2014 ANNUAL REPORT

FIDELITY

Fidelity Bank Plc RC 103022

We're Fidelity - we keep our word

CONTENT

CORPORATE INFORMATION

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Victoria Island, Lagos, Nigeria

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e-mail: info@fidelitybankplc.com
www.fidelitybankplc.com
Facebook:facebook.com/fidelitybankplc
Twitter:twitter.com/fidelitybankplc

Joint Auditors

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

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

Correspondent Banks:

ABSA Bank, Johannesburg, South Africa

African Export Import Bank, Cairo, Egypt

Citibank N.A., London & New York

Commerz Bank, Frankfurt

Deutsche Bank

FBN Bank UK

HSBC, South Africa

Standard Chartered UK

Vision

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

Mission

To make financial services easy and accessible

Shared Values

CREST

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

PERFOMANCE HIGHLIGHT

Revenue

- Gross Earnings up by 4.3% to N132.4.0 billion in 2014FYE (2013FYE: N126.9 billion)
- Net Interest Income inched up by 58.5% to N48.8 billion (2013FYE: N30.8 billion)
- PBT increased by 71.9% to N15.5 billion in 2014FYE (PAT came in at N9.0 billion)

Efficiency

- Net Interest Margin increased to 6.0% in 2014FY from 4.1% (2013FYE)
- Cost of Risk improved to 0.8% in 2014FYE from 1.8% (2013FYE)
- ROE (pre-tax) improved to 9.0% in 2014FYE; from 5.5% (2013FYE)

Capital Adequacy and Liquidity

- Capital Adequacy Ratio of 23.2%, based on Basel II computation
- Sound Liquidity Ratio of 38.0% compared to regulatory minimum of 30.0%
- Improved Net Loans to Customer Deposits to 66.1% from 52.8%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of Fidelity Bank Plc will be held at the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos State on Thursday, the 7th day of May, 2015 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2014 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolution as an Ordinary Resolution:

1. To approve the remuneration of the Directors.

PROXY

A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her/its stead. The Proxy need not be a member of the Company. A blank proxy form is attached to the Annual Report. To be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos State, not later than 48 hours before the time fixed for the meeting.

NOTES

(A) DIVIDEND

If the proposed dividend is approved, dividend warrants will be posted on May 7, 2015 to Shareholders whose names appear in the Register of Members at the close of business on April 17, 2015, while Shareholders who have mandated their dividend to their bank account will be credited on the same day.

(B) CLOSURE OF REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from April 20, 2015 to April 24, 2015 (both days inclusive) to enable the Registrar prepare for dividend payment.

(C) AUDIT COMMITTEE

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

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

(D) UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

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

(E) E-DIVIDEND/BONUS

Shareholders are advised to update their records and/or open bank accounts, stock broking accounts and CSCS accounts for the purpose of future dividend payments and e-bonus. Detachable application forms for change of address, unclaimed items, e-dividend and e-bonus are attached to the Annual Report for the convenience of all Shareholders.

(F) ELECTION/RE-ELECTION OF DIRECTORS

Brief details of the Directors standing for election/re-election are provided below:

i. Election of Directors

1. Mrs. Aku P. Odinkemelu was appointed as an Executive Director on August 11, 2014. Her appointment was approved by the Central Bank of Nigeria on October 2, 2014 and will be presented for Shareholders' approval at the 27th Annual General Meeting.
2. Mr. Alex C. Ojukwu was appointed as a Non-Executive Director on October 23, 2014. His appointment was approved by the Central Bank of Nigeria on December 15, 2014 and will be presented for Shareholders' approval at the 27th Annual General Meeting.
3. Mr. Michael E. Okeke was appointed as a Non-Executive Director on October 23, 2014. His appointment was approved by the Central Bank of Nigeria on December 15, 2014 and will be presented for Shareholders' approval at the 27th Annual General Meeting.

ii. Re-election of Directors

In accordance with the provisions of Article 95(1)(a) of the Articles of Association of the Company, the Directors to retire by rotation are Mallam Umar Yahaya, Alhaji Bashari M. Gumel and Mr. Robert Nnana-Kalu. Being eligible, the retiring Directors will offer themselves for re-election at the 27th Annual General Meeting.

The profile of the Directors can be seen at the Bank's website www.fidelitybankplc.com

By Order of the Board

EZINWA UNUIGBOJE

Company Secretary

FRC/2014/NBA/00000008909

Fidelity Bank Plc

No. 2 Kofo Abayomi Street

Victoria Island, Lagos.

Dated the 1st day of April, 2015

CHIEF (DR.) CHRISTOPHER I. EZEH, MFR

“ The global economy was largely defined by the shale oil revolution in the United States which significantly increased global crude oil production and created a supply glut. ”

CHAIRMAN’S STATEMENT

Executive Management Review

Distinguished Shareholders,

It is with a sense of honour that I welcome you to this Annual General Meeting. I want to particularly express my gratitude to you for being here. I would like to take you through key events that transpired within the global and domestic business environments in 2014 in an effort to provide insights into the business and regulatory environments that shaped the performance of your Bank in the financial period under review.

The Global Economy in 2014

The global economy was largely defined by the shale oil revolution in the United States which significantly increased global crude oil production and created a supply glut. The increased production disrupted crude oil prices for the year which had “normalized” above $100 per barrel by June 2014. Crude oil prices declined by 50% from $110 in July to $55 in December. The decision of the Organisation of Petroleum Exporting Countries (OPEC) not to support prices by cutting production volumes but to rather defend their market share further depressed the crude oil prices. The decline in crude oil prices was a positive development for oil importing countries as it boosted economic growth whilst it was negative for oil exporters as government revenues declined sharply.

However the global economy still struggled on many fronts to gain growth momentum as both the advanced economies and emerging markets grappled with slower than anticipated recoveries. The developing economies witnessed weaker growth especially in the second half of the year as unstable export markets, poor investment inflows and depressed crude oil price restrained business activities in Sub-Saharan Africa.

The aggregate global economic growth remained positive at 3.3 percent, the same as the growth figure in 2013. Global economic recovery, notwithstanding the drag in some countries, translated to positive growth especially in the advanced economies with the United States, United Kingdom and Canada leading the pack with 2.4 percent, 2.6 percent and 2.4 percent growth respectively.

Chairman's Statement

According to the International Monetary Fund (IMF), the advanced economies grew from 1.3 percent to 1.8 percent while the Euro Area recorded a positive growth for the first time in 3 years. The consensus that the Euro Area has snapped out of recession, evident in its positive growth of 0.8 percent, boosted investment confidence and employment in the region, although some member states battled with negative output growth.

Cyprus, Italy and Finland reported negative output growth largely on account of weaker investment prospects while Greece was embroiled in political and debt haggles. Germany, the largest economy in the region, remained the key driver of the Euro Area recovery. Interestingly, Germany's export suffered significantly from the sluggish growth in the Euro Area and the sanctions placed on Russia as both economic units consume over 43 percent of Germany's exports.

During the year, western apex banks rolled out varying expansionary monetary measures to stimulate lending activities and consumer spend. In the Euro Area, the European Central Bank (ECB) sustained its 3-year Long Term Refinancing Operations (LTROs), which significantly expanded banks' lending capacities. In contrast, the US Federal Reserve announced the end of its Quantitative Easing (QE) tapering in October 2014, after the program quadrupled its balance sheet size from less than US$1 trillion in 2008 to US$4.5 trillion in 2014 and unemployment rate and inflation were subdued to 5.6 percent and 0.7 percent respectively.

However, the impact of stimuli and the much touted bullish economic reforms in Japan succeeded only in moderating the unemployment rate but failed to ramp up domestic consumption and Japan's export market.

The Japanese economy got clobbered when private consumption dropped following a rise in consumption tax to 8 percent, forcing the government to postpone its planned second tax increase in October 2014 to steer the economy away from full-blown recession. The economy crawled out of technical recession in the fourth quarter after reporting negative growth in the second and third quarters.

