to individual performance and the overall performance of the Bank. This approach drives a high performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value.

Furthermore, the Bank complies 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.

(f). **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:

(i) Ensure compliance with the provisions of the SEC Rules relating to Complaints Management Framework, the Rules and Regulations made pursuant to the ISA, the rules and regulations of Securities Exchanges and guidelines of public companies/ recognized trade associations as well as other applicable regulatory requirements.
(ii) Handle complaints by Shareholders, Stakeholders, and Customers in relation to Fidelity Bank's shares.
(iii) Provide an avenue for Shareholder communication and feedback.
(iv) Recognize, promote and protect Shareholders' rights, including the right to comment and provide feedback on service.
(v) Provide an efficient, fair and accessible framework for resolving Shareholder complaints and feedback to improve service delivery.
(vi) Inform Shareholders on the Shareholder feedback handling processes.
(vii) Establish a framework to guide against trade manipulation, accounting frauds, Ponzi schemes and such other complaints as may be determined by SEC from time to time.
(viii) Establish and maintain an electronic complaints register and provide information on a quarterly basis to the NSE in line with regulations.
(ix) Protect the Bank from sanctions from regulatory bodies and ensure strict compliance by the responsible parties.

Corporate governance report

(G). **GENDER DIVERSITY**

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

(H). **FRAUD & FORGERIES**

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

Fraud and Forgeries	2020	2019
Number of Fraud Incidents	1,025	967
Amount Involved (Naira)	135,081,915	1,362,361,346
Amount Involved (US Dollar)	248	-
Actual/Expected Loss (Naira)	22,248,260	337,355,205
Actual/Expected (US Dollar)	-	-

(I). **GOVERNANCE AND COMPLIANCE**

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

(J). **THE COMPANY SECRETARY**

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

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIDELITY BANK PLC

Opinion

We have audited the financial statements of Fidelity Bank Plc ("the Bank") set out on pages 49 to 120, which comprise the statement of financial position as at 31 December 2020, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fidelity Bank Plc as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Bank. 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, 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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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIDELITY BANK PLC - Continued

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. 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 24 (Investment securities) to the financial statements for relevant disclosures relating to the Expected Credit Loss.	We performed the following procedures in addressing the matter: 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. We also reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7- Financial Instruments: Disclosures.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIDELITY BANK PLC – Continued

Other Information
The Directors are responsible for the other information. The other information comprises the information included on pages 2 to 43 and 121 to 123 in the document titled "Fidelity Bank Plc Annual Report for the year ended 31 December 2020", which includes the Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' responsibilities in relation to the preparation of the financial statements, Report of the statutory audit committee, Corporate governance report, Value added statement 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 and other National Disclosures. The 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, 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, the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria (CBN) guidelines and circulars and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIDELITY BANK PLC – Continued

Auditor's Responsibilities for the Audit of the Financial Statements – Continued

- 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period 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 compliance with the Banks and Other Financial Institutions Act 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

Related party transactions and balances are disclosed in Note 38 to the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

Returns on customers' complaints are disclosed in Note 41.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.

As stated in Note 41.1 to the financial statements, the Bank paid penalties for contraventions of certain sections of the Banks and Other Financial Institutions Act 2020 and relevant Central Bank of Nigeria guidelines and circulars during the year ended 31 December 2020.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIDELITY BANK PLC - Continued

Report on Other Legal and Regulatory Requirements- Continued
In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

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

ii. In our opinion proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;

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

Signed:
Jamiu Olakisan
FRC/2013/ICAN/00000003918
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria
Date: 26 March 2021

Statement of profit or loss and other comprehensive income for the year ended 31 December

	Notes	2020 N'million	2019 N'million
Gross earnings		**206,204**	**218,011**
Interest revenue calculated using the effective interest method	6	168,551	179,491
Other interest and similar income	12.1	8,202	5,350
Interest expense calculated using the effective interest method	7	(72,630)	(101,786)
Net interest income		**104,123**	**83,055**
Credit loss (expense)/reversal	8	(16,858)	5,292
Net interest income after credit loss (expense)/reversal		**87,265**	**88,347**
Fee and commission income	9	19,853	25,262
Fee and commission expense	9	(6,144)	(5,268)
Net fee and commission income		**13,709**	**19,994**
Net losses on derecognition of financial assets measured at amortised cost	10	-	(4,705)
Other operating income	11	9,598	7,908
Net gains from financial assets at fair value through profit or loss	12	1,115	801
Net operating income		**111,687**	**112,345**
Personnel expenses	13	(25,367)	(24,129)
Depreciation and amortisation	14	(6,207)	(5,421)
Other operating expenses	15	(52,059)	(52,442)
Total operating expenses		**(83,633)**	**(81,992)**
Profit before income tax expense		**28,054**	**30,353**
Income tax expense	16	(1,404)	(1,928)
Profit for the year		**26,650**	**28,425**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Fair value gains on equity instruments at fair value through other comprehensive income **#**	24.3.1	3,149	7,476
Total items that will not be reclassified to profit or loss in subsequent period		3,149	7,476
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		19,338	4,134
- Changes in allowance for expected credit losses		2	504
- Reclassification adjustments to profit or loss	17	(3,843)	2,261
Net gains on debt instruments at fair value through other comprehensive income		15,497	6,899
Total items that will be reclassified to profit or loss in subsequent period		15,497	6,899
Other comprehensive income for the year, net of tax		**18,646**	**14,375**
Total comprehensive income for the year, net of tax		**45,296**	**42,800**
Earnings per share			
Basic and diluted (in kobo)	18	**92**	**98**

*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 Note 45.*

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

Statement of financial position
as at 31 December

Assets	**Notes**	**2020 N'million**	**2019 N'million**
Cash and balances with Central Bank of Nigeria	19	654,706	453,392
Due from banks	21	213,916	149,869
Loans and advances to customers	22	1,326,106	1,126,974
Derivative financial assets	23	7,072	-
Investments:			
Financial assets at fair value through profit or loss (FVTPL)	24.1	47,118	45,538
Debt instruments at fair value through other comprehensive income (FVOCI)	24.2	265,980	134,846
Equity instruments at fair value through other comprehensive income (FVOCI)	24.3	17,685	14,536
Debt instruments at amortised costs	24.4	137,804	118,569
Other assets	28	44,380	28,756
Right-of-use assets	29	1,652	1,529
Property, plant and equipment	25	38,446	38,392
Intangible assets	26	3,283	1,636
Total assets		**2,758,148**	**2,114,037**
Liabilities			
Deposit from customers	30	1,699,026	1,225,213
Derivative financial liabilities	23	1,143	-
Current income tax payable	16c	2,307	2,339
Other liabilities	31	517,093	397,074
Provisions	32	4,075	3,795
Debts issued and other borrowed funds	33	260,971	251,586
Total liabilities		**2,484,615**	**1,880,007**
Equity			
Share capital	34	14,481	14,481
Share premium	35	101,272	101,272
Retained earnings	35	66,700	43,642
Other equity reserves			
Statutory reserve	35	39,006	35,008
Small scale investment reserve	35	764	764
Non-distributable regulatory risk reserve	35	6,365	13,897
Fair value reserve	35	39,615	20,969
AGSMEIS reserve	35	5,330	3,997
Total equity		**273,533**	**234,030**
Total liabilities and equity		**2,758,148**	**2,114,037**

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 12 March 2021 and signed on its behalf by:

Mustafa Chike-Obi
Chairman
FRC/2013/IODN/00000004048

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

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

Statement of changes in equity
for the year ended 31 December 2020

	Notes	Share capital	Share premium	Retained earnings	Statutory reserve	Small scale investment reserve	Non distributable regulatory risk reserve	Fair value reserve	AGSMEIS reserve	Total
	Notes	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
As at 1 January 2020		14,481	101,272	43,642	35,008	764	13,897	20,969	3,997	234,030
Profit for the year		-	-	26,650	-	-	-	-	-	26,650
Other comprehensive income:										
Net change in fair value of debt instruments at FVOCI		-	-	-	-	-	-	19,338	-	19,338
Net change in fair value of equity instruments at FVOCI		-	-	-	-	-	-	3,149	-	3,149
Changes in allowance for expected credit losses		-	-	-	-	-	-	2	-	2
Reclassification adjustment for realised net gains		-	-	-	-	-	-	(3,843)	-	(3,843)
Total comprehensive income for the period		**-**	**-**	**26,650**	**-**	**-**	**-**	**18,646**	**-**	**45,296**
Dividends		-	-	(5,793)	-	-	-	-	-	(5,793)
Transfer between reserves		-	-	2,201	3,998	-	(7,532)	-	1,333	-
As at 31 December 2020		**14,481**	**101,272**	**66,700**	**39,006**	**764**	**6,365**	**39,615**	**5,330**	**273,533**

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
	Notes	**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 instruments at FVOCI	-	-	-	-	-	-	4,134	-	4,134
Net change in fair value of equity instruments at FVOCI	-	-	-	-	-	-	7,476	-	7,476
Changes in allowance for expected credit losses	-	-	-	-	-	-	504	-	504
Reclassification adjustment for realised net gains	-	-	-	-	-	-	2,261	-	2,261
Total comprehensive income for the period	**-**	**-**	**28,425**	**-**	**-**	**-**	**14,375**	**-**	**42,800**
Dividends			(3,186)						(3,186)
Transfer between reserves	-	-	(18,730)	4,264	-	13,489	(444)	1,421	-
As at 31 December 2019	**14,481**	**101,272**	**43,642**	**35,008**	**764**	**13,897**	**20,969**	**3,997**	**234,030**

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

	Notes	2020 N'million	2019 N'million
Operating activities			
Cash flows from/(used) in operations	36	143,867	(99,598)
Interest received		150,922	164,200
Interest paid		(50,734)	(89,455)
Income tax paid	16c	(1,436)	(1,198)
Net cash flows from /(used in) operating activities		**242,619**	**(26,051)**
Investing activities			
Purchase of property, plant and equipment	25	(3,366)	(5,774)
Proceeds from sale of property, plant and equipment		74	2,939
Purchase of intangible assets	26	(3,994)	(2,183)
Purchase of debt instruments at amortised cost	24.6.2	(86,485)	(51,409)
Purchase of debt instruments at FVOCI	24.6.1	(227,986)	(124,560)
Redemption of financial assets at amortised cost	24.6.2	70,325	54,556
Redemption of debt financial assets at FVOCI	24.6.1	118,111	152,922
Proceeds from sale of equity instruments at FVOCI	24.3	-	2,918
Dividends received		855	1,392
Net cash flows (used in)/from investing activities		**(132,466)**	**30,801**
Financing activities			
Dividends paid		(5,793)	(3,186)
Lease payment	29	(796)	(494)
Proceeds of debts issued and other borrowed funds	33	36,832	64,336
Payment of interest portion of debts issued and other borrowed funds	33	(24,903)	(19,567)
Repayment of principal portion of debts issued and other borrowed funds	33	(50,904)	(36,275)
Net cash flows (used in)/from financing activities		**(45,564)**	**4,814**
Net increase in cash and cash equivalents		64,589	9,564
Net foreign exchange difference on cash and cash equivalents		3,989	3,401
Cash and cash equivalents at 1 January	20	**259,915**	**246,950**
Cash and cash equivalents at 31 December	20	**328,493**	**259,915**

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

Notes to the 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, 1 Fidelity Bank Close Off 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 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Financial Reporting Council of Nigeria Act No. 6, 2011, Companies and Allied Matters Act,2020, Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria guidelines and circulars.

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 and derivative financial instruments 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 millions Naira unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors on 15 March 2021.

2.1.2 Changes in 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 2019, except for the adoption of new standards effective as of 1 January 2020. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations are applied for the first time in 2020, but do not have an impact on the financial statements of the Bank.

Below is a list of interpretations and amendment that were effective for the first time in 2020 but do not have a significant impact on the Bank:

- **i** Amendments to IFRS 3 - Definition of a Business
- **ii** Amendments to IAS 1 and IAS 8 - Definition of Material
- **iii** The Conceptual Framework for Financial Reporting
- **iv** Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- **v** Amendment to IFRS 16 - Covid-19-Related Rent Concessions

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
Following the outbreak of the Covid-19 pandemic, the Bank sees increased uncertainties and further market volatility. It is still difficult to say how effective governmental measures will be in preventing the further spread of the virus. In the event of a prolonged pandemic there may be an effect on the financial performance of the Bank. The Bank has taken measures to ensure that its employees continue to be safe. Measures have been taken to minimise the impact of the pandemic and to continue operations.

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

Notes to the financial statements

ESTIMATES AND ASSUMPTIONS continued

***Going Concern* continued**

Given the evolving nature of Covid-19, uncertainties will remain and the Bank is unable to reasonably estimate the future impact. However, the financial situation of the Bank is currently healthy and it does not believe that the impact of the Covid-19 pandemic will have a material adverse effect on our financial condition or liquidity. Therefore, based on the Bank's liquidility and expected yearly cash outflow, the Bank expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its financial statements.

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.

The uncertainties caused by Covid-19, and the volatility in macro economic variables have required the Bank to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2020.

Determination of collateral Value

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

In determining the collateral value, the Bank has considered potential impacts of the current economic volatility as a result of Covid-19.

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

Fair value measurement of financial instruments

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

The Bank has considered potential impacts of the current economic volatility in determination of the reported fair value of the financial instruments and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Deferred tax

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. the Bank has applied caution by not recognising additional deferred tax assets which is not considered capable of recovery.

Notes to the financial statements

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

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

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

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

• The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)

• A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)

• Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period

• The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

• The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.

• Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.

• Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense

• Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

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

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to a RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes.

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

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

Notes to the financial statements

2.2 **Standards issued but not yet effective** ***continued***

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2 **continued**

Relief from discontinuing hedging relationships ***continued***

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

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

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

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

Additional disclosures

IFRS 7 Financial Instruments: Disclosures includes the following:

• How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform

• Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs

• If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

These amendment will not have significant impact on the bank's financial statements when they become effective 1 January 2021.

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

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

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

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

• What is meant by a right to defer settlement

• That a right to defer must exist at the end of the reporting period

• That classification is unaffected by the likelihood that an entity will exercise its deferral right

• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Right to defer settlement

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

Existence at the end of the reporting period

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

Management expectations

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

Notes to the financial statements

2.2 **Standards issued but not yet effective *continued***

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

Meaning of the term 'settlement'

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

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

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

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

The impact of this amendment is not known, as it is still being assessed. The effective date of this amendement is 1 January 2023.

Amendments to IFRS 3 - Reference to the Conceptual Framework

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

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be+B148within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

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

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

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

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

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

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

• An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

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

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

• The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

• An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

• An entity applies the amendment for annual reporting periods beginning on or after1 January 2022. Earlier application is permitted.