The recovery transition notwithstanding, the improved growth observed in advanced economies remained a challenge as weak export markets moderated economic growth in emerging markets. China, the largest economy among the BRIC nations (Brazil, Russia, India and China) grew by 7.4 percent (down from 7.8 percent) to record its weakest pace since 1990 as its manufacturing sector struggled under heavy debt burdens and rising cost profile compelling foreign manufacturers to relocate to their parent countries.

In a survey conducted by Boston Consulting Group focused on executives at companies with manufacturing base in China and annual sales of at least $1 billion, it was revealed that rising labour costs in China, increasing transportation costs and freight charges, and easier access to skilled labour in the United States are forcing many American manufacturers to "reshore" production to the United States.

Aside India that grew by 5.8 percent from 5.0 percent, other BRIC nations receded while Brazil narrowly escaped negative growth to record 0.1 percent annual growth. Russia plunged into full-blown economic and currency crisis resulting from the severe sanctions imposed by western countries for meddling with Ukraine's sovereignty.

The Russian currency, the Ruble, weakened in the face of falling oil prices, increasing geopolitical tensions and a surprise cut in the key policy rate by the Central Bank of Russia. With inflation rate climbing to 11.4 percent in December 2014 from 6.1 percent in January 2014, the Ruble lost 10% of its value in December 2014, having already lost about 40% during the year. There are growing concerns that the currency crisis in Russia could metamorphose into a deeper financial crisis with strong possibility of customers starting a frantic run on banks.

In Sub-Saharan Africa, aggregate annual growth figures fell sharply from 5.2 percent in 2013 to 4.8 percent in 2014 against the backdrop of declining crude oil price and poor capital inflows especially in countries with weak diversified income streams. Nigeria has remained particularly vulnerable to fluctuations in the international oil market due to its heavy reliance on the oil and gas sector which generates over 80 percent of its foreign earnings. Other countries within the region like Angola, also suffered the same fate in investment inflows.

The renewed Ebola Virus Disease (EVD) epidemic and violent insurgency in some parts of the region crippled the fortunes of the region's export. According to the Center for Disease Control and Prevention (CDCP), a total of 9,555 people died of EVD in 5 West African Countries (Guinea, Liberia, Sierra Leone, Nigeria and Mali) with the first three accounting for over 99 percent of the total death toll in West Africa.

The Domestic Economy in 2014

A remarkable event that characterized the Nigerian economy in 2014 was the rebasing of it's Gross Domestic Product (GDP) from 1990 Base Year to 2010 Base Year. The new computation positioned the country as the largest economy in Africa with an estimated GDP size of US$510 billion, surpassing South Africa with a GDP size of US$352 billion. The economy is now almost at par with Poland and Belgium, and ahead of Argentina, Austria and Iran. The country also jumped 12 places to become the world's 24th biggest economy.

The exercise revealed a more diversified economy and for the first time, sectors that were previously neglected in the economy proved weighty. The revealed diversification encouraged government interventions by way of funding and also threw up credit opportunities for deposit money banks.

During the year, the increased import tariff for new and used cars and the introduction of import duty waivers for completely knocked down cars and 5 percent duty on semi-knocked down cars, provided the required impetus for long term private sector participation and foreign investment inflow into the automobile industry. The policy yielded significant positive results, as Stallion Automobile Group and Anambra Motor Manufacturing Company (ANAMMCO) Limited churned out locally assembled luxury cars, Sport Utility Vehicles (SUVs) and trucks.

The improved activities in the industry provided significant job opportunities. For instance, Stallion Automobile Group and ANAMMCO were reported to have employed about 700 people.

Though unemployment rate in the country stood high at an estimated 23%, the Nigerian economy remained on a growth charge with aggregate annual GDP growth of 6.2 percent according to the Nigerian Bureau of Statistics (NBS) growth estimate.

Notwithstanding the success in the automobile industry, the Nigerian economy suffered some setback especially in the second half of 2014. A major factor that shaped the economy was the decline of crude oil price, largely due to surplus supply, including especially the ramp up of shale oil production in the United States and the improved coal-to-gas technology which moderated South Africa's reliance on imported crude oil.

In addition, the combination of the decision of the Organization of Petroleum Exporting Countries (OPEC) to maintain member states crude oil output levels amid increased production by Non-OPEC members forced the Brent spot price to plummet from US$110.8 on July 01, 2014 to US$55.3 on December 31, 2014, a negative record of 50.1% within 6 months.

The drop in crude oil price compounded by high pipeline vandalism in the oil and gas sector in Nigeria challenged the implementation of the 2014 budget and the capacity of the Federal Government in delivering its fiscal responsibilities.

With the price of crude oil on a downward spiral, the Federal Government announced a number of measures targeted at cushioning the impact of sliding foreign exchange earnings. First, the benchmark oil price for the 2015 budget was revised downwards from US$78 to US$73 but after crude oil price dropped further to US$55 per barrel, the figure was slashed again to US$65 per barrel.

Other proposed measures included special tax on private jets, yachts, expensive cars and alcoholic beverages etc. which culminated in increasing the Federal Inland Revenue Service (FIRS) revenue target for 2015 by over 100 percent. Despite other implemented measures, the Excess Crude Account (ECA) was depleted to support both the Federal Government and State Government's fiscal commitments and by November 2014, it had dropped to $2 billion.

The Nigerian Financial Market in 2014

The Nigerian financial market during the year was largely dictated by the reforms embarked upon by the

Chairman's Statement

Central Bank of Nigeria (CBN) to guide the direction of the industry and enhance its credibility within the international business community.

The appointment of the new CBN Governor, Mr. Godwin Emefiele, sustained the tempo of the apex bank's contractionary monetary policies, though some policies confronted setbacks due to falling crude prices (e.g. keeping the foreign exchange rate within the targeted band) and the traditional inflationary pressure that characterizes general election period in Nigeria.

The knock on effect of the dwindling foreign exchange earnings of the country made it more difficult to maintain stability in the foreign exchange rate. As the external reserves edged down from US$37.5 Billion to US$36.9 Billion and the exchange rate dropped from NGN168.0/US$1 to NGN191.0/US$1 at the parallel market, the CBN devalued the Naira by moving the midpoint of the official window from NGN155.7/US$1 to NGN168/US$1.

Speculation was at its peak as the gap between the official rate and the parallel market rate encouraged arbitrage.

Inflation was relatively stable but remained at single digit throughout the year, moving within the band of 8.1 percent +/or – 40 basis point with the peak and low points recorded at 8.5 percent and 7.7 percent in August and February 2014 respectively. Similar to the characteristics of the general price level in 2013, headline inflation closed the year at 8.0 percent.

The implementation of the Central Bank's Cashlite Policy in all the States in July 2014 fell short and could not withstand the cultural cash disposition of customers especially during the yuletide season. Even with the increased Monetary Policy Rate (MPR) of 13.0 percent and the regulatory induced increase in savings interest rate to 3.9 percent, currency in circulation and currency outside the banking system sustained their rising profile.

According to the provisional data released by the CBN, though broad money supply (M2) inched up slightly by 2.5 percent between July and December 2014, currency in circulation and currency outside the banking system grew by 14.7 percent and 10.5 percent respectively.

The CBN further liberalized the remittance business during the year with the introduction of outbound international transfers from Nigeria to other countries, hitherto the remittance business in Nigeria was restricted to inbound international transfers with Nigeria acting solely as a recipient of remittances. The new policy allows customers to transfer a maximum of US$5,000 to any permitted country in the world, a development that has further positioned the industry appropriately in the international financial system.

Further to the sale of two of the nationalized banks by the Asset Management Corporation of Nigeria (AMCON) and the licensing of new merchant banks, we expect the evolving banking landscape to increase competition, efficiency and innovation across the industry.