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

Notes to the financial statements

2.2 Standards issued but not yet effective *continued*

IFRS 16 Leases Illustrative Example accompanying - Lease incentives

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

IAS 41 Agriculture - Taxation in fair value measurements

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

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

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

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.

Notes to the financial statements

2.4 Financial assets and liabilities *continued*

2.4.1 Initial recognition *continued*

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.

Notes to the financial statements

2.4 Financial assets and liabilities *continued*

2.4.2 Financial assets - Subsequent measurement *continued*

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

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

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

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

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

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

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

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

(b) Equity instruments
The Bank subsequently measures all 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.

(c) Derivative financial instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques. Derivatives are carried as assets when their fair value are positive and as liabilities when their fair value are negative. All changes in fair value are recognized as part of net trading and foreign exchange income in profit or loss.

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.

Notes to the financial statements

2.4 Financial assets and liabilities *continued*

2.4.3 Impairment of financial assets *continued*

The Bank has established a policy to perform an assessment, at the end of each reporting period, 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 calculations of ECLs
The Bank calculates ECLs based on a single 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 below. 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.

Notes to the financial statements

2.4 Financial assets and liabilities *continued*

2.4.3 Impairment of financial assets *continued*

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. 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.

Notes to the financial statements

2.4 Financial assets and liabilities *continued*

2.4.3 Impairment of financial assets *continued*

Collateral repossessed

The Bank determines 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.

Notes to the financial statements

2.4 Financial assets and liabilities *continued*

2.4.5 Financial liabilities

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 revenue calculated using the effective interest rate method, other interest and similar income and 'interest expense calculated using the effective interest rate method' in the Statement of profit or loss and other comprehensive income using the effective interest method except for those measured at fair value through profit or loss (FVTPL).

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.

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

Notes to the financial statements

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 direct 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 of Nigeria

2.9 Leases

(a) The Bank is the lessee

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.

(b) The Bank is the lessor

(i) *Operating lease*

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

(ii) *Finance lease*

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

2.10 Property, plant and equipment

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

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

- Building: Depreciated over 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

Notes to the financial statements

2.10 Property, plant and equipment *continued*

The assets' residual values, depreciation method and useful lives are reviewed annually, and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'Other operating income' 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, plant and equipment. Payments in advance for items of property, plant 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:

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

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

Direct computer software costs recognised as intangible assets are amortised on the straight-line basis over 3 years 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 income tax charged is based on minimun tax assessment in line with the Finance Bill Act 2020 as there is no taxable profit to charge tax. The minimum tax is 0.25% of gross turnover less franked investment income. While other taxes are 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

Notes to the financial statements

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

(i) *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 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.

Notes to the financial statements

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, operational risk independently but in a co-coordinated manner at all relevant levels within the Bank.

v) Incorporate the volatility in macro economic variables caused by Covid-19 in the inputs and assumptions used for the determination of expected credit losses ("ECLs")

Risk Management Governance Structure

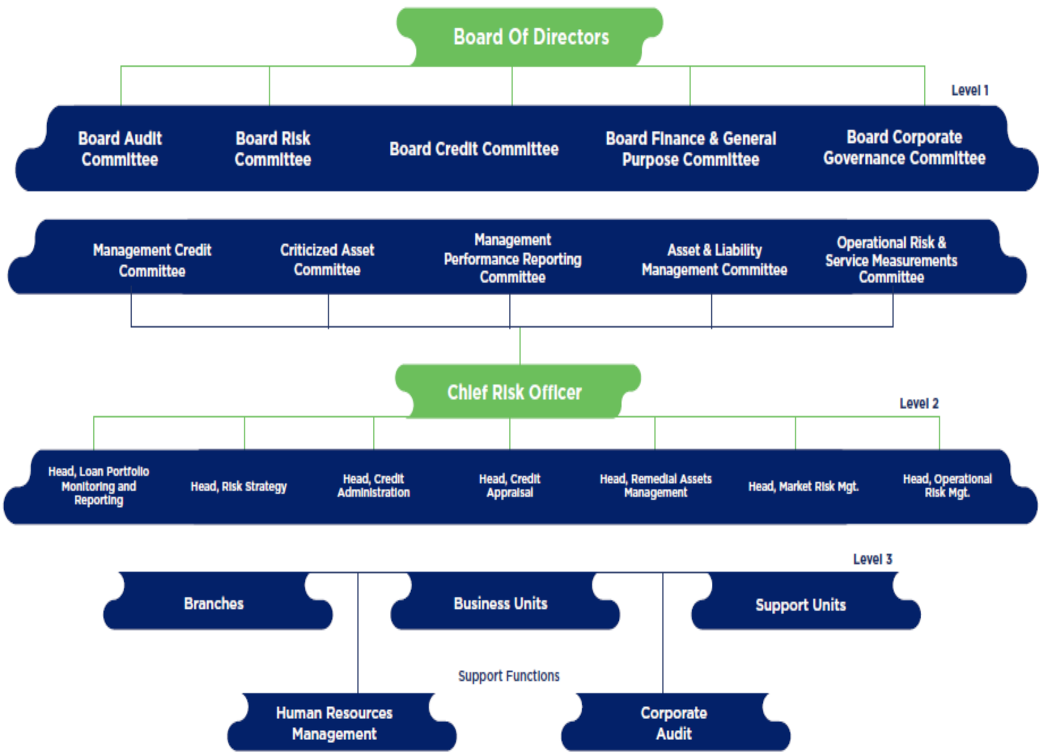
Enterprise-wide risk management roles and responsibilities are assigned to stakeholders in the Bank at three levels as follows:

Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit Committee, Board Risk Committee, 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.



Notes to the financial statements

3.1 Introduction and overview *continued*
Enterprise Risk Philosophy
Fidelity Enterprise Risk Mission

Risk Culture

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

Risk Appetite

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

The Bank define the Bank's Risk Appetite quantitatively at two levels: Enterprise level and Business/Support Unit level. To give effect to the above, the Board of Directors of the Bank sets target Key Performance Indicators (KPIs) at both enterprise and business/support unit levels based on recommendations from the Executive Management Committee (EXCO).

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

3.2 Credit risk

3.2.1 Management of credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk 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 manage 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 counterparty requires approval at the appropriate authority level. The approval limits are as follows:

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

- The Bank assigns credit approval authorities to individuals according to their qualifications, experience, training and quality of previous credit decisions. These are also reviewed by the Bank periodically.
- The Bank measures and consolidates all the Bank's credit exposures to each obligor on a global basis. The Bank's definition of an "obligor" include a group of individual borrowers that are linked to one another by any of a number of criteria the Bank have 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 have 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.

Notes to the financial statements

3.2.2 Credit risk ratings

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

The Bank has its own in-house assessment methodologies and rating scale for evaluating the creditworthiness of it's 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 comparism between the Bank's internal ratings and the common market practice, which ensures comparability between different portfolios of the Bank.

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

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

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 counterparties where problems might arise, the respective exposure is placed on a watch-list.

Notes to the financial statements

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 only '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 meet the following criteria:

Quantitative criteria

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

(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 a 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.

Notes to the financial statements

3.2.4 Expected credit loss measurement *continued*

(d) Forward-looking information incorporated in 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 2020 and 31 December 2020, 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 assumption

The most significant period-end assumptions used for the ECL estimate as at 31 December 2020 are set out below. The scenarios "base case", "best case" and "worst case" were used for all portfolios.

		2021	2022	2023
Foreign exchange rate (N)				
	Base Case	443.00	465.00	472.00
	Best Case	354.37	371.69	377.32
	Worst Case	531.55	557.53	565.99
Inflation rate				
	Base Case	13.33%	11.13%	10.00%
	Best Case	10.66%	8.90%	8.00%
	Worst Case	16.00%	13.36%	12.00%
Crude Oil ($)				
	Base Case	49.00	55.00	60.00
	Best Case	68.60	77.00	84.00
	Worst Case	29.40	33.00	36.00
Foreign Reserves ($ Bn)				
	Base Case	31.37	32.94	33.60
	Best Case	38.10	37.59	45.70
	Worst Case	25.84	24.71	25.98
Unemployment rate				
	Base Case	27.60%	33.26%	36.61%
	Best Case	22.08%	26.61%	29.29%
	Worst Case	33.12%	39.92%	43.93%
Money Supply (RM)				
	Base Case	3.27	3.78	4.30
	Best Case	4.58	5.29	6.03
	Worst Case	1.96	2.27	2.58
Baltic Dry				
	Base Case	0.61	0.36	0.37
	Best Case	0.74	0.43	0.44
	Worst Case	0.49	0.29	0.29
Share Index				
	Base Case	29.36	30.31	30.50
	Best Case	35.23	36.37	36.60
	Worst Case	23.49	24.25	24.40
USD Index				
	Base Case	93.40	92.60	91.50
	Best Case	112.08	111.12	109.80
	Worst Case	74.72	74.08	73.20

Notes to the financial statements

3.2.4 Expected credit loss measurement *continued*

(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 2020 and 31st December 2019 is represented by the gross carrying amounts of the financial assets set out below:

	31 December 2020			
	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	609,955	-	-	609,955
Due from banks	214,808	-	-	214,808
Loans and advances to customers	1,393,624	107,986,545	106,592,921	-
Derivative financial assets	7,072			7,072
Investments:				
Financial assets at fair value through profit or loss	47,118	-	-	47,118
Debt instruments at fair value through other comprehensive income	265,980	-	-	265,980
Debt instruments at amortised cost	138,168	-	-	138,168
Other assets	42,105	-	-	42,105
	2,718,830	107,986,545	106,592,921	1,325,206
Financial guarantee contracts and other commitment:				
Performance bonds and guarantees	208,433	-	-	208,433
Letters of credit	172,867	-	-	172,867
Undrawn portion of overdraft	294,947	-	-	294,947
	676,247	-	-	676,247

	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
Debt instruments at fair value through other comprehensive income	134,846	-	-	134,846
Debt instruments at amortised cost	118,723	-	-	118,723
Other assets	26,788	-	-	26,788
	2,076,196	27,093,284	25,892,180	875,092
Financial guarantee contracts and other commitment:				
Performance bonds and guarantees	204,135	-	-	204,135
Letters of credit	134,082	-	-	134,082
Undrawn portion of overdraft	276,846			
	615,063	-	-	338,217

***Excluding equity instruments**

Notes to the financial statements

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 2020, is set out below:

	31 December 2020				
Financial assets with credit risk:	**Balance with Central bank**	**Due from banks**	**Loans and advances to customers**	**Investment securities**	**Other assets**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Carrying amount	609,955	213,916	1,326,106	450,902	40,530
Concentration by sector					
Agriculture	-	-	46,167	-	-
Oil and gas	-	-	315,155	-	-
Consumer credit	-	-	53,422	-	-
Manufacturing	-	-	241,835	-	-
Mining and Quarrying	-	-	3,714	-	-
Mortgage	-	-	-	-	-
Real estate	-	-	28,110	-	-
Construction	-	-	44,544	-	-
Finance and insurance	-	214,808	3,668	-	-
Government	-	-	157,449	451,266	-
Power	-	-	134,984	-	-
Other public utilities	-	-	-	-	-
Transportation	-	-	159,080	-	-
Communication	-	-	32,217	-	-
Education	-	-	8,404	-	-
Other	609,955	-	164,875	-	42,105
Total gross amount	609,955	214,808	1,393,624	451,266	42,105
Concentration by location					
Abroad	-	212,808	-	-	-
Nigeria:	-	-	-	-	-
North East	-	-	35,573	-	-
North Central	609,955	-	93,213	-	-
North West	-	-	37,929	-	-
South East	-	-	37,663	-	-
South South	-	-	151,610	-	-
South West	-	2,000	1,037,636	451,266	42,105
Total gross amount	609,955	214,808	1,393,624	451,266	42,105

	31 December 2019				
Financial assets with credit risk:	**Cash and balance with Central bank**	**Due from banks**	**Loans and advances to customers**	**Investment securities**	**Other assets**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Carrying amount	421,734	149,869	1,126,974	298,953	24,861
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	-	26,788
Total gross amount	421,734	150,178	1,178,389	299,107	26,788

Notes to the financial statements

3.2.6 Credit concentrations - continued

Concentration by location	Cash and balance with Central bank	Due from banks	Loans and advances to customers	Investment securities	Other assets
	31 December 2019				
	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	-	-	854,132	299,107	26,788
Total gross amount	421,734	150,178	1,178,389	299,107	26,788

3.2.7 Credit quality

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

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

	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	3,937	-	-	3,937
Standard monitoring	566,963	224,984	-	791,947
Default	-	-	12,549	12,549
Gross carrying amount	570,900	224,984	12,549	808,433
Loss allowance	(6,073)	(20,266)	(10,818)	(37,157)
Carrying Amount	564,827	204,718	1,731	771,276

	30 December 2019			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
Credit grade				
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

b) Government, Public Sector & NBFIs portfolio

	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	N'million	N'million	N'million	N'million
Credit grade				
Investment grade	105,933	-	-	105,933
Standard monitoring	54,234	413	-	54,647
Default	-	-	8,336	8,336
Gross carrying amount	160,167	413	8,336	168,916
Loss allowance	(12)	-	(7,296)	(7,308)
Carrying Amount	160,155	413	1,040	161,608

Notes to the financial statements

3.2.7 Credit quality *continued*

b) Government, Public Sector & NBFIs portfolio *continued*

	30 December 2019			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
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

c) Transport, Communication, Commerce & General portfolio

	31 December 2020			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
Investment grade	238	-	-	238
Standard monitoring	248,248	37,468	-	285,716
Default	-	-	25,972	25,972
Gross carrying amount	248,486	37,468	25,972	311,926
Loss allowance	(3,451)	(1,027)	(16,024)	(20,502)
Carrying Amount	245,035	36,441	9,948	291,424

	30 December 2019			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
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

d) Automobile, Equipment & Mortgage Loans portfolio

	31 December 2020			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	24,529	133		24,662
Default	-	-	38	38
Gross carrying amount	24,529	133	38	24,700
Loss allowance	(19)	(7)	(20)	(46)
Carrying Amount	24,510	126	18	24,654

	30 December 2019			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
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

Notes to the financial statements

3.2.7 Credit quality ***continued***

e) Medium and Small Scale Enterprises portfolio

	31 December 2020			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	23,661	47	-	23,708
Default	-	-	2,519	2,519
Gross carrying amount	23,661	47	2,519	26,227
Loss allowance	(50)	-	(1,880)	(1,930)
Carrying Amount	23,611	47	639	24,297

	30 December 2019			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
Investment grade	-	-	-	-
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

f) Personal & Employee Loans portfolio

	31 December 2020			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
Investment grade	-	-	-	-
Standard monitoring	49,492	294	-	49,786
Default	-	-	3,636	3,636
Gross carrying amount	49,492	294	3,636	53,422
Loss allowance	(63)	(10)	(502)	(575)
Carrying Amount	49,429	284	3,134	52,847

	30 December 2019			
	Stage 1 N'million	**Stage 2 N'million**	**Stage 3 N'million**	**Total N'million**
Credit grade				
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

A Maximum exposure to credit risk – Financial instruments subject to impairment

	31 December 2020				
	Cash and balance with Central bank N'million	**Due from banks N'million**	**Loans and advances to customers N'million**	**Debt securities N'million**	**Other assets N'million**
Not Due & Not impaired	609,955	-	-	-	-
Past due and not impaired (0-30 days)	-	214,808	1,077,234	404,148	42,105
Past due and not impaired (31-90 days)	-	-	263,340	-	-
Past due and impaired (aged above 90 days)	-	-	53,050	-	-
Gross	609,955	214,808	1,393,624	404,148	42,105
Impairment allowance	-	(892)	(67,518)	(364)	(1,575)
Net	609,955	213,916	1,326,106	403,784	40,530

Notes to the financial statements

3.2.7 Credit quality *continued*

A Maximum exposure to credit risk – Financial instruments subject to impairment ***continued***

31 December 2019	Cash and balance with Central bank N'million	Due from banks N'million	Loans and advances to customers N'million	Debt securities N'million	Other assets N'million
Not Due & Not impaired	421,734	-	-	-	-
Past due and not impaired (0-30 days)	-	150,178	862,293	253,569	26,788
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	253,569	26,788
Impairment allowance	-	(309)	(51,415)	(154)	(1,927)
Net	421,734	149,869	1,126,974	253,415	24,861

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

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

	Dues from Banks	Overdrafts	Term Loans	Finance lease	Total Loan	Other assets
31 December 2020	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Grades:						
1. AAA to AA	82,543	703	108,062	1,342	110,107	-
2. A+ to A-	98,230	1,942	83,026	5	84,973	-
3. BBB+ to BB-	34,035	47,208	464,721	29,520	541,449	-
4. Below BB-	-	74,258	480,032	705	554,995	-
5. Unrated	-	8,091	40,920	39	49,050	42,105
	214,808	132,202	1,176,761	31,611	1,340,574	42,105
Collective impairment	(892)	(4,576)	(26,397)	(5)	(30,978)	(1,575)
Net amount	213,916	127,626	1,150,364	31,606	1,309,596	40,530
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	26,788
	150,178	116,981	981,291	41,484	1,139,756	26,788
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	24,861

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	
	2020	**2019**
	N'million	**N'million**
Financial assets measured at fair value through profit or loss		
Debt securities		
Federal Government bonds	30,389	1,875
Treasury bills	16,729	36,176
Placements	-	7,487
	47,118	45,538
Derivative financial assets	7,072	-

Notes to the financial statements

3.2.7 Credit quality *continued*

B Maximum exposure to credit risk – Financial instruments not subject to impairment *continued*

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 2020 and 31 December 2019:

		Investments in Government Securities				
	Cash & cash equivalents	Treasury bills	Federal Govt bonds	State bonds	Corporate bonds	Total
31 December 2020	N'million	N'million	N'million	N'million	N'million	N'million
AAA to AA	196,228	264,032	180,405	-	-	640,665
A+ to A-	98,230	-	-	6,829	-	105,059
BBB+ to BB	34,035	-	-	-	-	34,035
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	328,493	264,032	180,405	6,829	-	779,759

		Investments in Government Securities				
	Cash & cash equivalents	Treasury bills	Federal Govt bonds	State bonds	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

Loss allowance

The loss allowance recognised in the period 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 collaterise 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.

Notes to the financial statements

3.2.8 Description of collateral held *continued*

(a) Key Collateral Management Policies *continued*

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 period 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 2020		31 December 2019	
	Exposure N'million	Collateral Value N'million	Exposure N'million	Collateral Value N'million
Secured against real estate	355,683	13,751,519	215,737	2,010,909
Secured by shares of quoted companies	-	-	20	40
Secured by others	1,035,510	94,235,026	953,832	25,059,620
Unsecured	2,431	-	8,800	-
Gross loans and advances to customers	1,393,624	107,986,545	1,178,389	27,070,569

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 period and is structured to identify, measure and manage the Bank's liquidity risk at all times. The Board approved liquidity policy guides the management of liquidity risk strategically through the Board Risk Committee (BRC) as well as Asset and Liability Committee (ALCO) and daily by the Asset Liability Management (ALM) group. The liquidity management framework is designed to identify measure and manage the Bank's liquidity risk position at all times. Underlying Assets and Liabilities Management policies and procedures are reviewed and approved regularly by the Assets and Liability Management Committee (ALCO).

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

Short-Term Liquidity

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

Asset Liquidity

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

Notes to the financial statements

3.3.1 Management of liquidity risk *continued*

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

Stress Testing
As a result of volatilities which take place in the Bank's operating environment, the Bank conducts stress tests to evaluate the size of potential losses related to rate movements under extreme market conditions. These are conducted on elements of its trading portfolio in response to the economic and market outlook. Consideration is given to historical events, prospective events and regulatory guidelines. The Bank, after ALCO's authorization, responds to the result of this activity, by modifying the portfolio and taking other specific steps to reduce the expected impact in the event that these risks materialize.

3.3.2 Maturity analysis

The table below analyses the Bank's financial assets and undiscounted cash flows of its financial liabilities into relevant maturity bands based on the remaining period at reporting date to the contractual maturity date. The maturity analysis have been presented based on the behaviour of these financial assets and liabilities. The table includes both principal and interest cash flows.

31 December 2020	Up to 1 month N'million	1-3 Months N'million	3-12 Months N'million	1-5 Years N'million	Over 5years N'million	Total N'million
Cash and balances with Central Bank of Nigeria	221,965	-	-	432,741	-	654,706
Due from banks	215,308	-	-	-	-	215,308
Loans and advances to customers	152,971	101,966	165,845	490,713	732,129	1,643,624
Derivative financial assets	7,072	-	-	-	-	7,072
Investment securities:						
Financial instrument at FVTPL	9,057	1,597	5,970	174	32,320	49,118
Debt instruments at amortised	6,462	23,198	32,690	10,789	77,030	150,169
Debt instruments at FVOCI	7,250	120,537	61,686	11,932	78,575	279,980
Other Assets	4,256	20,292	17,557	-	-	42,105
Total financial assets	624,341	267,590	283,748	946,349	920,054	3,042,082
Financial liabilities						
Customer deposits	111,935	384,338	329,570	439,591	513,591	1,779,025
Derivative financial liabilities	-	-	1,143	-	-	1,143
Other liabilities	50,452	37,496	69,452	157,735	211,814	526,949
Debt issued and other borrowed funds	26,442	-	24,967	190,068	24,494	265,971
Total financial liabilities	188,829	421,834	425,132	787,394	749,899	2,573,088
Gap (assets-liabilities)	435,512	(154,244)	(141,384)	158,955	170,155	468,994
Cumulative liquidity gap	435,512	281,268	139,884	298,839	468,994	
Financial guarantee contracts:						
Performance bonds and guarantees	10,328	28,518	57,660	111,927	-	208,433
Letters of credit	42,977	108,645	21,245	-	-	172,867
	53,305	137,163	78,905	111,927	-	381,300

Notes to the financial statements

3.3.2 Maturity analysis *continued*

31 December 2019	Up to 1 month N'million	1-3 Months N'million	3-12 Months N'million	1-5 Years N'million	Over 5years N'million	Total 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 amortised	22,571	23,450	21,262	17,978	40,394	125,655
Debt instruments at FVOCI	10,815	4,281	95,605	7,225	20,784	138,710
Other Assets	1,696	2,096	6,045	7,181	9,770	26,788
Total financial assets	383,604	192,742	544,714	795,987	411,900	2,328,947
Financial liabilities						
Customer deposits	249,853	483,146	514,447	-	-	1,247,446
Other liabilities	50,978	95,957	5,003	12,506.95	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	556,727	161,761	380,136
Cumulative liquidity gap	56,758	(340,941)	(338,352)	218,375	380,136	
Financial guarantee contracts:						
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
	20,606	86,901	129,934	57,053	43,723	338,217

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

The Board approves the Bank’s Market Risk Management policy and performs its oversight management role through the Board Risk Committee (BRC).The Bank’s trading strategy evolves from its business strategy, and is in line with its risk appetite. the Bank's Market Risk and ALM group manages the Bank’s market risk in line with established risk limits, which are measured, monitored and reported on, periodically. Established risk limits, which are monitored on a daily basis by the Bank's Market Risk group, include intraday, daily devaluation for currency positions, net open position, dealers’, deposit placement, stop loss, duration and management action trigger limits. Daily positions of the Bank's trading books are marked-to-market to enable the Bank obtain an accurate view of its trading portfolio exposures. Financial market prices used in the mark-to-market exercise are independently verified by the Market Risk Group with regular reports prepared at different levels to reflect volatility of the Bank’s earnings

Notes to the financial statements

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 2020.

	31 December 2020				
	USD	**GBP**	**Euro**	**Naira**	**Total**
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	23,731	650	592	629,733	654,706
Due from banks	200,431	3,577	7,908	2,000	213,916
Loans and advances to customers	553,764	318	2,623	769,401	1,326,106
Derivative financial assets	7,072	-	-	-	7,072
Investment securities:					
Financial assets at FVTPL	-	-	-	47,118	47,118
Debt instruments at FVOCI	2,482	-	-	263,498	265,980
Equity instruments at FVOCI	4,161	-	-	13,524	17,685
Debt instruments at amortised cost	-	-	-	137,804	137,804
Other financial assets	1,873	9	206	39,178	40,530
	793,514	4,554	11,329	1,902,256	2,710,917
Financial liabilities					
Customer deposits	287,313	5,208	5,656	1,400,849	1,699,026
Derivative financial liabilities	1,143	-	-	-	1,143
Other liabilities	114,383	619	4,868	397,223	517,093
Debt issued and other borrowed funds	260,971	-	-	-	260,971
	663,810	5,827	10,524	1,798,072	2,478,233
Net exposure	129,704	(1,273)	805	104,184	232,684

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	129,704	(1,273)	805
Closing Exchange Rate (Naira/ Currency)	400.33	546.51	490.76
1% Currency Depreciation (+)	404.33	551.97	495.66
Net effect of depreciation on Profit or loss	1,297	(13)	8
1% Currency Appreciation (-)	396.33	541.04	485.85
Net effect of depreciation on Profit or loss	(1,297)	13	(8)

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 of Nigeria	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

Notes to the financial statements

3.4.1.2 Foreign exchange risk *continued*

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	1,150	(29)	23
1% Currency Appreciation (-)	361	452	405
Net effect of depreciation on Profit or loss	(1,150)	29	(23)

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

	Carrying Amount	**Variable Interest**	**Fixed Interest**	**Non Interest bearing**
31 December 2020	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	654,706	-	-	654,706
Due from banks	213,916	-	57,966	155,950
Loans and advances to customers	1,326,106	269,683	1,056,423	-
Derivative financial assets	7,072	-	-	7,072
Investment securities				-
Financial assets at FVTPL	47,118	-	47,118	-
Debt instruments at FVOCI	265,980	-	265,980	-
Debt instruments at amortised cost	137,804	-	137,804	-
Other financial assets	40,530	-	-	40,530
	2,693,232	269,683	1,565,291	858,258
Financial liabilities				
Customer deposits	1,699,026	-	1,214,788	484,238
Derivative financial liabilities	1,143	-	-	1,143
Other liabilities	517,093	-	308,097	208,996
Debts issued and other borrowed funds	260,971	99,055	161,916	-
	2,478,233	99,055	1,684,801	694,377

	Carrying Amount	**Variable Interest**	**Fixed Interest**	**Non Interest bearing**
31 December 2019	**N'million**	**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	24,861	-	-	24,861
	2,054,049	270,554	1,202,785	580,710
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

Notes to the financial statements

3.4.1.3 Interest rate risk *continued*

(a) Interest rate sensitivity -

Total interest repricing gap

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

31 December 2020	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5years**	**Total rate sensitive**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank of Nige	-	-	-	-	-	-
Due from banks	57,966	-	-	-	-	57,966
Loans and advances to customers	145,560	150,339	104,499	466,939	458,769	1,326,106
Investment securities						-
Financial assets at FVTPL	9,057	1,597	5,970	174	30,320	47,118
Debt instruments at FVOCI	127,787	2,997	58,688	11,933	64,575	265,980
Debt instruments at amortised cost	29,660	-	32,690	10,789	64,665	137,804
Total assets	370,030	154,933	201,847	489,835	618,329	1,834,974
Financial liabilities						
Customer deposits	372,026	141,005	67,300	320,175	314,282	1,214,788
Other liabilities	87,503	3,178	13,289	3,559	200,568	308,097
Debts issued and other borrowed funds	26,442	-	5,231	209,804	19,494	260,971
Total liabilities	485,971	144,183	85,820	533,538	534,344	1,783,856
Net financial liabilities/assets	(115,941)	10,750	116,027	(43,703)	83,985	51,118

31 December 2019	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**More than 5years**	**Total rate sensitive**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**	**N'million**
Cash and balances with Central Bank of Nige	-	-	-	-	-	
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 and liabilities	37,193	52,746	139,955	96,250	111,865	438,009

(b) INTEREST RATE SENSITIVITY ANALYSIS ON VARIABLE RATES INSTRUMENTS ON PROFIT AND EQUITY

31 December 2020

Asset with variable interest rate	**Increase/decrease in bp**	**Amount**	**Effect of increase by 200bp on profit**	**Effect of decrease by 200bp on profit**
		N'million	**N'million**	**N'million**
Loans and advances to customers	+200/-200bp	269,683	5,394	(5,394)
Investments:				
Debts issued and other borrowed funds	+200/-200bp	99,055	(1,981)	1,981

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**
		N'million	**N'million**	**N'million**
Loans and advances to customers	+200/-200bp	270,554	5,411	(5,411)
Investments:				
Debts issued and other borrowed funds	+200/-200bp	53,820	(1,076)	1,076

Notes to the financial statements

3.4.1.3 Interest rate risk *continued*

(b) INTEREST RATE SENSITIVITY ANALYSIS ON FIXED RATES INSTRUMENTS ON PROFIT AND EQUITY

31 December 2020

Asset with fixed interest rate	Increase/decrease in bp	Amount N'million	Effect of increase by 200bp on profit N'million	Effect of decrease by 200bp on profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity N'million
Investments:						
Financial assets measured at FVTPL	+200/-200bp	47,118	942	(942)	942	(942)
Debt instruments at FVOCI*	+200/-200bp	265,980	-	-	5,320	(5,320)

31 December 2019

Asset with fixed interest rate	Increase/decrease in bp	Amount N'million	Effect of increase by 200bp on profit N'million	Effect of decrease by 200bp on profit N'million	Effect of increase by 200bp on Equity N'million	Effect of decrease by 200bp on Equity 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)

*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 2020 would have increased equity by N1.77 billion (31 December 2019 : N1.45 billion). An equivalent decrease would have resulted in an equivalent but oppsite impact.