Global and Domestic Outlook for 2015

A major concern in the global economy as it effects the Nigerian economy is the direction the crude oil market will take in 2015. Going by the indications in the international oil market, the outlook for crude oil prices is still fraught with uncertainties especially as major economies and non-oil producing countries continued to shore up oil reserves in the current regime of low prices, making the likelihood of short term spikes in demand almost impossible.

On the upside, the benefits of low crude oil prices to industrialized countries may boost economic activities especially in the advanced economies and emerging markets. No doubt, global economic growth is expected to remain positive and with the proposed quantitative easing program by European Central Bank (ECB), the potential increase in liquidity may positively impact investment inflow into developing economies.

In the domestic economy, the general elections and its aftermath effect on the Government's fiscal deliverables may keep economic activities at a low ebb at least in the first two quarters of 2015. Business activities would likely pick up in the third quarter of 2015 after key political appointments have been ratified

Chairman's Statement

by the National Assembly, investors are clear on the direction of the new Government and regulators have adjusted policy rates to reflect the realities of the post-election era.

Sustained tightening of monetary measures and the current Central Bank of Nigeria (CBN) stance on the foreign exchange market may tame the surge in exchange rates at least in the short term although high upside risks exist if crude oil prices remains below US$70 per barrel.

While we recognize the challenges confronting the economy, there is need for more accommodating regulatory policies especially in this regime of dwindling foreign earnings. Clearly, banks would be forced to manage their cost profile and risk appetite as well as continuously deepen their play in the retail and electronic banking space.

As you have noticed, developments in the international markets presented some challenges to both the real sector and the financial sector of our economy. It is, however, important to state that your bank's performance was within expectations and that its growth potentials are promising.

Board Changes

During the financial year under review, three members of the Board (Mrs. Bessie N. Ejeckam, Dim Elias E. Nwosu and Chief Nnamdi Oji) retired from the Board after completing their tenure in line with the Central Bank's Guidelines, while one member (Mr. Stanley Lawson) resigned to take up a national assignment.

They served on the Board of your Bank with dedication and showed passion, skill, and diligence in fulfilling their duties as members of the Board. I, therefore, seize this opportunity to express our sincere appreciation to them for their contributions to the growth and development of your bank. During the review period, the Board also approved the appointment of two Non-Executive Directors (Mr. Michael E. Okeke and Mr. Alex C. Ojukwu) and one Executive Director (Mrs. Aku P. Odinkemelu).

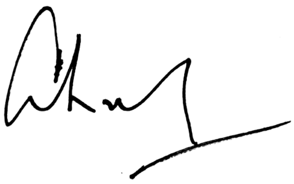
The appointments have been approved by the Central Bank and resolutions will be proposed for Shareholders' approval of the appointments at the 27th Annual General Meeting.

Appreciation

I would like to thank our esteemed customers for their unflinching loyalty, support, and continued business patronage. I would also like to thank my fellow shareholders and all stakeholders for making out time to attend this Annual General Meeting. To the Management and Staff of our bank, your commitment is commendable and I sincerely appreciate you for fulfilling the promises made to us at the beginning of this financial year.

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

God bless you all.



CHIEF (DR.) CHRISTOPHER I. EZEH, MFR

NNAMDI OKONKWO (Managing Director / Chief Executive Officer)

We grew our profitability by 72% to N15.5 billion

Our 2014 performance is a positive reinforcement of our medium term strategic objectives which are anchored on the following pillars; improving the efficiency of our balance sheet, growing our retail and SME businesses, focusing on our niche corporate banking segments, increased migration of our customers to electronic channels and improving the customer experience across all our service channels

CEO's Statement

Chief Executive Officer's statement on business operations and performance

Distinguished Shareholders, our valued customers, colleagues, ladies and gentlemen, I am pleased to welcome you to the 27th Annual General Meeting of Fidelity Bank Plc and on behalf of the Board, may I present to you the key achievements we recorded in the year ended 31 December 2014.

1. Financial Performance in 2014

Our 2014 performance is a positive reinforcement of our medium term strategic objectives which are anchored on the following pillars; improving the efficiency of our balance sheet, growing our retail and SME businesses, focusing on niche corporate banking segments, increased migration of our customers to electronic channels and improving the customer experience across all our service channels

The key financial highlights which were driven by the disciplined execution of the strategies above are;

- Profitability rebounded to N15.5 billion
- Average yield on earning assets improved, driven efficient balance sheet optimisation
- Cost of funds declined, driven by a growth in our retail deposits

CEO's Statement

Chief Executive Officer's statement on business operations and performance

- Net Interest Margin (NIM) improved to 6%, driven by higher yields on earning assets and lower funding costs
- A significant growth in net interest income by 58%
- The normalization of our cost of risk to 0.8%
- Increased acquisition of retail customers
- Increased cross selling of our electronic products to the growing retail customer base
- A significant growth in electronic banking income by 53%
- Focused cost discipline which kept expense growth below the rate of inflation

Our retail banking strategy gathered increased momentum in 2014 with the bank acquiring over 471,000 new retail customers, consumer loans growing by over 21% and core low-cost retail deposits grew by 18% which lowered our average cost of customer deposits.

Operational efficiency improved as we leveraged on alternative electronic channels to reduce our cost to serve, the efficiency gains saw operating expenses (excluding regulatory costs) grow by just 3% in 2014 which was significantly below the inflation rate.

Loans grew by 26% thorough a disciplined approach to supporting key growth areas of the economy in line with our strategic focus. However the actual loan growth was 18% with the currency devaluation accounting for an additional 8% growth in the loan book. We will likely have a more muted credit growth in 2015 due to a conservative stand we took on asset creation after reviewing the impact of the depreciating currency and expected tougher operating environment in 2015 due to the declining government revenues and weaker macro-economic indices

Our key regulatory ratios remained well above set thresholds with Capital Adequacy Ratio above 23% and Liquidity Ratio at 38%. The solid buffers above the regulatory limits provides a solid platform for the bank to take advantage of new and existing growth opportunities in the financial services sector

2. Sustaining Efficient and Cost Effective Service Quality

In early 2014, we communicated and implemented a service program centered on building a superior customer service franchise on the back of product innovation and service turnaround time. The program was designed to improve the quality of our services by speeding up processes and reducing response time to customer enquiries/complaints. To achieve our objectives, we flattened our sales structure to improve our speed to market and deepened customer interactions. We also centralized some of the processes previously performed in branches which availed branch-staff more time for attending to customer needs and enquiries.

In addition, we implemented a bespoke online banking system that offers an improved modern interface and consistent features across all web based platforms. The improved platform has reduced the turn-around-time for online customer setup in our branches from 24 hours to 3 hours, attesting to our commitment to service quality. Now customers receive an alert whenever their online sign-on is used. This feature helps in thwarting fraud attempts and unauthorized usage of customer's sign-on.

To improve execution accross the organisation, we automated our Performance Management Systems and deployed a proprietary web-based tool. This has significantly improved the quality and timeliness of management information whilst enabling the organisation take fact based business decisions.

CEO's Statement

Chief Executive Officer's statement on business operations and performance

3. Increasing Our Reach in Growing Business Segments

As part of our commitment to improve the customer experience accross our various channels and provide increased alternate channels to our growing customers, we increased our physical and electronic distribution channels. During the year, we grew the number of our Automated Teller Machines (ATMs) and Point of Sales (POSs) channels across the country to 685 and 9,156 respectively. In establishing our physical presence in preferred business locations, our focus remained on deploying branches that will improve the access to financial services by our existing and potential customers.

To further deepen our retail market, we recruited over 850 consumer sales agents for the purpose of reaching out to the underserved and the unbanked market. We also launched a savings promo christened "Save 4 Scholarship" in July 2014. The promo is the first in our industry to provide scholarship packages and gift items to support the educational aspirations of loyal customers. With the same passion, we have continued to partner with the youth segment through various interactive and entertainment programs we rolled out in campuses which was complemented by our reinvigorated student-focused products like Fidelity Green Screen Tuesday, Fidelity Flex Account, designed for students in higher institutions, polytechnics and universities and NYSC Members, who are seeking reliable and convenient banking services. The strategies above were pivotal to the18% growth in our retail deposit base in 2014

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

We hosted the inaugural edition of the Fidelity Annual MSME conference, a new platform designed to help MSMEs in Nigeria build the needed capacity through knowledge sharing and networking. The conference further strengthened our business and social relationships with the MSMEs community.