Notes to the financial statements

3.5 Fair value of financial assets and liabilities	31 December 2020		31 December 2019	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	N'million	**N'million**	**N'million**	**N'million**
Financial assets				
Cash and balances with Central Bank of Nigeria	**654,706**	**654,706**	**453,392**	**453,392**
Cash	44,751	44,751	31,658	31,658
Balances with central bank other than mandatory reserve deposit	69,826	69,826	78,388	78,388
Mandatory reserve deposits with Central Bank of Nigeria	540,129	540,129	343,346	343,346
Due from banks	**213,916**	**214,808**	**149,869**	**150,178**
- Current balances with foreign banks	163,009	163,009	101,853	101,853
- Placements with other banks and discount houses	50,907	51,799	48,016	48,325
Loans and advances to customers	**1,326,106**	**1,358,624**	**1,126,974**	**1,178,388**
- Term loans	1,156,575	1,176,556	962,949	997,634
- Advances under finance lease	31,701	33,169	42,484	45,586
- Other loans	137,830	148,899	121,541	135,168
Derivative financial assets	**7,072**	**7,072**	**-**	**-**
Fair Value Through Profit or Loss	**47,118**	**47,118**	**45,538**	**45,538**
- Treasury bills	16,729	16,729	36,176	36,176
- Federal Government bonds	30,389	30,389	1,875	1,875
- Placement	-	-	7,487	7,487
Debt instruments at FVOCI	**265,980**	**265,980**	**134,846**	**134,846**
- Treasury bills	192,565	192,565	98,939	98,939
- Federal Government bonds	66,938	66,938	18,147	18,147
- State Government bonds	6,477	6,477	4,353	4,353
- Corporate Bonds	-	-	13,407	13,407
Equity instruments measured at FVOCI	**17,685**	**17,685**	**14,536**	**14,536**
Debt instruments at amortised	**137,804**	**154,907**	**118,569**	**119,124**
- Treasury bills	54,738	55,220	48,248	47,755
- Federal Government bonds	82,714	99,334	69,224	70,220
- State Government bonds	352	353	1,097	1,149
Financial liabilities				
Deposits from customers	**671,094**	**679,094**	**509,067**	**518,021**
Term	384,342	388,292	247,564	252,493
Domiciliary	286,752	290,802	261,503	265,528
Derivative financial liabilities	**1,143**	**1,143**	**-**	**-**
Debts issued and other borrowed funds	**260,971**	**264,521**	**251,586**	**255,003**

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.

Notes to the financial statements

3.5 Fair value of financial assets and liabilities *continued*

a) Financial instruments measured at fair value *continued*

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**N'million**	**N'million**	**N'million**	**N'million**
Financial assets measured at fair value				
Financial assets at FVTPL				
- Federal Government bonds	-	30,389	-	30,389
- Treasury bills	-	16,729	-	16,729
Debt instruments measured at FVOCI				
- Treasury bills	-	192,565	-	192,565
- Federal Government bonds	-	66,938	-	66,938
- State Government bonds	-	6,477	-	6,477
Derivative financial assets	-	7,072	-	7,072
Equity instruments measured at FVOCI	2,520	15,165	-	17,685
Financial assets for which fair values are disclosed				
Loans and advances to customers	-	-		-
- Term loans	-	-	1,176,556	1,176,556
- Advances under finance lease	-	-	33,169	33,169
- Other loans	-	-	148,899	148,899
Debt instruments at amortised cost				
- Treasury bills	-	55,220		55,220
- Federal Government bonds	-	99,334		99,334
- State Government bonds	-	353		353

	Level 1	**Level 2**	**Level 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Financial liabilities at FVTPL				
Derivative financial liabilities	-	1,143	-	1,143
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds	-	-	264,521	264,521
Deposits from customers			679,094	

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				
Financial assets carried at amortised cost				-
Loans and Advances	-	-		-
- Term loans	-	-	997,634	997,634
- Advances under finance lease	-	-	45,586	45,586
- Other loans and overdrafts	-	-	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

	Level 1	**Level 2**	**Level 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Financial liabilities for which fair values are disclosed				
Financial liabilities carried at amortised cost				
Debt issued and other borrowed funds	-	-	255,003	255,003
Deposits from customers			518,021	

Notes to the financial statements

3.5 Fair value of financial assets and liabilities *continued*

(c) Fair valuation methods and assumptions

(i) Cash and balances with Central Bank of Nigeria
Cash and balances with Central Bank of Nigeria represent cash held with the Central Banks of Nigeria. The fair value of these balances approximates their carrying amounts.

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

(iii) Treasury bills and bonds
Treasury bills represent short term instruments issued by the Central banks of the jurisdiction where the Bank operates. The fair value of treasury bills are derived from the quoted yields, while the fair value of bonds are determined with reference to quoted prices in active markets for identical assets. For certain securities market prices cannot be readily obtained especially for illiquid Federal Government Bonds, State Government and Corporate Bonds. The positions was marked-to-model at 31 December 2020 and 31 December 2019 based on yields for identical assets. Fair value is determined using discounted cash flow model.

(iv) Equity securities
The fair value of unquoted equity securities are determined based on the level of information available. The investment in unquoted entities is carried at fair value. They are measured at fair value using price multiples, except for the investment in Central Securities Clearing System (CSCS) quoted on NASD.

(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 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.

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

(x) Debt issued and other borrowed funds
The fair value of the Bank's Eurobond issued is derived from quoted market prices in inactive markets and the fair value of interest-bearing borrowings are determined by using the DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The fair value is determined by using discounted cashflow method.

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

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

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

• The Covid-19 situation has driven the Bank to put additional focus on several operational risk aspects, such as:
– Business continuity plans to support our employees, customers and overall businesses.
– Potential increase of cyber risk due to new conditions in business management and remote working. Our cyber security programme continued to be improved by strengthening detection, response and protection mechanisms.
– Increase in technological support in order to ensure adequate customer service and correct performance of our services, especially in online banking and call centres.

Notes to the financial statements

3.6 Operational Risk Management *continued*

Organizational Set-up

Operational Risk Management is an independent risk management function within Fidelity Bank. The Operational Risk & Service Measurements Committee is the main decision-making committee for all operational risk management matters and approves the Bank's standards for identification, measurement, assessment, reporting and monitoring of operational risk. Operational Risk Management is responsible for defining the operational risk framework and related policies while the responsibility for implementing the framework day to-day operational risk management lies with the Bank's business and support units. Based on this business partnership model the Bank ensures close monitoring and high awareness of operational risk.

Operational Risk Framework

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

Loss Data Collection

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

Risk and Control Self Assessments (RCSA)

The Bank implement 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 has 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 assist is 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 the 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 international licensed Bank

In 2016, the Central Bank of Nigeria issued circular BSD/DIR/CIR/GEN/LAB/06/03 to all Bank's and discount houses on the implementation of Basel II/III issued 10 December 2013 and guidance notes to the regulatory capital measurement and management for the Nigerian Banking System for the implementation of Basel II/III in Nigeria. The capital adequacy ratio for the year ended 31 December 2020 and the comparative period 31 December 2019 is in line with the new circular. The computations are consistent with the requirements of Pillar I of Basel II Accord (Internal Convergence of capital measurement and Capital Standards. Although the guidelines comply with the requirement of the Basel II accord, certain sections were adjusted to reflect the peculiarities of the Nigerian environment.

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

Tier 1 capital: This includes only permanent shareholders' equity (issued and fully paid ordinary shares/common stock and perpetual noncumulative 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.

Notes to the financial statements

4 Capital management *continued*

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 summarizes the composition of regulatory capital and the ratios of the Bank as at 31 December 2020 and as at 31 December 2019. 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 2020 N'million	31 December 2019 N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings	73,065	37,849
Statutory reserve	39,006	35,008
Small scale investment & AGSMEIS reserve	6,094	4,761
Tier 1 Deductions - Intangible Assets	(3,283)	(1,636)
Total qualifying Tier 1 capital	230,635	191,735
Regulatory adjustment	6,365	10,640
Adjusted qualifying Tier 1 capital	224,270	181,095
Tier 2 capital		
Local Bond Issue (Discounted at 60%)	-	12,000
Revaluation reserve	-	-
Fair value reserve	39,615	20,969
Total Tier 2 capital	39,615	32,969
Less other deductions		
Excess exposure over single obligor without Central Bank of Nigeria	(20,195)	-
	19,420	32,969
Qualifying Tier 2 Capital restricted to lower of Tier 2 and 33.33% of Tier 1 Capital		
Total Tier 1 & Tier 2 Capital	243,690	214,064
Risk-weighted assets:		
Credit Risk Weighted Assets	1,048,332	920,616
Market Risk Weighted Assets	87,624	64,232
Operational Risk Weighted Assets	204,255	185,821
Total risk-weighted assets	1,340,211	1,170,669
Capital Adequacy Ratio (CAR)	18.18%	18.29%
Minimum Capital Adequacy Ratio	15%	15%

Notes to the financial statements

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 2020, 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 2020 is as follows:

	Retail Banking N'million	Corporate Banking N'million	Investment Banking N'million	Combined N'million
Revenue derived from external customers	91,113	70,767	44,324	206,204
Revenues from other segments	-	-	-	-
Total	91,113	70,767	44,324	206,204
Interest income	72,625	67,004	37,124	176,753
Interest expense	(33,762)	(26,254)	(12,614)	(72,630)
Profit before tax	17,572	6,354	4,128	28,054
Income tax expense	(866)	(331)	(207)	(1,404)
Profit for the year ended 31 December 2020	16,706	6,023	3,921	26,650
Total segment assets	1,565,671	657,436	535,068	2,758,175
Total segment liabilities	1,593,656	592,067	298,919	2,484,642
Other segment information				
Depreciation/Amortization	(4,123)	(1,279)	(805)	(6,207)

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 N'million	Corporate Banking N'million	Investment Banking N'million	Combined N'million
Revenue derived from external customers	97,398	74,929	45,685	218,011
Revenues from other segments	-	-	-	-
Total	97,398	74,929	45,685	218,011
Interest income	80,246	69,733	34,862	184,841
Interest expense	(43,679)	(39,273)	(18,834)	(101,786)
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	459,080	209,093	1,880,007
Other segment information				
Depreciation/Amortization	(3,689)	(1,060)	(672)	(5,421)

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 2020 and 31 December 2019.

The cash flow information for the reporting segment is not provided to the chief operating decision maker.

Notes to the financial statements

6 Interest revenue calculated using the effective interest method

	2020 N'million	2019 N'million
Loans and advances to customers	126,296	135,051
Advances under finance lease.	4,180	4,153
Treasury bills and other investment securities:		
- Fair value through other comprehensive income	19,577	22,059
- Amortised cost.	13,046	12,011
Placements and short term funds	5,452	6,217
	168,551	179,491

7 Interest expense calculated using the effective interest method

	2020 N'million	2019 N'million
Term deposits	34,113	60,899
Debts issued and other borrowed funds	25,719	25,647
Savings deposits	7,635	8,185
Current accounts	3,475	4,550
Inter-bank takings	647	8
Intervention loan	1,041	2,497
	72,630	101,786

8 Credit loss (expense)/reversal

The table below shows the ECL charges on financial instruments recorded in profit or loss for the year ended 31 December 2020:

	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
Due from banks (note 21)	-	583	-			-	583
Loans and advances to customers (note 22)	-	952		2,122	13,029		16,103
Debt instruments measured at FVOCI (note 24.6.1)	-	2	-	-	-	-	2
Debt instruments measured at amortised costs (note 24.6.2)	-	210	-	-	-	-	210
Financial guarantees (note 32.3.1)	-	5	-	-	-	-	5
Letters of credit (note 32.3.2)	-	307	-	-	-	-	307
Total credit loss expense	-	2,059	-	2,122	13,029	-	17,210
Other assets (Note 28)		(352)	-	-	-	-	(352)
	-	**1,707**	**-**	**2,122**	**13,029**	**-**	**16,858**

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
Due from banks (note 21)	-	(497)	-	-	-	-	(497)
Loans and advances to customers (note 22)	-	(5,739)	-	2,686	(2,276)	-	(5,329)
Debt instruments measured at FVOCI (note 24.6.1)	-	504	-	-	-	-	504
Debt instruments measured at amortised costs (note 24.6.2)		(56)	-	-	-	-	(56) -
Letters of credit (note 32.3.2)	-	(206)	-	-	-	-	(206)
Total credit loss reversal	**-**	**(5,994)**	**-**	**2,686**	**(2,276)**	**-**	**(5,584)**
Other assets (note 28)	-	292	-	-	-	-	292
	-	**(5,702)**	**-**	**2,686**	**(2,276)**	**-**	**(5,292)**

Notes to the financial statements

9 Net fee and commission income

Fee and commission income is disaggregated below and includes fees in scope of IFRS 15, Revenues from Contracts with Customers:

			2020	
	Retail Banking N'million	**Corporate Banking N'million**	**Investment Banking N'million**	**Total N'million**
Fee and commission type:				
ATM charges	1,916	1,454	-	3,371
Accounts maintenance charge	1,652	935	213	2,800
Commission on travellers cheque and foreign bills	1,082	259	446	1,787
Commision on E-banking activities	1,384	1,024	56	2,464
Commission on fidelity connect	1,023	322	62	1,407
Other fees and commissions	294	28	9	331
Commision and fees on banking services	362	157	-	519
Commision and fees on NXP	590	245	10	845
Collection fees	270	28	6	304
Telex fees	461	38	7	506
Cheque issue fees	65	27	-	92
Letters of credit commissions and fees	539	214	320	1,073
Commissions on off balance sheet transactions	1,069	643	-	1,712
Remittance fees	64	21	-	85
Total revenue from contracts with customers	**10,771**	**5,395**	**1,129**	**17,296**
Other non-contract fee income:				
Credit related fees	1,402	1,155	-	2,557
Total fees and commission income	12,173	6,550	1,129	19,853
Fee and commission expense	(3,945)	(1,764)	(435)	(6,144)
Net fee and commission income	**8,228**	**4,786**	**694**	**13,709**

			2019	
	Retail Banking N'million	**Corporate Banking N'million**	**Investment Banking N'million**	**Total 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
Commision 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
Commision and fees on banking services	486	23	7	517
Commision 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**

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

	2020 N'million	**2019 N'million**
Modification loss*	-	4,705

*There was no significant modification in 31 December 2020, "all modifications as a result of the impact of Covid-19 for the year ended 31 December 2020 did not result in the derecognition of the related financial assets." However in prior period, 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.