In recognition of our leadership role in the MSME banking space we were invited to partner with the goverment and its agencies on various SME schemes. I was appointed a member of the Board of the National Council on Micro, Small and Medium Enterprises by President Goodluck Jonathan to represent the banking sector on the Board of the Council. The Bank of Industry Limited (BOI) selected our bank as one of the 10-SME Friendly banks it is partnering with to finance SMEs. The Central Bank of Nigeria (CBN) appointed our bank as one of the deposit money banks to serve on its working committee on the creation of a Mobile Collateral Registry for SMEs in Nigeria

5. Appreciation

On behalf of the Board and my colleagues, I want to thank our valued customers for their continued loyalty and confidence in the bank, and our shareholders for their unwavering support which contributed to the success we are celebrating today.

NNAMDI OKONKWO

Managing Director/Chief Executive Officer

SUSTAINABILITY BANKING REPORT

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

SUSTAINABILITY BANKING REPORT

MANAGING ENVIRONMENTAL AND SOCIAL RISKS IN CLIENTS' BUSINESSES

We acknowledge the fact that Fidelity may be exposed to E&S risks associated with the underlying business activities of its clients. These risks often present as credit, collateral guarantee, legal liability and reputational risk. Our fit-for-purpose E&S systems and processes have therefore been developed to respond to the nature and scale of client operations, sector, nature of E&S risks and potential impacts. Our decision-making processes incorporate an approach that systematically identifies, assesses and manages E&S risks and their potential impacts. Where avoidance of E&S risk is not possible, the Bank engages with the client(s) to minimise and/ or offset identified risks and impacts, as appropriate. The bank believes that its regular engagement with clients and third-party suppliers about matters that directly affect them plays an important role in avoiding or minimizing risks and impacts to people and the environment.

COMPLIANCE WITH EQUATOR PRINCIPLES

Equator Principles (EPs) have become the financial sector's leading voluntary standard for identifying, assessing, and managing social and environmental risks in relation to projects. The Principles are based on the International Finance Corporation's (IFC) Performance Standards and the World Bank Group's Environmental, Health & Safety (EHS) Guidelines. Equator Principles were launched in 2003, later updated in 2006, and its most recent version released in June, 2013. The latest version of the EPs brings about important changes to its application scope on transparency and accountability of both Equator Principles Financial Institutions (EPFIs) and their clients, as well as on climate change and human rights. Most importantly, in addition to Project Finance, the new EPs now apply to Project-Related Corporate Loans as well as Bridge Loans.

As a financial institution adopting the EPs, Fidelity Bank undertakes not to support projects where the borrower will not or is unable to comply with the environmental and social requirements arising from the application of the EPs. Our project categorization is in line with the recommendations of the IFC Performance Standards defined as follows:

Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented;

Category B: Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and

Category C: Projects with minimal or no social or environmental impacts.

Our Bank screens all Project Finance loan applications for E&S risks and maintains a database of E&S risks inherent in transactions processed. For instance, the E&S risk categorizations and sectorial distribution of the number of loan applications that meet the Equator Principles III scope and reporting threshold of US$10million as at December 31, 2014 are shown in the table below:

SUSTAINABILITY BANKING REPORT

E & S RISK CATEGORISATION	SECTOR					
	OIL & GAS	POWER	REAL ESTATE / CONSTRUCTION	AGRICUL-TURE	TELECOMMU-NICATION	FAST MOVING CONSUMER GOODS
A	11	7	0	0	0	0
B	0	2	7	2	9	4
C	0	0	0	0	0	0
TOTAL	11	9	7	2	9	4

FIDELITY MANAGED SMEs AS A VEHICLE FOR POVERTY REDUCTION

At Fidelity, we believe that Small and Medium-Scale Enterprises (SMEs) are engines of economic growth, job creation and poverty reduction. Our experience indicates that SMEs do not only need financing but in addition require focused training and capacity building to grow their businesses. To this end, business icons and captains of industry in various sectors of the economy and leaders in the public sector are sponsored by the Bank to enlighten and build capacity of SME owners on how to identify and optimize opportunities in the business environment through the electronic media. In 2014, we continued to develop our Managed SME Scheme to deliver tailor-made training and capacity enhancements. Through the scheme, SME owners receive training on accounting, financial management, human resources management and the use of information technology systems along with an overview of how the Bank works to finance SME businesses. The aim is to help our SME customers manage their finances more efficiently, while accessing appropriate products and financing to grow their businesses. Our lending to SMEs stood at N71billion as at 31st December 2014, representing 13% of the Bank's total loan book.

CONTRIBUTING TO GREENHOUSE GAS EMISSIONS REDUCTION

Fidelity recognizes that climate change is a serious global challenge and that climate-related impacts may impede economic and social well-being and development efforts. Working with our clients and collaborative partners to address climate change is therefore a strategic priority for the Bank. Given the importance of the private sector's role in the reduction of greenhouse gas (GHG) emissions, Fidelity engages in innovative investments and advisory services to support climate-friendly solutions and opportunities for businesses. Fidelity also supports adaptation measures that promote sustainable investments.

Fidelity's support for low-carbon economic development is one dimension of its balanced approach to development, including supporting access to modern, clean and reliable energy services. The Bank pursues this objective through the use and development of relevant service products, instruments, markets, and advisory services as well as through the adoption of appropriate technologies, processes, and practices in the activities it supports. In pursuit of greenhouse gas emissions reduction, we have implemented strategies at Fidelity to reduce local and overseas travels. Key components of these strategies include implementation of online learning and conferencing facilities which have reduced official travels within the Bank by an estimated 15%. Also, as a deliberate carbon emissions reduction strategy, we ensure that our over 695 ATMs are powered with clean and renewable energy generated from a combination of solar panels and power inverters.

SUSTAINABILITY BANKING REPORT

GUIDED BY THE INTERNATIONAL BILL ON HUMAN RIGHTS

Fidelity is guided by the International Bill on Human Rights and the conventions of the International Labour Organization in its dealings with employees, suppliers and third-party contractors. The Bank recognizes the responsibility of business to respect human rights and takes steps to avoid infringing on the human rights of others. Meeting this responsibility also means creating access to an effective grievance mechanism that can facilitate early indication and prompt remediation of various project-related grievances. In pursuit of these objectives, Fidelity employee policies prohibit use of child labour, forced labour and discrimination on grounds of race, religion, age, gender or economic background. We are currently implementing procedures that will enable us require similar compliance from our contractors and third party suppliers.

HEALTH AND HIV/AIDS POLICIES

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

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

EMPOWERING AND CREATING OPPORTUNITIES FOR WOMEN

Fidelity Bank believes that women have a crucial role in achieving sound economic growth and poverty reduction. They are an essential part of private sector development. The Bank therefore expects its clients to minimize gender-related risks from business activities and unintended gender differentiated impacts. Recognizing that women are often prevented from realizing their economic potential because of gender inequity, Fidelity is committed to creating opportunities for women in its employment as well as through its lending, investment and advisory activities. In this regard and in compliance with Central Bank of Nigeria requirement, Fidelity Bank strives to ensure a minimum 40% female representation in its workforce at all cadres.

TIMELY REPORTING AND TRANSPARENT DISCLOSURES

Fidelity seeks to provide accurate and timely information regarding its lending, investment and advisory activities as well as more general information in accordance with its corporate governance stance. The Bank recognises the importance of disclosure of information, both for itself and its clients, as a means of managing environmental, social and governance risks. To guard against the risk of financial crime within our business, we focus on training our employees, strengthening our screening systems and ensuring that our policies and procedures are effective and up to date.