Notes to the financial statements

11 Other operating income

	2020	2019
	N'million	**N'million**
Net foreign exchange gains	8,189	3,401
Dividend income (Note 24.3.1)	855	1,444
(Loss)/profit on disposal of property, plant and equipment	(51)	2,510
Other income*	605	553
	9,598	**7,908**

This is made of miscellaneous income from sale of junk items that did not qualify for capitalization as fixed assets at the time of purchase, as well recoveries from fully written off accounts.

12 Net gains from financial assets at fair value through profit or loss

	2020	2019
	N'million	**N'million**
Net gains/(losses) arising from:		
- Bonds	1,010	177
- Treasury bills	344	650
- Placements	-	(26)
- Derivatives	(239)	-
	1,115	**801**

12.1 Interest income on financial assets measured at FVTPL	**8,202**	**5,350**

Interest income on financial assets measured at FVTPL is 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

	2020	2019
	N'million	**N'million**
Wages and salaries	22,118	21,129
End of the year bonus (see note 32.1)	2,792	2,537
Pension contribution	457	463
	25,367	**24,129**

14 Depreciation and amortisation

	2020	2019
	N'million	**N'million**
Property, plant and equipment (Note 25)	3,187	3,112
Intangible asset-computer software (Note 26)	2,347	1,623
Depreciation of right-of-use assets (Note 29)	673	686
	6,207	**5,421**

15 Other operating expenses

	2020	2019
	N'million	**N'million**
Marketing, communication & entertainment	9,594	10,430
Banking sector resolution cost	11,866	10,478
Deposit insurance premium	5,533	4,732
Outsourced cost	4,705	4,333
Repairs and maintenance	2,786	3,383
Computer expenses	3,477	3,301
Other expenses	4,782	4,858
Security expenses	1,378	1,149
Rent and rates	203	370
Training expenses	200	538
Cash movement expenses	681	1,170
Travelling and accommodation	964	1,130
Consultancy expenses	587	1,960
Corporate finance expenses	1,099	601
Legal expenses	372	726
Electricity	454	472
Office expenses	656	617
Directors' emoluments	789	443
Insurance expenses	453	387
Stationery expenses	281	306
Bank charges	273	490
Auditor's remuneration	200	200
Donations	536	165
Telephone expenses	100	95
Postage and courier expenses	90	108
	52,059	52,442

Notes to the financial statements

16 Taxation

a Income tax expense

	2020 N'million	2019 N'million
Current tax on the income for the reporting period	514	1,074
Tertiary education tax	608	358
Police trust fund levy	1	2
Capital gain tax	-	190
Information technology levy	281	304
Current income tax expense	1,404	1,928
Deferred tax expense	-	-
	1,404	1,928

b Reconciliation of income tax expense

	2020 N'million	2019 N'million
Profit before income tax expense	28,054	30,353
Income tax using the domestic corporation tax rate of 30%	8,416	9,106
Non-deductible expenses	12,042	10,240
Tax exempt income	(13,342)	(10,797)
Utilization of previously unrecognised tax losses	(9,140)	(5,394)
Current year unrecognised deferred tax credit/(charge)	2,024	(2,605)
Income tax expense based on minimum tax (note 16d)	514	525
Tertiary education tax	608	358
Capital gain tax	-	190
Police trust fund (note 16e)	1	2
Information technology levy (note 16f)	281	304
	1,404	1,928

The effective income tax rate is 6% for 31 December 2020 (2019: 13%)

	2020 N'million	2019 N'million
c Current income tax payable		
At 1 January	2,339	1,609
Income tax paid	(1,436)	(1,198)
Current income tax expense	1,404	1,928
At 31 December	2,307	2,339

Reconciliation of effective tax rate

d The income tax is based on minimun tax assessment in line with the Finance Bill Act 2020 as there is no taxable profit to charge tax. (2019: The basis of income tax is minimum tax assessment). The minimum tax is 0.25% of gross turnover less franked investment income.

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 year.

17 Net reclassification adjustments for realised net gains

The net reclassification adjustments for realised net gains from other comprehensive income to profit or loss are in respect of debt instruments measured at fair value through other comprehensive income which matured during the period.

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.

	2020 N'million	2019 N'million
Profit attributable to equity holders of the Bank	26,650	28,425
Weighted average number of ordinary shares in issue (million unit)	28,963	28,963
Basic & diluted earnings per share (expressed in kobo per share)	92	98

Notes to the financial statements

19 Cash and balances with Central Bank of Nigeria

	31 December 2020	31 December 2019
	N'million	N'million
Cash	44,751	31,658
Balances with central bank other than mandatory reserve deposits	69,826	78,388
Included in cash and cash equivalents (note 20)	114,577	110,046
Mandatory reserve deposits with central bank (see note 19.1 below)	432,741	304,618
Special cash reserve (see note 19.2 below)	107,388	38,728
	654,706	**453,392**

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 December 2020	31 December 2019
	N'million	N'million
Cash and balances with central bank (Note 19)	114,577	110,046
Due from banks	213,916	149,869
Total cash and cash equivalents	328,493	259,915

21 Due from banks	31 December 2020	31 December 2019
	N'million	N'million
Current accounts with foreign banks	163,009	101,853
Placements with other banks	51,799	48,325
Sub-total	214,808	150,178
Less: Allowance for impairment losses	(892)	(309)
	213,916	149,869

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 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
External rating grade				
Performing				
High grade	180,773	-	-	180,773
Standard grade	34,035	-	-	34,035
Total	**214,808**	-	-	**214,808**

	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

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2020	**150,178**	**-**	**-**	**150,178**
New assets originated or purchased	107,521	-	-	107,521
Assets derecognised or repaid (excluding write offs)	(48,325)	-	-	(48,325)
Accrued interest	4,204	-	-	4,204

Foreign exchange adjustments	1,230	-	-	1,230
At 31 December 2020	**214,808**	**-**	**-**	**214,808**

Notes to the financial statements

21 Due from banks ***continued***

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	**309**	**-**	**-**	**309**
New assets originated or purchased	601	-	-	601
Assets derecognised or repaid (excluding write offs)	(236)	-	-	(236)
Unwind of discount	120	-	-	120
Foreign exchange adjustments	98	-	-	98
At 31 December 2020	**892**	**-**	**-**	**892**

	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**

	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
Assets derecognised or repaid (excluding write offs)	(560)	-	-	(560)
Unwind of discount	15	-	-	15
Foreign exchange adjustments	11	-	-	11
At 31 December 2019	**309**	**-**	**-**	**309**

Contractual amounts outstanding in relation to Due from banks that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 31 December 2020 and at 31 December 2019.

22 Loans and advances to customers

	31 December 2020	**31 December 2019**
	N'million	**N'million**
Loans to corporate and other organisations	1,340,202	1,125,000
Loans to individuals	53,422	53,389
	1,393,624	1,178,389
Less: Allowance for ECL	(67,518)	(51,415)
	1,326,106	1,126,974

	31 December 2020	**31 December 2019**
	N'million	**N'million**
Loans to corporate entities and other organisations		
Overdrafts	155,042	126,472
Term loans	1,152,910	953,489
Advances under finance lease	32,250	45,039
	1,340,202	1,125,000
Less: Allowance for ECL	(66,943)	(47,793)
	1,273,259	1,077,207
Loans to individuals		
Overdrafts	6,856	8,696
Term loans	43,647	44,145
Advances under finance lease	2,919	548
	53,422	53,389
Less: Allowance for ECL	(575)	(3,622)
	52,847	49,767
Net loans and advances	1,326,106	1,126,974

Notes to the financial statements

22.1 Impairment allowance for loans and advances to customers

22.1.1 Corporate and other organisations

The table below shows the credit rating 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 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade (AAA-A)	195,080	-	-	195,080
Standard grade (BBB-B)	707,793	157,805	-	865,598
Sub-standard grade (CCC-C)	124,870	105,240	-	230,110
Non-performing				
Individually impaired	-	-	49,414	49,414
Total	**1,027,743**	**263,045**	**49,414**	**1,340,202**

	31 December 2019			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade (AAA-A)	73,755	-	-	73,755
Standard grade (BBB-B)	758,676	107,710	-	866,386
Sub-standard grade (CCC-C)	-	148,865	-	148,865
Non-performing				
Individually impaired	-	-	35,994	35,994
Total	**832,431**	**256,575**	**35,994**	**1,125,000**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	**832,431**	**256,575**	**35,994**	**1,125,000**
New assets originated or purchased	355,211	-	-	355,211
Assets derecognised or repaid (excluding write offs)	(161,772)	(25,417)	(3,314)	(190,503)
Transfers to Stage 1	4,565	(4,565)	-	-
Transfers to Stage 2	(18,841)	18,841	-	-
Transfers to Stage 3	(15,260)	(366)	15,626	-
Amount written off	-	-	(13,846)	(13,846)
Accrued interest	28,361	16,198	14,719	59,278
Foreign exchange adjustments	3,048	1,779	235	5,062
At 31 December 2020	**1,027,743**	**263,045**	**49,414**	**1,340,202**

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	**5,654**	**19,188**	**22,951**	**47,793**
New assets originated or purchased	4,876	-	-	4,876
Assets derecognised or repaid (excluding write offs)	(2,940)	(2,244)	(1,710)	(6,894)
Transfers to Stage 1	845	(845)	-	-
Transfers to Stage 2	(2,795)	2,795	-	-
Transfers to Stage 3	(2,445)	(45)	2,490	-
Amount written off	-	-	(13,846)	(13,846)
Impact on year end ECL of exposures transferred between stages during the year	6,120	2,254	26,137	34,511
Foreign exchange adjustments	290	197	16	503

At 31 December 2020	**9,605**	**21,300**	**36,038**	**66,943**

Notes to the financial statements

22.1.1 Corporate and other organisations *continued*

	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 Individual	**Stage 2 Individual**	**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 period end ECL of exposures transferred between stages during the period	(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**

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was nil at 31 December 2020 (31 December 2019: nil).

22.1.2 Loans to individuals

The table below shows the credit rating and the maximum exposure to credit risk based on the Bank's internal credit rating system and yearend 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 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade (AAA-A)	-	-	-	-
Standard grade (BBB-B)	43,626	277	-	43,903
Sub-standard grade (CCC-C)	-	-	-	-
Past due but not impaired(C)	5,866	17	-	5,883
Non-performing				
Individually impaired	-	-	3,636	3,636
Total	**49,492**	**294**	**3,636**	**53,422**

	31 December 2019			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade (AAA-A)	-	-	-	-
Standard grade (BBB-B)	46,745	24	-	46,769
Sub-standard grade (CCC-C)	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**

Notes to the financial statements

22.1.2 Loans to individuals *continued*

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to retail lending is, as follows:

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	**50,726**	**24**	**2,639**	**53,389**
New assets originated or purchased	24,321	-	-	24,321
Assets derecognised or repaid (excluding write offs)	(29,682)	(25)	(728)	(30,435)
Transfers to Stage 1	84	(84)	-	-
Transfers to Stage 2	(429)	554	(125)	-
Transfers to Stage 3	-	(883)	883	-
Accrued interest	3,252	466	871	4,589
Amount written off	-	-	(34)	(34)
Foreign exchange adjustments	1,220	242	130	1,592
At 31 December 2020	**49,492**	**294**	**3,636**	**53,422**

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	**3,062**	**-**	**560**	**3,622**
New assets originated or purchased	118	-	-	118
Assets derecognised or repaid (excluding write offs)	(2,472)	(7)	(615)	(3,094)
Transfers to Stage 1	9	(9)	-	-
Transfers to Stage 2	(198)	291	(93)	-
Transfers to Stage 3	-	(155)	155	-
Impact on period end ECL of exposures transferred between stages during the period	(826)	(120)	447	- (499)
Amount written off	-	-	(34)	(34)
Foreign exchange adjustments	370	10	82	462
At 31 December 2020	**63**	**10**	**502**	**575**

	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)	8,944	(8,883)	-
Transfers to Stage 3	-	(183)	183	-
Impact on period 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**

Notes to the financial statements

22.2 Advances under finance lease may be analysed as follows:

	31 December 2020 N'million	31 December 2019 N'million
Gross investment		
- No later than 1 year	4,027	1,809
- Later than 1 year and no later than 5 years	31,486	43,549
- Later than 5 years	205	227
	35,718	45,585
Unearned future finance income on finance leases	(3,468)	(546)
Net investment	32,250	45,039
The net investment may be analysed as follows:		
No later than 1 year	3,323	1,775
Later than 1 year and no later than 5 years	28,723	43,062
Later than 5 years	204	201
	32,250	45,039

There was a decrease of N9.87 billion in gross amount of finance lease related facility and increase in the unearned finance income of N2.92 billion.

22.3 Nature of security in respect of loans and advances:

	31 December 2020 N'million	31 December 2019 N'million
Secured against real estate	355,683	210,888
Secured by shares of quoted companies	-	20
Secured others	999,792	913,097
Advances under finance lease	35,718	45,585
Unsecured	2,431	8,800
Gross loans and advances to customers	1,393,624	1,178,389

23 Derivative financial instruments

The Bank enters into derivative contracts with two counter parties; Total Return Swap with Citigroup Global Markets Ltd ("Citi") and Non-deliverable Forwards with the Central Bank of Nigeria ("CBN"). The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument (being foreign currency and treasury bills). The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

31 December 2020	Carrying value assets N'million	Carrying value liabilities N'million	Notional amount N'million
Total return swap contracts	7,072	-	8,674
Non-deliverable forwards	-	1,143	20,016
Total derivative financial instruments	**7,072**	**1,143**	**28,690**

31 December 2019	Carrying value assets N'million	Carrying value liabilities N'million	Notional amount N'million
Total return swap contracts	-	-	-
Non-deliverable forwards	-	-	-
Total derivative financial instruments	**-**	**-**	**-**

24 Investments

	31 December 2020 N'million	31 December 2019 N'million

24.1 Financial assets at fair value through profit or loss (FVTPL)

Held for trading:

Federal government bonds	30,389	1,875
Treasury bills	16,729	36,176
Placements	-	7,487
Total financial assets measured at FVTPL	**47,118**	**45,538**

Notes to the financial statements

24.2 Debt instruments at fair value through other comprehensive income (FVOCI)	31 December 2020 N'million	7,487 N'million
Treasury bills	192,565	98,939
Federal government bonds	66,938	18,147
State government bonds	6,477	4,353
Corporate bonds	-	13,407
Total debt instruments measured at FVOCI	**265,980**	**134,846**

An expected credit loss of N2 million (31 Dec 2019: N504 million) has been recognised on debt instrument measured at FVOCI, the allowance has been credited to other comprehensive income for the year

24.3 Equity instruments at fair value through other comprehensive income (FVOCI)	31 December 2020 N'million	31 December 2019 N'million
Unquoted equity investments:		
- Unified Payment Services Limited (UPSL)	9,228	8,776
- African Finance Corporation (AFC)	4,160	2,223
- The Central Securities Clearing System (CSCS)	2,520	1,840
- Nigerian Inter Bank Settlement System (NIBBS)	1,777	1,697
Total equity instruments at FVOCI	**17,685**	**14,536**

24.3.1 The Bank has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading. During the year ended 31 December 2020, the Bank recognised dividend of N855 million (31 December 2019: N1.44 billion) from its FVOCI equities which was recorded in the profit or loss as other operating income.

24.4 Debt instruments at amortised cost	31 December 2020 N'million	31 December 2019 N'million
Treasury bills	54,738	48,248
Federal government bonds	83,078	69,378
State government bonds	352	1,097
Sub-total	138,168	118,723
Allowance for impairment	(364)	(154)
Total debt instruments measured at amortised cost	**137,804**	**118,569**

24.5 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 2020 N'million	31 December 2019 N'million
Treasury bills - Amortised cost	14,974	26,051
Federal Government bonds - Amortised cost	28,897	51,499

24.6 Impairment losses on financial investments subject to impairment assessment

24.6.1 Debt instruments measured at FVOCI

The table below shows the fair value of the Bank's debt instruments measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal grading				
Performing				
High grade	259,503	-	-	259,503
Standard grade	6,477	-	-	6,477
Total	265,980	-	-	265,980

	31 December 2019			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade	117,086	-	-	117,086
Standard grade	17,760	-	-	17,760
Total	134,846	-	-	134,846

Notes to the financial statements

24.6.1 Debt instruments measured at FVOCI *continued*

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	134,846	-	-	134,846
New assets purchased	227,986	-	-	227,986
Assets derecognised or repaid (excluding write offs)	(118,111)	-	-	(118,111)
Accrued interest	1,921	-	-	1,921
Change in fair value	19,338	-	-	19,338
At 31 December 2020	265,980	-	-	265,980

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	783	-	-	783
New assets originated or purchased	545	-	-	545
Assets derecognised or repaid (excluding write offs)	(558)	-	-	(558)
Unwind of discount	15	-	-	15
At 31 December 2020	785	-	-	785

	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 originated or 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 2019	783	-	-	783

24.6.2 Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank’s internal credit rating system and 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 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing		-		
High grade	137,816	-	-	137,816
Standard grade	352	-	-	352
Total	138,168	-	-	138,168

	31 December 2019			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing		-		
High grade	117,627	-	-	117,627
Standard grade	1,096	-	-	1,096
Total	118,723	-	-	118,723

Notes to the financial statements

24.6.2 Debt instruments measured at amortised cost *continued*

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	118,723	-	-	118,723
New assets originated or purchased	86,485	-	-	86,485
Assets derecognised or repaid (excluding write offs)	(70,325)	-	-	(70,325)
Accrued interest	3,240	-	-	3,240
Foreign exchange adjustments	45			45
At 31 December 2020	138,168	-	-	138,168

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	154	-	-	154
New assets originated or purchased	204	-	-	204
Assets derecognised or repaid (excluding write offs)	(46)	-	-	(46)
Unwind of discount	47	-	-	47
Foreign exchange adjustments	5	-	-	5
At 31 December 2020	364	-	-	364

	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

Notes to the financial statements

25 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	N'million
Cost									
At 1 January 2020	15,207	16,913	3,722	9,531	2,288	17,921	5,780	1,207	72,569
Additions	-	-	119	262	49	1,763	698	475	3,366
Reclassifications	336	153	-	195	-	-	-	(684)	-
Disposals	-	-	(6)	(153)	(1)	(552)	(947)	-	(1,659)
At 31 December 2020	**15,543**	**17,066**	**3,835**	**9,835**	**2,336**	**19,132**	**5,531**	**998**	**74,276**
Accumulated depreciation									
At 1 January 2020	-	(3,128)	(2,441)	(7,970)	(2,079)	(13,416)	(5,143)	-	(34,177)
Charge for the period	-	(335)	(226)	(605)	(96)	(1,528)	(397)	-	(3,187)
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	6	152	1	552	823	-	1,534
At 31 December 2020	**-**	**(3,463)**	**(2,661)**	**(8,423)**	**(2,174)**	**(14,392)**	**(4,717)**	**-**	**(35,830)**
Carrying amount at 31 December 2020	**15,543**	**13,603**	**1,174**	**1,412**	**162**	**4,740**	**814**	**998**	**38,446**
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	-	-	(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	-	-	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**

Notes to the financial statements

26 Intangible assets - Computer software

	31 December 2020	31 December 2019
	N'million	N'million
Cost		
Balance at beginning of year	5,846	4,188
Additions	3,994	2,183
Disposal during the year	(1,441)	(525)
Balance	8,399	5,846
Accumulated amortization		
Balance at beginning of year	(4,210)	(3,112)
Amortisation for the year	(2,347)	(1,623)
Disposal during the year	1,441	525
Balance	(5,116)	(4,210)
Carrying amount	**3,283**	**1,636**

These relate to purchased software.
The amortisation of intangible asset recognised in depreciation and amortisation in profit or loss was N2.349 billion for the ye ended 31 December 2020 (31 December 2019: N1.623 billion).

27 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 (2019: 30% or 32%).
Deferred tax assets and liabilities are attributable to the following items:

27.1 Deferred tax assets

	31 December 2020	31 December 2019
	N'million	N'million
Property, plant and equipment	7,679	5,753
Allowances for loan losses	4,309	1,250
Tax loss carried forward	13,819	16,779
	25,806	23,782
Unrecognised deferred tax assets	**(25,806)**	**(23,782)**
Net	-	-

27.2 The Bank has unutilised capital allowance of N40.8 billion (31 Dec 2019: N32.9 billion), unused tax losses carried forward of N46.06 billion (31 Dec 2019: N55.93 billion) and deductible temporary difference of N14.36 billion (31 Dec 2019: deductible temporary difference N4.167 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.

28 Other assets

	31 December 2020	31 December 2019
Financial assets	N'million	N'million
Sundry receivables	38,058	24,163
Investments in SMESIS	3,997	2,575
Shared Agent Network Expansion Facility (SANEF)	50	50
	42,105	26,788
Less:		
Specific allowances for impairment	(1,575)	(1,927)
	40,530	24,861
Non financial assets		
Prepayments*	2,688	2,422
Others*	736	888
Other non financial assets	426	585
	3,850	3,895
Total	**44,380**	**28,756**

Reconciliation of allowance for impairment

	31 December 2020	31 December 2019
	N'million	N'million
At beginning of the year	1,927	2,219
Reversal for the year	(352)	(292)
At end of the year	1,575	1,927

* The items classified as others are stock of ATM cards, stock electronic cards, and stock cheque books and stationeries.
* Prepayment relates to payments made by the bank on items whose benefits covers specified future period of time which beyond the current financial year e.g. Insurance premium, Advert and publicity, Computer expense and Subscription.

Notes to the financial statements

29 Right-of-use assets

Building

	31 December 2020	31 December 2019
	N'million	N'million
Cost		
Balance at the beginning of year	2,215	-
Effect of adoption of IFRS 16	-	1,721
Additions	796	494
	3,011	2,215
Accumulated depreciation		
Balance at beginning of year	(686)	-
Depreciation for the year	(673)	(686)
Balance	(1,359)	(686)
Carrying amount	**1,652**	**1,529**

The expense for low value item and short term lease is N203 million (31 December 2019 : N370 million)

30 Deposits from customers

	31 December 2020	31 December 2019
	N'million	N'million
Demand	596,548	430,107
Savings	424,384	275,219
Term	384,342	247,564
Domicilliary	286,752	261,503
Others	7,000	10,820
	1,699,026	1,225,213
Current	1,699,026	1,225,213
Non-current	-	-
	1,699,026	1,225,213

31 Other liabilities

	31 December 2020	31 December 2019
	N'million	N'million
Customer deposits for letters of credit (see note 31.1)	39,996	50,978
Accounts payable (see note 31.2)	132,614	82,170
Manager's cheque	4,079	3,484
FGN Intervention fund (see note 31.5)	308,097	250,139
Payable on E-banking transactions (see note 31.3)	26,079	8,642
Other liabilities/credit balances (see note 31.4)	6,228	1,661
	517,093	397,074

31.1 Customer deposit for letter of credit relates to liabilities generated from loans granted to customers for trade finance transactions, it mirrors the value of the confirmation line enjoyed by the customer with the offshore bank for the purpose of facilitating the Letters of Credit.

31.2 Account payable represent balances in internal accounts drawn for the purpose of settlement of obligations which are due against the bank either from bank expense or customer transaction settlement e.g. accrual/provision for expenses that has or will fall due, Ebanking settlement values drawn from customers account, customers deposit drawn for FX bid with CBN for letters of credit etc.

31.3 Payable on E-banking transactions are settlement balances for RTGS/NIBSS transaction and Etransact transactions

31.4 Other liabilities/credit balances are credit balances for other liabilities, other than the ones relating to customers deposit

31.5 FGN Intervention fund are funds provided by the Federal Government through CBN, BOI and DBN to enable DMOs avails loans at single digit rates or rates lower than the normal commercial rate to qualifying institutions in line with the guidelines provided by CBN, BOI and DBN etc.

Included in the FGN Intervention fund is CBN Bailout Fund of N89.78billion (31 Dec 2019: N92.07 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 until March 2020 .the rate was reduced to 5% for 1 year period due to Covid 19 pandemic. 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.

Notes to the financial statements

32	**Provisions**	**31 December 2020**	**31 December 2019**
		N'million	**N'million**
	Provisions for year end bonus (see note 32.1)	2,548	2,580
	Provisions for litigations and claims (see note 32.1)	623	623
	Provision for guarantees and letters of credit (see note 32.3)	904	592
		4,075	3,795

32.1 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	2,580	2,000
	Arising during the year	2,792	2,537
	Utilised	(2,824)	(1,957)
	At the end of the year	2,548	2,580
32.1	***Movement in provision for litigations and claims***		
	At 1 January	623	545
	Arising during the year	-	111
	Utilised	-	(33)
	At the end of the year	623	623
32.2	Current provisions	3,452	3,172
	Non-current provisions	623	623
		4,075	3,795

32.3 Impairment losses on guarantees and letters of credit

An analysis of changes in the gross carrying amount and the corresponding allowances for impairment losses in relation to guarantees and letters of credit is as follows:

32.3.1 **Performance bonds and guarantees**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and 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 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade	96,105	-	-	96,105
Standard grade	106,218	-	-	106,218
Sub-standard grade	6,110	-	-	6,110
Non-performing				
Individually impaired	-	-	-	-
Total	208,433	-	-	208,433

	31 December 2019			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Internal grading				
Performing				
High grade	183,722	-	-	183,722
Standard grade	20,414	-	-	20,414
Non-performing				
Individually impaired	-	-	-	-
Total	204,135	-	-	204,135

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
Gross carrying amount as at 1 January 2020	204,135	-	-	204,135
New exposures	146,740	-	-	146,740
Exposures matured/lapsed	(140,212)	-	-	(140,212)
Changes due to modifications not resulting in derecognition	(2,230)	-	-	(2,230)
At 31 December 2020	208,433	-	-	208,433

Notes to the financial statements

32.3.1 **Performance bonds and guarantees** ***continued***

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2020	1	-	-	1
New assets originated or purchased	5	-	-	5
Exposures matured/lapsed	(1)	-	-	(1)
Unwind of discount	1	-	-	1
At 31 December 2020	6	-	-	6

	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
Exposures matured/lapsed	(1)	-	-	(1)
At 31 December 2019	1	-	-	1

32.3.2 **Letters of credit**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and 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 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal grading				
Performing				
High grade	91,690	-	-	91,690
Standard grade	76,706	-	-	76,706
Sub-standard grade	4,471	-	-	4,471
Non-performing				
Individually impaired	-	-	-	-
Total	172,867	-	-	172,867

	31 December 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Internal grading				
Performing				
High grade	113,969	-	-	113,969
Standard grade	20,113	-	-	20,113
Non-performing				
Individually impaired	-	-	-	-
Total	134,082	-	-	134,082

An analysis of changes in the outstanding exposures and the corresponding ECLs is, as follows:

	31 December 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2020	134,082	-	-	134,082
New exposures	97,822	-	-	97,822
Exposures matured/lapsed	(60,267)	-	-	(60,267)
Foreign exchange adjustments	1,230	-	-	1,230
At 31 December 2020	172,867	-	-	172,867

Notes to the financial statements

32.3.2 **Letters of credit** ***continued***

	31 December 2020			
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	**N'million**	**N'million**	**N'million**
ECL allowance as at 1 January 2020	591	-	-	591
New exposures	514	-	-	514
Exposures matured/lapsed	(50)	-	-	(50)
Changes in ECL during the year	(234)	-	-	(234)
Foreign exchange adjustments	77	-	-	77
At 31 December 2020	898	-	-	898

	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	97,571	-	-	97,571
Exposures matured/lapsed	(152,130)	-	-	(152,130)
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 1 December 2019	591	-	-	591

33 Debts issued and other borrowed funds

	31 December 2020	**31 December 2019**
	N'million	**N'million**
Long term loan from Proparco Paris (see note 33.1)	1,472	3,979
Long term loan from African Development Bank (ADB) (see note 33.2)	23,485	22,630
European Investment Bank Luxembourg (see note 33.3)	2,771	3,465
$400 Million Euro Bond issued (see note 33.5)	161,916	145,141
Local Bond issued (see note 33.6)	-	30,137
Repurchase transaction with Renaissance Capital (see note 33.7)	26,452	23,650
Afrexim (see note 33.4)	44,875	22,584
	260,971	251,586

	31 December 2020	**31 December 2019**
Reconciliation of debt issued and other borrowed funds:	**N'million**	**N'million**
At 1 January	251,586	240,767
Additions during the year	36,832	64,336
Accrued interest	25,719	25,647
Payment of interest	(24,903)	(19,567)
Repayment of principal during the year	(50,904)	(36,275)
Foreign exchange difference	22,641	(23,322)
At the end of the year	260,971	251,586

33.1 The amount of N1.472 billion (31 Dec 2019: N3.979 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.

33.2 The amount of N23.485 billion (31 Dec 2019: N22.630 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 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.