SUSTAINABILITY BANKING REPORT

CODE OF ETHICS AND INSIDER DEALING

Fidelity Bank prides itself in its long standing good professional and ethical reputation. This is sustained through a combination of policies, systems and cultural practices. The Bank has in place a very effective Code of Business Conduct and Ethics Policy which clearly communicates the Bank's zero tolerance to corruption, bribery, abuse of office and similar misdemeanours. In collaboration with KPMG Professional Services, the Bank in 2007 put in place a robust Whistle Blowing Policy which enables stakeholders anonymously report unethical activities affecting any aspect of its operations. The Bank's Insider Trading Policy defines clear boundaries and consequences for associated infractions. These systems work in concert to strengthen staff integrity, confidence and ensure a more disciplined work force.

COLLABORATING WITH PARTNERS

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

LEADING BY EXAMPLE IN E & S FOOTPRINTS MANAGEMENT

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

In this regard, the Bank has since 2008 embraced the environmental management concepts of the 3 Rs of the environment, being "reduce, reuse and recycle". Strategies to realize our commitment to these concepts led to our use of recycled biodegradable paper cash bags as against the common practice among our peers who use polyethylene cash bags. We have equally implemented paperless computing concepts, which ensure that most internally generated communication within the Bank is handled electronically without recourse to paper printing. Our cashless banking concepts have eliminated the use of paper and cheque books for certain categories of transactions resulting in huge paper savings. Likewise, about 95 per cent of our customer statements are delivered electronically.

In pursuit of our nature conservation and environmental beautification strategies, the Bank works with State and Local Governments to create green parks in key locations across Nigeria. In 2014, the Bank continued to maintain its environmental advocacy programme through financial sponsorship for the Nigerian Conservation Foundation / Lagos State Government organized Walk for Nature.

OTHER CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

SUSTAINABILITY BANKING REPORT

As part of E&S footprints management, Fidelity aligns its community investment programmes with overall goals for economic and social development within communities in which the Bank operates. The Bank strives for positive social contributions in communities in which it operates by providing basic needs, reducing poverty, supporting education, improving health and increasing long-term employment through its internal community help initiative tagged ''Helping Hands Programme''. Fidelity also raises staff awareness regarding this commitment. The Bank's E&S awareness programme produced over 2,500 staff volunteers in 2014 who in addition to volunteer labour contributed a total sum of N28million. This amount was matched 100% by the Bank which provided an additional N28million to fund various help projects in about 21 communities in which the Bank operates. Key projects completed and handed over to beneficiary communities under the scheme include borehole construction and installation of water treatment plants, rehabilitation of hospitals, renovation of schools, renovation of a boys' correction center, women's vocational and empowerment centres, donation of books to school libraries, donation of motor vehicles to orphanages, amongst others.

Board of Directors

Standing (from left to right)

Mr. Michael Okeke
Mr. Robert Nnana-Kalu
Mr. Mohammed Balarabe
Alhaji Bashari Mohammed Gumel
Mallam Umar Yahaya
Ichie Nnaeto Orazulike
Mr. Gabriel Kayode Olowoniyi
Mr. John Obi

Sitting (from left to right)

Mr. IK. Mbagwu
Mrs. Chijioke Ugochukwu
Mrs. Aku Odinkemelu
Mr. Nnamdi Okonkwo, Managing Director/CEO
Chief Christopher I. Ezeh MFR, Chairman
Mrs. Ezinwa Unuigboje (Company Secretary)
Mrs. Onome J. Olaolu
Mr. Alex Ojukwu

Board of Directors Profile

CHIEF CHRISTOPHER I. EZEH, MFR - CHAIRMAN

A fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Institute of Directors (IOD), Institute of Cost and Management Accountants (ICMA) and member of the British Institute of Management, Chief Ezeh, who also holds a Doctor of Business Administration (DBA) Honoris Causa, from Enugu State University of Technology, started his working life with Chrysler (UK) Limited in 1968. He joined Shell BP, Zambia (1971), before leaving for John Holt (Nig.) Limited (now John Holt Plc) in 1976, becoming Group Managing Director (in 1986) and later, Chairman, a position he has held from 2001 to date.

NNAMDI J. OKONKWO - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. Nnamdi Okonkwo holds a Bachelor of Science degree from the University of Benin (1989) and a Masters in Business Administration (Banking & Finance, 2000) from Enugu State University. He is also a graduate of the Advanced Management Programme (AMP) from INSEAD, France (2008), and an alumnus of Harvard Business School, USA and other leading business schools

Prior to his appointment, he was the head of the Corporate Banking Directorate in United Bank for Africa (UBA) Plc. Before then, he was at various times, the Managing Director & Chief Executive Officer of UBA, Ghana and the Regional Chief Executive Officer of all UBA subsidiaries in Ghana, Liberia and Sierra Leone. He joined Fidelity Bank in April 2012 as Executive Director, South Directorate. He was appointed MD/CEO of Fidelity Bank in January 2014.

Board of Directors Profile

IK MBAGWU - EXECUTIVE DIRECTOR

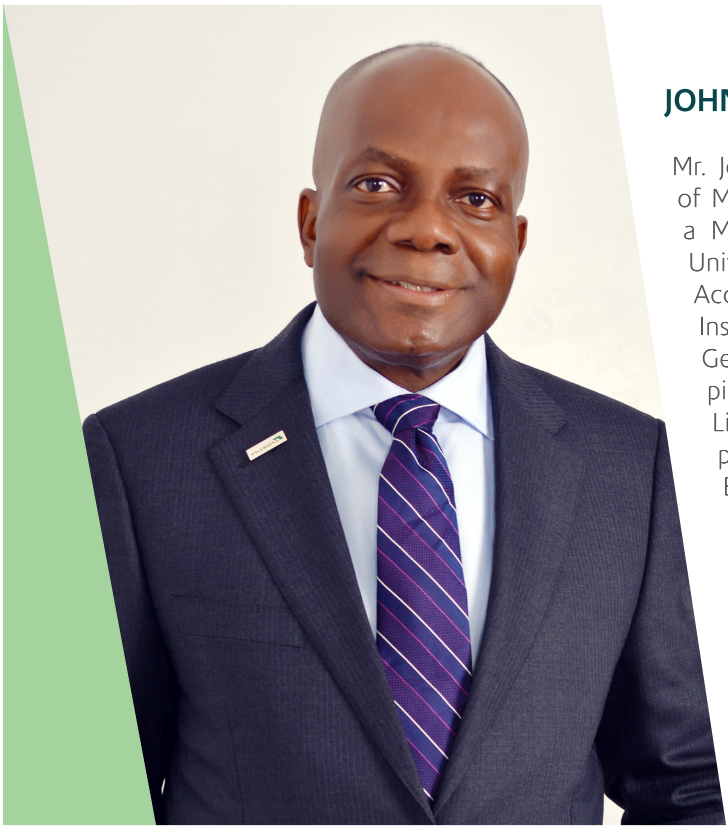
Mr. Ik Mbagwu holds a Combined Honours degree in Geography & Economics from Middlesex University, London (1982) as well as a Master's degree in Development Economics from Reading University, Berkshire (UK,1983). He has attended management courses in notable institutions in Nigeria and overseas. Starting his career as a tax senior in Arthur Andersen & Co (1984), Ik moved on to Nigerian – American Merchant Bank Limited in 1989 (Bank of Boston) before joining the then Fidelity Union Merchant Bank Limited in 1993, rising to the rank of General Manager. In 2001, he moved on to Citizens International Bank Limited as an Executive Director. He rejoined Fidelity Bank as an Executive Director in 2006. He is currently the Executive Director in charge of Lagos & South West.

ONOME JOY OLAOLU - EXECUTIVE DIRECTOR

Mrs. Onome Olaolu holds a B.Sc. in Accounting from the University of Benin (1982) and M.Sc., Banking & Finance, from the University of Lagos (1996). She is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and also of the Chartered Institute of Bankers of Nigeria (CIBN). She is currently a Council Member of ICAN, Honorary Treasurer of ICAN, and the Chairperson of the Society for Women Accountants of Nigeria (SWAN). Mrs. Olaolu has attended management courses at Harvard, Kellogg, European Institute of Business Administration (INSEAD) and Wharton Business Schools in USA and is an alumnus of the International Banking Summer School and Lagos Business School.

She worked at Texaco Nigeria Plc from 1985-1990 from where she moved to the then Nigerian Intercontinental Merchant Bank Limited (1990). In 1994, she moved to Metropolitan Merchant Bank Limited before joining Fidelity Bank in 1997 as a Senior Manager, rising to the position of General Manager, Risk Management Sector in 2006. In July 2009, she was appointed to the Board as Executive Director, Risk.

Board of Directors Profile



JOHN OBI - EXECUTIVE DIRECTOR

Mr. John Obi is a graduate of Accountancy from the Institute of Management and Technology, Enugu (1981) and also holds a Masters in Business Administration from the Lagos State University (2004). He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a member of the Chartered Institute of Bankers of Nigeria (CIBN). Mr. Obi, who was the General Manager, Corporate Bank in the Bank, was also the pioneer Managing Director of Fidelity Pension Managers Limited (FPML), a former subsidiary of Fidelity Bank. He had previously worked with Union Bank Plc, before joining Fidelity Bank in 2000. He has over 28 years industry experience and had served in various capacities in Corporate Banking, Investment Banking and the Public Sector. He joined the Board in April 2012 as Executive Director, Corporate.

CHIJIOKE UGOCHUKWU - EXECUTIVE DIRECTOR

Mrs. Chijioke Ugochukwu was General Manager, Legal Services and Company Secretary of the Bank until April 2012, when she joined the Board as Executive Director, Shared Services.

She holds a Bachelor of Laws (LLB Hons.) degree from Obafemi Awolowo University, Ile-Ife (1988), and is a Barrister at Law (BL) called to the Nigerian Bar in 1989. She also holds a Masters in Business Administration from IESE, Barcelona, Spain (1997). She is a member of the Institute of Chartered Secretaries and Administrators of Nigeria and has more than 23 years industry experience. At various times, Mrs. Ugochukwu had been in Operations, Treasury Management and Corporate Services functions. She is a regular speaker on Personal Financial Planning and Wealth Preservation.

Board of Directors Profile

MOHAMMED BALARABE - EXECUTIVE DIRECTOR

Mr. Mohammed Balarabe holds a Bachelor's degree in Accountancy and Finance from Nottingham Trent University, Nottingham, England (1987), as well as a Master of Science degree in Finance from the University of Lagos (1995). A dealing member of the Nigerian Stock Exchange since 1992, Mr. Balarabe was an Executive Director with the former Oceanic Bank Plc. He was also a General Manager in United Bank for Africa (UBA) Plc and had been the General Manager & Chief Executive of Newdevco Finance Services Company Limited. He has over 24 years banking experience across various business portfolios including Retail, Corporate and Commercial banking. He joined Fidelity Bank in April 2012 as Executive Director, North.

AKU ODINKEMELU - EXECUTIVE DIRECTOR

Mrs. Aku Odinkemelu holds a Bachelor of Laws (LL.B Hons.) from University of Nigeria, Nsukka (1986) and Barrister at Law (BL) degree from the Nigerian Law School (1987) Lagos. She is a graduate of the Advanced Management Programme (AMP) from Harvard Business School (2008). Mrs. Odinkemelu has also served as a Non-Executive Director in Guaranty Trust Bank Plc, Sierra Leone and Guaranty Trust Assurance Plc. She had worked with Access Bank Plc, former Equitorial Trust Bank Limited and Continental Merchant Bank Plc and comes with over 25 years experience in various areas of banking. She was appointed to the Board in August 2014 as Executive Director, South.

Board of Directors Profile

BASHARI MOHAMMED GUMEL

Alhaji Bashari M. Gumel is an alumnus of the Ahmadu Bello University, Zaria. Alhaji Gumel who holds a Post Graduate Diploma in Public & Social Administration from South Devon Technical College, Torquay, England, is a seasoned administrator who began his early career as a civil servant in 1968 and rose to the position of Permanent Secretary in1980 when he retired to venture into private business. He sits on the Board of several companies and is currently the Chairman of Jafa Foam Products Limited.

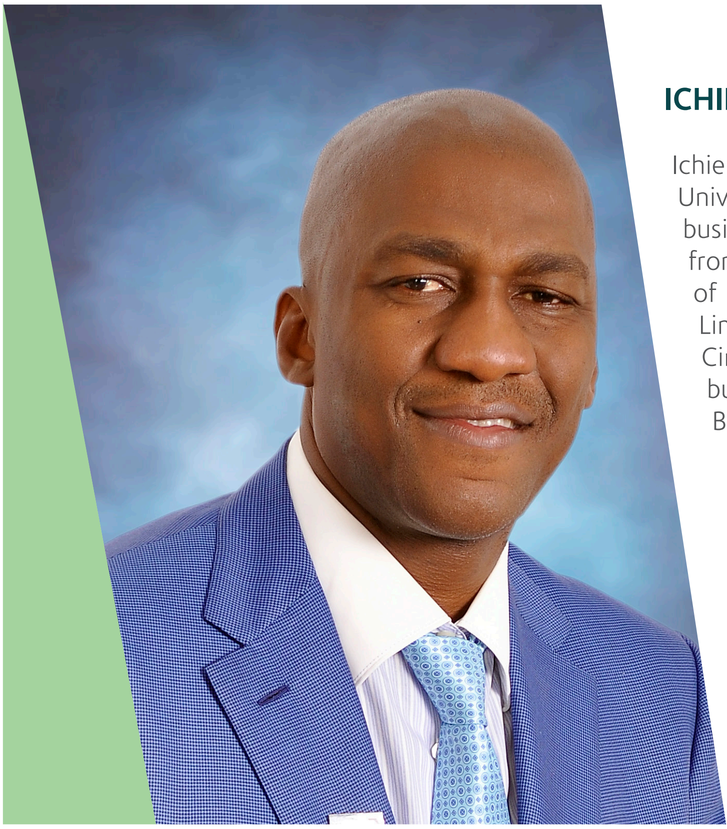
ROBERT NNANA-KALU

Mr. Robert Nnana-Kalu holds an M.A. degree in International Relations (1985) as well as a Bachelor of Laws from University of Kent, at Canterbury, Kent, England (1987). He also obtained a Master of Laws from Kings College, University of London, England (1990). He practiced law in the firm of Chief K. K. Ogba Chambers, Owerri, before joining Star Paper Mills Limited, Aba, as Manager, Legal Services & Corporate Affairs. He rose to the position of Executive Director in the company in 1995, a position he holds till date. From 2001 to 2005, Mr. Nnana-Kalu was Chairman of the Imo/Abia Chapter of the Manufacturers Association of Nigeria (MAN) and also a National Council Member of the Association. He joined the Board of Fidelity Bank in July, 2012.

Board of Directors Profile

GABRIEL KAYODE OLOWONIYI

Mr. Gabriel Olowoniyi is an alumnus of the Federal Polytechnic, Ado-Ekiti (1984) and the Institute of Chartered Secretaries and Administrators, London (1993). A Chartered Secretary and Administrator of long standing, Mr. Olowoniyi is currently a Director of Amazing Inspiration Media Limited amongst other companies.



ICHIE NNAETO ORAZULIKE

Ichie Nnaeto Orazulike holds a B.Sc. in Accountancy from the University of Nigeria, Enugu Campus (1989). He began private business in 1993 when he started Genesis Foods Limited, a frontline industrial catering services company. His vast chain of successful businesses include Orazulike Trading Company Limited, Stanchions Nigeria Limited and Genesis Deluxe Cinemas Limited. Nnaeto has trained at some of the best business schools, both locally and overseas including Harvard Business School.