33.3 The amount of N2.771 billion (31 Dec 2019: N3.465 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.

Notes to the financial statements

33 Debts issued and other borrowed funds *continued*

33.4 The amount of N44.875 billion, (31 Dec 2019:N22.584 billion) represents amortised cost balance of $75 million borrowing with interest rate of 5.57 plus libor due to mature in March 2022 and an additional borrowings of $75 million with interest rate of 4.5% Plus Libor due to mature in September 2023 from AFREXIM . Repayment is semi-annual.

33.5 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 N161.9 billion (31 Dec 2019 : N145.141 billion)) represents the amortised cost of $400 million, 5- year, 10.50% Eurobond issued at 99.48% in October 2017. The principal amount is repayable in October 2022, while the coupon is paid semi annually.

33.6 The amount of N30.137 billion for 31 Dec. 2019 represents the amortised cost of a N30 billion, 6.5- year, 16.48% Local bond issued at 96.5% in May 2015. The principal amount for the Local bonds is repayable in Nov 2021. The coupon is paid semi annually. The purpose of the Local bond issuance is to finance the SME business of the economy of Nigeria. This has been fully repaid during the period..

33.7 The amount of N26.452 billion, (31 Dec 2019: N23.650 billion) represents a $33million dollar borrowing under a repurchase agreement with Renaissance Capital, at an interest rate of Libor plus 3% per annum and matures on 13 January 2021.

34 Share capital

	31 December 2020 N'million	31 December 2019 N'million
Authorised		
32 billion ordinary shares of 50k each (2019: 32 billion ordinary shares of 50k each)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2019: 28,963 million ordinary shares of 50k each)	14,481	14,481

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

All shares rank equally. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Bank

35 Other equity accounts

The nature and purpose of the other equity accounts are as follows:

Share premium

Premiums from the issue of shares are reported in share premium.

Retained earnings

Retained earnings comprise the undistributed profits from previous years and current year, which have not been reclassified to the other reserves noted below.

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 risk 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 reserve

The fair value reserve includes the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income 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.

Notes to the financial statements

36 Cash flows from operations

	Notes	31 December 2020 N'million	31 December 2019 N'million
Profit before income tax		28,054	30,353
Adjustments for:			
– Depreciation and amortisation	14	6,207	5,421
– Loss/(profit) on disposal of property, plant and equipment	11	51	(2,510)
– Net foreign exchange difference		18,612	(3,401)
– Net gains from financial assets at fair value through profit or loss	12	(1,115)	(801)
– Credit loss expense/(reversal)	8	16,622	(5,584)
– Impairment charge on other assets	8	(352)	292
– Increase in provisions	32	(32)	452
– Net losses on derecognition of financial assets measured at amortised cost		-	4,705
– Dividend income	11	(855)	(1,445)
– Gain on debt instruments measured at FVOCI reclassified from equity	17	(3,843)	2,261
– Net interest income		(104,123)	(83,055)
		(40,774)	(53,312)
Changes in operating assets			
– Cash and balances with the Central Bank (restricted cash)	19	(196,783)	(93,732)
– Loans and advances to customers	22	(194,565)	(270,484)
– Financial assets held for trading		(6,394)	(30,685)
– Other assets	28	(15,272)	6,076
Changes in operating liabilities			
– Deposits from customers	30	477,636	245,800
– Other liabilities	31	120,019	96,739
Cash flows used in operations		**143,867**	**(99,598)**

37 Contingent liabilities and commitments

37.1 Capital commitments

At the reporting date, the Bank had capital commitments amounting to N1 billion (31 Dec 2019: N2.5 billion). The capital commitments relate to property, plant and equipment.

37.2 Confirmed credits and other obligations on behalf of customers

In the normal course of business the Bank is a party to financial instruments with off-statement of financial position risk. These instruments are issued to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	31 December 2020 N'million	31 December 2019 N'million
Performance bonds and guarantees (Note 32.3.1)	208,433	204,135
Letters of credit (Note 32.3.2)	172,867	134,082
AGSMEIS Disbursement	37	48
	381,337	338,265

Included in Performance bonds and guarantees is N69.94bn (31 December 2019: N79.05 billion) Bank of industry backed guarantee. Unsettled transactions are transaction that the Bank has entered into, but is either yet to make payment or receive payment in respect of these transactions.

37.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N7.26 billion as at 31 December 2020 (31 Dec 2019: N7.74billion). 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 2019: N623 million) upon conclusion of the cases. A provision for the potential loss of N623 million is shown in Note 32.

Notes to the financial statements

38 Related party transactions with key management personnel

The related party transactions in respect of Entity controlled by Key Management Personnel has been disclosed in compliance with Central Bank of Nigeria circular BSD/1/2004.

38.1 Deposits/ Interest expense from related parties

Transactions with related entities

Entity Controlled by Key Management Personnel	Related party	Nature Relationship	Deposits at 31-Dec-20	Interest expense 31-Dec-20	Deposits at 31-Dec-19	Interest expense 31-Dec-19
			N	N	N	N
Geoelis and Co Nig Ltd (HM) (DP)	Insider related	Former Director	-	-	-	-
Cy Incorporated Nig Ltd (DSRA)	Insider related	Former Director	28,298	-	25,449	-
Equipment Solutions and Logistics Services Limited	Insider related	Former Director	61,800	108	60,539	-
The Genesis Restaurant Limited	Insider related	Former Director	25,621,454	-	65,784,926	119
Next International	Insider related	Former Director	-	-	-	-
Namjid. Com Limited	Insider related	Former Director	-	-	-	-
John Holt Plc	Insider related	Former Director	96,330,971	185,132	128,989,759	1,698,497
Transcorp Power Limited	Insider related	Former Director	51,148,328	-	46,473,115	-
Tenderville Ltd	Insider related	Former Director	-	-	-	-
Rosies Textile	Insider related	Former Director	599,939	54,023	-	-
Ass. Haulages (Nig) Ltd 2	Insider related	Former Director	15,347	-	-	-
Genesis Hub Limited	Insider related	Former Director	33,069,851	-	19,139,131	36,734
Genesis Deluxe Cinemas	Insider related	Former Director	1,531,423	12,592	10,062,680	-
SUB-TOTAL			208,407,411	251,855	270,535,599	1,735,350
A-Z Petroleum Products Limited	Insider related	Current Director	34,366,842	-	517,867	-
Neconde Energy Limited	Insider related	Current Director	225,314,591	-	4,606,753,227	-
Dangote Industries Limited	Insider related	Current Director	713,473	-	665,554	-
Damos Practice Limited	Insider related	Current Director	45,480	-	43,032	-
Alcon Nigeria Limited	Insider related	Current Director	5,603,327	-	5,267,332	-
Emeka Unachukwu	Insider related	Current Director	52,447,462	1,288	19,406	6,916
Agric Int'l Tech and Trade	Insider related	Current Director	24,200,723	1,761,554	151,498,579	-
Congregation of Holy Spirit (Spiritan University Nneochi)	Insider related	Current Director	3,631,071	-	2,852,328	-
Otunba Seni Adetu	Insider related	Current Director	339,194	-	75,377	-
Mr. Ernest Ebi	Insider related	Current Director	21,813,337	9,063,605	236,563,500	2,664,855
Mr. Mustafa Chike-Obi	Insider related	Current Director	30,109,472	-		
Pastor Kings C. Akuma	Insider related	Current Director	273,038	14,845	4,294,959	69,485
Chief Charles Chidebe Umolu	Insider related	Current Director	30,068,483	93,181	2,602,325	46,118
Mr. Okeke Ezechukwu Michael	Insider related	Current Director	4,916,055	5,199	1,840,026	669
Mr. Mohammed Inuwa	Insider related	Current Director	4,059,621	-	-	-
Mr. Alex Chinelo Ojukwu	Insider related	Current Director	12,490,084	30	2,339,522	33
Mr. Chidi Agbapu	Insider related	Current Director	2,109,998	824	11,399,851	96,954
Mr. Chinedu Okeke	Insider related	Current Director	263,160	1,339		
Mr. Henry Obih	Insider related	Current Director	43,435,176	-		
Mrs. Amaka Onwughalu	Insider related	Current Director	2,872,517	1,931		
SUB-TOTAL			499,073,103	10,943,797	5,026,732,885	2,885,030
Transactions with Key Management Personnel	Insider related		697,813,787	15,024,667	1,136,334,461	1,212,943
TOTAL			1,405,294,301	26,220,319	6,433,602,945	5,833,323

Notes to the financial statements

38.2 Loans and Advances/ Interest Income from Related parties

Entity Controlled by Key Management Personnel	Related party	Loan amount Outstanding 31-Dec-20 N	Interest Income 31-Dec-20 N	Loan amount Outstanding 31-Dec-19 N	Interest Income 31-Dec-19 N	Facility Type	Status	Collateral Status
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu (Former Director)	286,276,066	-	286,276,066	-	Finance Lease/Over	Lost	Perfected
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu	767,029,435	-	767,029,435	49,843,606	Term Loan/Overdra	Lost	Perfected
Blancote Oil & Gas Ltd	Ichie Nnaeto Orazulike	195,969,649	6,561,945	-	-	Term Loan/Overdra	Performing	Perfected
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	131,553,820	18,952,186	168,280,861	27,238,330	Term Loan/Overdra	Performing	Perfected
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	388,091,382	49,775,938	440,634,503	67,182,395	Term Loan	Performing	Perfected
Genesis Hub Ltd	Ichie Nnaeto Orazulike	134,665,894	23,347,369	169,384,022	45,328,005	Term Loan/Overdra	Performing	Perfected
Genesis Food Nigeria Ltd	Ichie Nnaeto Orazulike	1,003,690,087	65,606,567	1,021,777,231	72,187,909	Term Loan/Overdra	Performing	Perfected
Genesis Sojourner Ltd	Ichie Nnaeto Orazulike	1,460,300,633	92,672,736	1,507,447,456	204,572,275	Term Loan/Overdra	Performing	Perfected
Genesis Technical Company Ltd	Ichie Nnaeto Orazulike	-	-	434,118,377	18,751,474	Term Loan/Overdra	Performing	Perfected
Stanchions Nigeria Ltd	Ichie Nnaeto Orazulike	400,000,000	-	524,416,007	23,177,025	Term Loan/Overdra	Performing	Perfected
John Holt Plc	Chief Christopher Ezeh	832,170,502	2,773,004	540,894,704	12,119,295	Term Loan	Performing	Perfected
A-Z Petroleum Products Ltd	Mr. Alex Ojukwu	4,099,071,134	-	37,760,188	3,252,596	Term Loan/Overdra	Performing	Perfected
Agric Int'l Tech and Trade	Mr. Ernest Ebi	1,600,000,000	104,181,675	2,000,000,000	180,000,000	Term Loan	Performing	Perfected
Dangote Industries Ltd	Mr. Ernest Ebi	59,592,248,591	10,948,232,146	59,007,201,657	3,731,549,229	Term Loan	Performing	Perfected
Dangote Fertilizer Ltd	Mr. Ernest Ebi	132,346,647	-	311,154,171	5,326,007	Term Loan	Performing	Perfected
Dangote Oil Refining Company Ltd	Mr. Ernest Ebi	5,025,241,607	283,336,702	5,033,936,064	371,111,698	Term Loan	Performing	Perfected
Dangote Cement Plc -Obajana Plant	Mr. Ernest Ebi	3,633,810,371	-	122,797,568	1,165,117	Term Loan	Performing	Perfected
Dangote Agro Inputs Limited	Mr. Ernest Ebi	91,417,369	-	-	-	Term Loan	Performing	Perfected
Dangote Sugar Refinery PLC	Mr. Ernest Ebi	86,415,855	-	-	-	Term Loan	Performing	Perfected
DIL WC Account	Mr. Ernest Ebi	143,368,814	-	-	-	Term Loan	Performing	Perfected
Tenderville Ltd	Chief Christopher Ezeh	20,613,032	3,287,242	17,903,846	2,498,284	Term Loan/Overdra	Performing	Perfected
Neconde Energy Limited	Pastor Kings C. Akuma	-		8,601,030,007	1,140,837,596	Term Loan	Performing	Perfected
SUB -TOTAL		80,024,280,888	11,598,727,511	80,992,042,164	5,956,140,840			

Related party	Key management personnel	Loan amount Outstanding 31-Dec-20 N	Interest Income 31-Dec-20 N	Loan amount Outstanding 31-Dec-19 N	Interest Income 31-Dec-19 N	Facility Type	Status	Collateral Status
Okonkwo Nnamdi John	Managing Director	112,969,326	4,261,090	167,099,238	14,392,847	Term Loan/Credit Card	Performing	Perfected
Chijioke Ugochukwu	Executive Director	29,572,167	2,130,442	147,713,884	3,749,511	Term Loan/Credit Card	Performing	Perfected
Mohammed Balarabe	Executive Director	-	-	124,532,605	2,984,175	Term Loan/Credit Card	Performing	Perfected
Odinkemelu Aku	Executive Director	96,467,191	3,560,026	106,113,910	3,897,219	Term Loan/Credit Card	Performing	Perfected
Onyeali - Ikpe Nnekachinwe	Executive Director	213,125,819	4,922,410	141,403,616	4,732,508	Term Loan/Credit Card	Performing	Perfected
Adegbolahan Simisola Joshua	Executive Director	144,865,952	1,182,957	41,860,073	229,477	Term Loan/Credit Card	Performing	Perfected
Obaro Alfred Odeghe	Executive Director	205,294,554	5,049,319	68,239,535	1,360,964	Term Loan/Credit Card	Performing	Perfected
Hassan Imam Galadanchi	Executive Director	131,388,570	3,235,024	-	-	Term Loan/Credit Card	Performing	Perfected
Kevin Chukwuma Ugwuoke	Executive Director	36,206,119	1,665,412		-	Term Loan/Credit Card	Performing	Perfected
Reginald U. Ihejiahi	Former Managing Director	5,971,224	1,969,297	-	-	Credit Card	Performing	Perfected
Ikemefuna A. Mbagwu	Former Executive Director	380,833	193,806	-	-	Credit Card	Performing	Perfected
Ichie Nnaeto Orazulike	Non Executive Director	4,913,135	1,314,859	17,293,460	2,105,323	Credit Card	Performing	Perfected
Kayode Gabriel Olowoniyi	Non Executive Director	16,162	8,934	41,835	18,498	Credit Card	Performing	Perfected
Nnamdi I. Oji	Non Executive Director	-	-	2,731,588	1,129,119	Credit Card	Performing	Perfected
Alex Chinelo Ojukwu	Non Executive Director	-	-	2,322,268	115	Credit Card	Performing	Perfected
Emeka C. Unachukwu	Non Executive Director	217,890	111,203	502,285	316,315	Credit Card	Performing	Perfected
Chief Charles Chidebe Umolu	Non Executive Director	-	-	1,932,595	405,829	Credit Card	Performing	Perfected
Kings Chukwu Akuma	Non Executive Director	11,089,180	805,131	168,497	-	Credit Card	Performing	Perfected
SUB-TOTAL		992,478,123	30,409,909	821,955,391	35,321,901			
TOTAL		**81,016,759,010**	**11,629,137,421**	**81,813,997,555**	**5,991,462,741**			

The expected credit loss on loans to related party is N1.062 billion (31 December 2019: N1.074 billion) and there was no write-off during the year (31 December 2019 : Nil).