Board of Directors Profile

MALLAM UMAR YAHAYA

Mallam Umar Yahaya holds both a Bachelor's and Master's degree in Business Administration from Ahmadu Bello University, Zaria (1977 and 1981 respectively). He has an Advanced Diploma in Management from Harvard Business School, Boston, Massachusetts (2001), and an Executive Management Diploma in Strategy & Organisation from Stanford Graduate School of Business, USA (2003). He was an Executive Director of First Bank of Nigeria Plc (1997 - 2004), with responsibility for policy formulation, strategic direction and day-to-day management of sector posting, and Managing Director/Chief Executive of New Africa Merchant Bank (NAMB) Limited from 1992 to1997.

MICHAEL E. OKEKE

Mr. Michael E. Okeke graduated from the University of Nigeria Nsukka in 1997 with a B.Sc. in Estate Management. He is an adept Estate Surveyor & Valuer with professional specialization in Property Valuation, Project Finance, Procurement & Syndication, Asset Management, Valuation of Aviation and Navigation installations including aircraft, ships and vessels. He is currently the Managing Partner of Sun Oriala & Co, an estate management firm, a position he has held since 2009. He joined the Board of Fidelity Bank Plc with effect from October 23, 2014.

ALEX C. OJUKWU

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

Mr Ojukwu has over 25 years experience in diverse fields which includes Banking Services, Controls & Audit, Marketing, Power, Mining, Steel, Risk and Manufacturing. He is currently the Managing Director of Afro Asia Automobile & Plastics Limited (2011 – Date), a member of the Chicason Group. He was the Executive Director, Risk Management, Western Goldfields Group Limited and also the founder and Managing Partner of Damos Practice – Risk Management Consultants, after having left the services of Bank PHB Plc (now Keystone Bank Limited) as Assistant Vice President in charge of Remedial Assets Management. He joined Fidelity Bank Plc as a Non-Executive Director with effect from October 23, 2014.

MANAGEMENT STAFFAS AT MARCH 31,2015

S/N	NAME	GRADE	DESIGNATION
1	NNAMDI OKONKWO	MD	MD & CEO
2	IK MBAGWU	ED	ED, LAGOS & SOUTH WEST
3	ONOME OLAOLU	ED	ED, RISK
4	JOHN OBI	ED	ED, CORPORATE BANK
5	CHIJIOKE UGOCHUKWU	ED	ED, SHARED SERVICES
6	MOHAMMED BALARABE	ED	ED, NORTH
7	AKU ODINKEMELU	ED	ED, SOUTH
8	IDRIS YAKUBU	GM	HEAD, NORTH CENTRAL REGIONAL BANK
9	CHARLES OKORO	GM	HEAD, IMO/ABIA REGIONAL BANK
10	GBOLAHAN JOSHUA	GM	HEAD, STRATEGY, INNOVATION AND BUSINESS TRANSFORMATION
11	OBARO ODEGHE	GM	HEAD, APAPA REGIONAL BANK
12	KEVIN UGWUOKE	GM	HEAD, RISK MANAGEMENT
13	VICTOR ABEJEGAH	DGM	CHIEF FINANCIAL OFFICER
14	ADEYEYE ADEPEGBA	DGM	HEAD, POWER & INFRASTUCTURE
15	HASSAN IMAM	DGM	HEAD, ABUJA 1 REGIONAL BANK
16	TAIWO JODA	DGM	HEAD, VICTORIA ISLAND REGIONAL BANK
17	ADEBOYE OGUNMOLADE	DGM	CHIEF COMPLIANCE OFFICER
18	LAZARUS OKOLIE	DGM	CHIEF TECHNOLOGY OFFICER
19	KENNETH OPARA	DGM	HEAD, MANAGED SMEs
20	CHINEZE OSAKWE	DGM	TREASURER
21	EZINWA UNUIGBOJE	AGM	COMPANY SECRETARY
22	ABIMBOLA ILUPEJU	AGM	HEAD, LEGAL SERVICES
23	DESMOND ANUMKUA	AGM	HEAD, INTERNAL CONTROL
24	FELICIA ANYA	AGM	HEAD, CREDIT ADMINISTRATION
25	CHINWEIFENU BASIL-EZEGBU	AGM	CHIEF INTERNAL AUDITOR
26	MARTINS IZUOGBE	AGM	HEAD, OPERATIONS
27	RICHARD MADIEBO	AGM	HEAD, RETAIL BANKING
28	HALILU MALABU	AGM	HEAD NORTH EAST REGIONAL BANK
29	JUDE MONYE	AGM	HEAD, IKEJA REGIONAL BANK
30	IFEANYI NWOSU	AGM	HEAD, LAGOS ISLAND REGIONAL BANK
31	CHIKWENDU OGBODO	AGM	HEAD, FESTAC REGIONAL BANK
32	OLUSEYI OLOJEDE	AGM	HEAD, YABA/SURULERE REGIONAL BANK
33	CHARLES ONYEOGUZORO	AGM	HEAD, LOAN PROCESSING AND MONITORING
34	MANNIR RINGIM	AGM	HEAD NORTH WEST 1 REGIONAL BANK
35	NASIRU SAMA	AGM	HEAD NORTH WEST 2 REGIONAL BANK
36	ABOLORE SOLEBO	AGM	HEAD, OIL & GAS (UPSTREAM)
37	MUSA TARIMBUKA	AGM	HEAD, AGRICULTURE
38	ANTHONY YARO	AGM	HEAD, ABUJA 2 REGIONAL BANK
39	ADEDEJI OLOWE	AGM	HEAD, ELECTRONIC BANKING
40	FRANK ANUMELE	AGM	HEAD, RIVERS/BAYELSA REGIONAL BANK
41	CHARLES ODIBO	AGM	HEAD, MARKETING COMMUNICATIONS
42	MOBOLAJI OMOTOSO	SM	HEAD, SOUTH WEST REGIONAL BANK
43	TONIE OBIEFUNA	SM	HEAD, CORPORATE SERVICES
44	NAPOLEON ESEMUDJE	SM	HEAD, HUMAN RESOURCES
45	CHIOMA NWANKWO	SM	HEAD, PRIVATE BANKING
47	WALE MESIOYE	SM	HEAD, CONSTRUCTION AND REAL ESTATE
48	KANWULIA ONUORA	SM	HEAD, SERVICE EXCELLENCE
49	AHMED OBA	SM	HEAD, REMEDIAL ASSETS MANAGEMENTS
50	EVI KANU	SM	HEAD, PUBLIC SECTOR SOUTH

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Contact us on +234(1)4485-252, +23480034335489 or email true.serve@fidelitybankplc.com

Fidelity Bank Plc RC 103022

we keep our word...

DIRECTORS' REPORT

For the year ended 31 December 2014

The Directors are pleased to submit their report on the affairs of Fidelity Bank Plc ("the Bank''), together with the financial statements and joint auditors' report for the year ended 31 December 2014.

1 RESULTS

	2014	2013
	N million	N million
Profit before income tax	15,515	9,028
Income tax expense	(1,719)	(1,307)
Profit after taxation	**13,796**	**7,721**
Earnings per share		
Basic and diluted (in kobo)	48	27

PROPOSED DIVIDEND

With respect to the 2014 financial year, the Board of Directors recommend a dividend of 18 kobo per Ordinary Share of 50 kobo each amounting to N5,213,265,425 for approval at the Annual General Meeting. If approved, dividend will be paid to Shareholders whose names appear on the Register of Members as at close of business on April 17, 2015. The proposed dividend is subject to Withholding Tax (at the appropriate tax rate), which will be deducted before payment.

2 LEGAL FORM

The Bank was incorporated in Nigeria on 19 November 1987 as a private limited liability company. 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 registered as a public limited company on 10 August 1999. The Bank obtained its universal banking license on 6 February 2001. The Bank's shares have been listed on the floor of the Nigerian Stock Exchange since 17 May 2005.