Notes to the financial statements

38 Related party transactions with key management personnel *continued*

38.3 Bank Gurantees in favour of Key Management Personnel

Dec-20

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT
BOI	GENESIS SOJOURNER LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	1,456,514,337
BOI	GENESIS DELUXE CINEMAS-GATEWAY ABUJA	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	81,653,454
BOI	GENESIS DELUXE CINEMAS A/C 2 (IMPREST)	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	318,272,350
CONTINENTAL OIL AND GAS LIMITED	GENESIS DELUXE CINEMAS (REVENUE) WARRI	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	5,503,208
NATIONAL UNIVERSITIES COMMISSION (NUC)	HEDO-BEC ENGINEERING & CONSTRUCTION LIMITED	PASTOR KINGS C. AKUMA	DIRECTOR	504,000,000
FLOUR MILLS OF NIG	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	25,000,000
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	973,522,817
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR	200,000,000
				3,564,466,165

Dec-19

BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT
NATIONAL UNIVERSITIES COMMISSION (NUC)	CONGREGATION OF THE HOLY SPIRIT (SPIRITAN UNIVERSITY NNEOCHI)	ICHIE NNAETO ORAZULIKE / MRS. PAULINE ODINKEMELU	FORMER DIRECTOR / EXECUTIVE DIRECTOR	200,000,000
BOI	GENESIS DELUXE CINEMAS A/C 2 (IMPREST)	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR / EXECUTIVE DIRECTOR	344,000,000
BOI	GENESIS DELUXE CINEMAS-GATEWAY ABUJA	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR / EXECUTIVE DIRECTOR	73,327,121
BOI	GENESIS FOODS NIGERIA LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR / EXECUTIVE DIRECTOR	1,014,225,503
BOI	GENESIS SOJOURNER LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR / EXECUTIVE DIRECTOR	1,500,000,000
FLOUR MILLS OF NIG	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR / EXECUTIVE DIRECTOR	25,000,000
HONEYWELL FLOUR MILLS	THE GENESIS RESTAURANT LIMITED	ICHIE NNAETO ORAZULIKE	FORMER DIRECTOR / EXECUTIVE DIRECTOR	25,000,000
				3,181,552,624

38.4 Key management compensation

	31 December 2020 N'million	31 December 2019 N'million
Salaries and other short-term employee benefits (Executive directors only)	486	498
Pension cost	14	14
Other employment benefits paid	176	202
	676	714

Notes to the financial statements

39 Employees

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

	Number 31 December 2020	Number 31 December 2019
Executive directors	7	5
Management	412	395
Non-management	2,526	2,533
	2,945	2,933

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 31 December 2020	Number 31 December 2019
N300,000 - N2,000,000	15	12
N2,000,001 - N2,800,000	6	6
N2,800,001 - N3,500,000	773	647
N3,500,001 - N6,500,000	1,257	1,380
N6,500,001 - N7,800,000	274	262
N7,800,001 - N10,000,000	344	315
N10,000,001 and above	276	311
	2,945	**2,933**

40 Directors' emoluments

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

	2020 N'million	2019 N'million
Fees and sitting allowances	92	40
Executive compensation	437	262
Other director expenses	260	141
	789	443
Fees and other emoluments disclosed above include amounts paid to:		
Chairman	28	10
Highest paid director	110	110

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

	Number 2020	Number 2019
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	14	14
	14	14

41 Compliance with banking regulations

41.1 The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions Act, 2020 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the year ended 31 December 2020 and 31 December 2019

SCHEDULE OF REGULATORY CONTRAVENTIONS AS AT 31 DECEMBER 2020		
S/N	**Nature of Contravention**	**Amount (N)**
1	Penalty for FX Infraction in textile	2,000,000
2	Penalty for substituting OMO BILL Prior to Maturity by the Bank	2,000,000
3	Penalty for FX Infraction in textile importation as directed by CBN	410,000,000
4	Sanction on trade Infraction by the Bank	500,000
5	FX infraction-CBN	32,400,000
		446,900,000

SCHEDULE OF REGULATORY CONTRAVENTIONS AS AT 31 DECEMBER 2019		
S/N	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

Notes to the financial statements

41.2 In line with circular PDR/DIR/CIR/01/20, the returns on customers' complaints for the year ended 31 December 2020 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
				N'million	N'million	N'million	N'million
1	Pending complaints b/f	79	87	19,964	4,911	N/A	N/A
2	Received complaints	1,217	1,304	8,454	25,475	N/A	N/A
3	Resolved complaints	1,233	1,312	26,340	10,422	595	399
4	Unresolved complaints escalated to CBN	3	-	76	-	N/A	N/A
5	Unresolved complaints pending with the Bank	60	79	2,002	19,664	N/A	N/A

41.3 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 2020.

42 Gender diversity

31 December 2020

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	2	14%	12	86%	14
Management staff (AGM & Above)	8	21%	30	79%	38
Total	10		42		52

31 December 2019

	WOMEN Number	%	MEN Number	%	TOTAL
Board Members	3	21%	11	79%	14
Management staff (AGM & Above)	6	17%	30	83%	36
Total	9		41		50

43 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 statement of 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 2020 N'million	31 December 2019 N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	55,926	47,224
General provision	17,957	18,590
Provision for other assets	1,575	2,366
Provision for litigations and claims	623	643
Provision for due from bank and investments	2,041	743
Provision for off-balance sheet exposure	904	133
Total prudential provision (A)	**79,026**	**69,700**
IFRS provision:		
Specific impairment (see note 22)	36,539	29,103
Collective impairment (see note 22)	30,979	22,312
Provision for other assets (see note 27)	1,575	1,927
Provision for litigations and claims (see note 31)	623	623
Provision for due from bank and investments (see note 21 and 23)	2,041	1,246
Provision for off-balance sheet exposure (see note 31)	904	592
Total IFRS provision (B)	**72,661**	**55,803**
Difference between prudential and IFRS	**6,365**	**13,897**
Movement in Non-Distributable Regulatory Risk Reserve (RRR)		
Opening balance in RRR	13,897	408
Net changes in the year	(7,532)	13,489
Balance in RRR at the end of the year	**6,365**	**13,897**

Notes to the financial statements

44 Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December 2020			**Total**
	Maturing within 12 months	**Maturing after 12 months**	
ASSETS	**N'million**	**N'million**	**N'million**
Cash and balances with central bank	221,965	432,741	654,706
Due from banks	213,916	-	213,916
Loans and advances to customers	420,782	905,324	1,326,106
Derivative financial assets	7,072	-	7,072
Investments:			
Financial assets at fair value through profit or loss	16,624	30,494	47,118
Debt instruments at fair value through other comprehensive income	189,473	76,507	265,980
Equity instruments at fair value through other comprehensive income	-	17,685	17,685
Debt instruments at amortised cost	62,350	75,454	137,804
Other assets	42,105	2,275	44,380
Right-of-use assets	-	1,652	1,652
Property, plant and equipment	-	38,446	38,446
Intangible assets	-	3,283	3,283
TOTAL ASSETS	1,174,287	1,583,861	2,758,148
LIABILITIES			
Deposits from customers	1,699,026	-	1,699,026
Derivative financial liabilities	1,143	-	1,143
Current income tax payable	2,307	-	2,307
Other liabilities	157,400	359,693	517,093
Provisions	3,452	623	4,075
Debts issued and other borrowed funds	51,409	209,562	260,971
TOTAL LIABILITIES	1,914,737	569,878	2,484,615

As at 31 December 2019			**Total**
	Maturing within 12 months	**Maturing after 12 months**	
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	623,314	503,660	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
Right-of-use assets	-	1,529	1,529
Property, plant and equipment	-	38,392	38,392
Intangible assets	-	1,636	1,636
TOTAL ASSETS	1,114,134	999,903	2,114,037
LIABILITIES			
Deposits from customers	1,225,213	-	1,225,213
Current income tax payable	2,339	-	2,339
Other liabilities	151,938	245,136	397,074
Provisions	3,172	623	3,795
Debts issued and other borrowed funds	60,028	191,558	251,586
TOTAL LIABILITIES	1,442,690	437,317	1,880,007

Notes to the financial statements

45 Reclassifications

During the year, the Bank reclassified interest expense on intervention loan of N1.041 billion 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 N2.497 billion. The reclassification is from interest revenue to interest expense. This was done to comply with IAS 1.31, which states an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

46 Events after the reporting period

There were no significant events after the reporting period that requires disclosure or adjustment in the financial statements that has not been adequately provided for or disclosed.

Value added statement
for the year ended 31 December

	2020		2019	
	N'million	**%**	**N'million**	**%**
Gross earnings	206,204	315	218,011	346
Net gains from financial assets at fair value through profit or loss	1,115	2	801	1
Interest and similar expense	(72,630)	(115)	(101,786)	(161)
	134,689	206	117,026	185
Bought in services	(69,268)	(106)	(53,937)	(85)
Value added	**65,421**	100	**63,089**	100
Distribution				
Employees:				
Salaries and benefits	25,367	39	24,129	38
Shareholders:				
Dividends paid during the year	5,793	9	3,186	5
Government				
Income tax	514	1	1,074	2
Tertiary education tax	608	1	358	1
Police trust fund levy	1	-	2	
Capital gain tax	-	-	190	
Information technology levy	281	0	304	0
The future:				
Asset replacement (depreciation and amortisation)	6,207	9	5,421	9
Profit retained for the year (transfers to reserves)	26,650	41	28,425	45
	65,421	100	**63,089**	100

Value added represents the additional wealth the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among the employees, shareholders, government and the portion re-invested for creation of more wealth.

Five-year financial summary

Financial Position As at	31-Dec 2020 N'million	31-Dec 2019 N'million	31-Dec 2018 N'million	31-Dec 2017 N'million	31-Dec 2016 N'million
Assets:					
Cash and balances with central bank	654,706	453,392	384,931	269,625	207,061
Due from banks	213,916	149,869	111,633	52,287	49,200
Loans and advances to customers	1,326,106	1,126,974	849,880	768,737	718,401
Derivative financial assets	7,072	-	-	-	-
Investments:					
Financial assets at fair value through profit or loss	47,118	45,538	14,052	20,639	18,098
Debt instruments at fair value through other comprehensive income	265,980	134,846	157,639	-	-
Equity instruments at fair value through other comprehensive income	17,685	14,536	9,977	-	-
Debt instruments at amortised cost	137,804	118,569	118,662	-	-
Available for sale				76,815	88,586
Held to maturity				108,784	138,134
Other assets	44,380	28,756	35,124	43,194	37,510
Right-of-use assets	1,652	1,529	36,909	-	-
Property, plant and equipment	38,446	38,392	-	38,504	40,356
Intangible assets	3,283	1,636	1,076	629	795
Total Assets	2,758,148	2,114,037	1,719,883	1,379,214	1,298,141
Liabilities					
Deposits from customers	1,699,026	1,225,213	979,413	775,276	792,971
Derivative financial liabilities	1,143	-	-	-	-
Current income tax payable	2,307	2,339	1,609	1,445	1,327
Other liabilities	517,093	397,074	300,335	185,154	157,860
Provision	4,075	3,795	3,343	2,745	1,546
Debts issued and other borrowed funds	260,971	251,586	240,767	213,233	159,035
Total Liabilities	2,484,615	1,880,007	1,525,467	1,177,853	1,112,739
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	66,700	43,642	37,133	23,372	25,918
Statutory reserve	39,006	35,008	30,744	27,305	24,476
Small scale investment reserve (SSI)	764	764	764	764	764
Non-distributable regulatory risk reserve	6,365	13,897	408	28,837	16,271
Fair value reserve/ Remeasurement reserve	39,615	20,969	7,038	5,330	2,220
AGSMEIS reserve	5,330	3,997	2,576	-	-
Total Equity	273,533	234,030	194,416	201,361	185,402
Total Liabilities & Equity	2,758,148	2,114,037	1,719,883	1,379,214	1,298,141

Five-year financial summary *continued*

Statement of Profit or Loss and Other Comprehensive Income
For the year ended

	31-Dec 2020 N'million	31-Dec 2019 N'million	31-Dec 2018 N'million	31-Dec 2017 N'million	31-Dec 2016 N'million
Operating income					
Net interest income	104,123	83,055	73,356	68,141	31,231
Impairment charge for credit losses	(16,858)	5,292	(4,215)	(11,315)	(4,797)
Net interest income after impairment charge for credit losses	**87,265**	**88,347**	**69,141**	**56,826**	**26,434**
Commission and other operating income	30,566	33,971	31,422	29,151	11,155
Other operating expenses	(89,777)	(91,965)	(75,474)	(66,764)	(31,458)
Profit before income tax	**28,054**	**30,353**	**25,089**	**19,213**	**6,131**
Income tax expense	(1,404)	(1,928)	(2,163)	(1,445)	(674)
Profit after tax	**26,650**	**28,425**	**22,926**	**17,768**	**5,457**
Other comprehensive income	18,646	14,375	(2,207)	3,110	(1,702)
Total comprehensive income for the year	**45,296**	**42,800**	**20,719**	**20,878**	**3,755**
Per share data in kobo:					
Earnings per share (basic & diluted)	**92K**	**98k**	**79k**	**31k**	**19k**
Net assets per share	**944K**	**808k**	**671k**	**695k**	**640k**

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.