3 PRINCIPAL BUSINESS ACTIVITIES

The principal activity of the Bank continues to be the provision of banking and other financial services to corporate and individual customers from its Headquarters in Lagos and 212 business offices. These services include retail banking, granting of loans and advances, equipment leasing, collection of deposits and money market activities

Further to the Central Bank of Nigeria Guidelines on Regulation on the Scope of Banking Activities and Ancillary Matters No. 3 of 2010 which repealed the Universal Banking Model, the Bank has applied to the Central Bank for a Commercial Banking License on an international basis.

DIRECTORS' REPORT

For the year ended 31 December 2014

4 BENEFICIAL OWNERSHIP

The Bank's shares are held largely by Nigerian Citizens and Corporations.

5 SHARE CAPITAL

The range of shareholding as at 31 December 2014 is as follows:

Range	No. of Holders	Holders%	Holders Cum	Units	Units%
1 - 1,000	94,499	23.12%	94,499	80,144,755	0.28%
1,001 - 5,000	174,508	42.69%	269,007	481,423,397	1.66%
5,001 - 10,000	53,959	13.20%	322,966	443,575,550	1.53%
10,001 -50,000	61,679	15.09%	384,645	1,479,817,612	5.11%
50,001 -100,000	11,549	2.83%	396,194	912,523,184	3.15%
100,001 -500,000	9,815	2.40%	406,009	2,135,591,933	7.37%
500,001 -1,000,000	1,345	0.33%	407,354	995,279,054	3.44%
1,000,001 -5,000,000	1,015	0.25%	408,369	2,171,915,888	7.50%
5,000,001 -10,000,001	154	0.04%	408,523	1,145,256,382	3.95%
1,000,001 -50,000,001	167	0.04%	408,690	3,259,882,382	11.26%
50,000,001 -100,000,000	26	0.01%	408,716	1,792,531,068	6.19%
100,000,001 -500,000,000	23	0.01%	408,739	5,278,413,448	18.22%
500,000,001 -1,000,000,000	9	0.00%	408,748	6,542,707,607	22.59%
500,000,001 -28,962,585,692	2	0.00%	408,750	2,243,523,432	7.75%
GRAND TOTAL	408,750	100%		28,962,585,692	100%

Substantial interest in shares

The Bank's shares are widely held and according to the Register of Members no single shareholder held up to 5% of the issued share capital of the Bank during the year except Stanbic Nominees Limited (8.06% / 2,333,253,593 shares). Stanbic Nominees held the shares in its trading accounts as Custodian for multiple investors. Beneficial ownership of the shares resides with the said investors, not Stanbic Nominees.

DIRECTORS' REPORT

For the year ended 31 December 2014

6 DIRECTORS AND THEIR INTEREST

Changes to the Board

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

(i) Dim Elias E. Nwosu, Mrs. Bessie N. Ejeckam and Chief Nnamdi I. Oji retired as Non-Executive Directors with effect from May 22, 2014 having completed their tenure in accordance with the provisions of the Central Bank of Nigeria's Guidelines on the Tenure of Office of Non-Executive Directors. Mr. Stanley Lawson, an Independent Non-Executive Director resigned from the Board with effect from July 31, 2014 to enable him take up a national assignment.

(ii) Mrs. Aku P. Odinkemelu was appointed as an Executive Director with oversight responsibility for the Bank's operations in Southern Nigeria. Her appointment was approved by the Central Bank on October 2, 2014.

(iii) Mr. Alex C. Ojukwu and Mr. Michael E. Okeke were appointed as Non-Executive Directors. Their appointments were approved by the Central Bank on December 15, 2014.

The appointments of Mrs. Aku P. Odinkemelu, Mr. Alex Chinelo Ojukwu and Mr. Michael Ezechukwu Okeke will be presented to Shareholders for approval at this meeting.

Retirement by rotation

In accordance with Article 95(1)(a) of the Articles of Association of the Bank which requires one-third (or the number closest to it), of the Non-Executive Directors to retire by rotation at each Annual General Meeting, the Directors retiring by rotation are Mallam Umar Yahaya, Alhaji Bashari M. Gumel and Mr. Robert Nnana-Kalu. Being eligible, they offer themselves for re-election.

A detailed profile of all the Directors including the Directors for election/re-election is at page 26-33.

Directors' shareholding:

The interest of the Directors' in the issued share capital of the Bank as recorded in the Register of Directors Shareholding and/or as notified by the Directors for the purpose of Section 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is shown in the table below:

i. Chief Christopher I. Ezeh has indirect shareholding amounting to 99,986,005 shares through Crain Nigeria Limited.

ii. Chief Nnamdi Oji retired on 22 May 2014. He has indirect shareholding of 83,277,680 shares through Rosies Textile Mills Limited (8,250,666), Rosies Garments Factory (Nigeria) Limited (75,027,014).

DIRECTORS' REPORT

For the year ended 31 December 2014

iii. Dim Elias Nwosu retired on May 22, 2014. He has indirect shareholding of 678,711,839 (2013: 678,711,839) shares through Beverly Trust Limited.

iv. Mrs. Bessie Ejeckam retired on 22 May 2014. She has indirect shareholding of 185,865,376 (2013:185,865,376) shares through Felink Investment & Property Limited.

v Ichie Nnaeto Orazulike has indirect shareholding of 1,665,300 shares through Genesis Foods Nigeria Limited (2013: 1,665,300).

	31 Dec 2014			31 Dec 2013		
NAME OF DIRECTOR	DIRECT	INDIRECT	TOTAL	DIRECT	INDIRECT	TOTAL
Chief Christopher I. Ezeh	53,812,533	99,986,005	153,798,538	175,086,490	NIL	175,086,490
Mallam Umar Yahaya	1,689,572	NIL	1,689,572	1,689,572	NIL	1,689,572
Chief Nnamdi Oji #	1,347,085	83,277,680	84,624,765	1,347,085	83,277,680	84,624,765
Mrs. Bessie N. Ejeckam #	3,378,775	185,865,376	189,244,151	3,378,775	185,865,376	189,244,151
Dim Elias E. Nwosu #	NIL	678,711,839	678,711,839	NIL	678,711,839	678,711,839
Ichie Nnaeto Orazulike	2,065,300	1,665,300	3,730,600	1,665,300	1,665,300	3,330,600
Mr. Kayode Olowoniyi	50,000	NIL	50,000	50,000	NIL	50,000
Mr. Stanley Lawson ##	NIL	NIL	NIL	NIL	NIL	NIL
Alhaji Bashari Gumel	NIL	NIL	NIL	NIL	NIL	NIL
Mr. Nnamdi Okonkwo	101,000,200	NIL	101,000,200	1,001,200	NIL	1,001,200
Mr. Robert Nnana-Kalu	70,006	NIL	70,006	70,006	NIL	70,006
Mr. Ik. Mbagwu	4,782,606	NIL	4,782,606	4,782,606	NIL	4,782,606
Mrs Onome Olaolu	5,160,669	NIL	5,160,669	5,160,669	NIL	5,160,669
Mr. John Obi	1,058,483	NIL	1,058,483	558,483	NIL	558,483
Mrs. Chijioke Ugochukwu	74,178,823	NIL	74,178,823	3,410,093	NIL	3,410,093
Mr. Mohammed Balarabe	2,002,221	NIL	2,002,221	2,002,221	NIL	2,002,221
Mr. Alex Ojukwu*	NIL	NIL	NIL	N/A	N/A	N/A
Mr. Michael Okeke*	NIL	NIL	NIL	N/A	N/A	N/A
Mrs. Aku Odinkemelu**	NIL	NIL	NIL	N/A	N/A	N/A

Retired on May 22, 2015
Resigned on July 31, 2014
* Approved by CBN on December 15, 2014
** Approved by CBN on October 2, 2014

Directors interests in Contracts:

The Directors' interests in related party transactions as disclosed in note 34 and interests in contracts as disclosed below, were disclosed to the Board of Directors in compliance with Section 277 of the Companies and Allied Matters Act, 2004.

Related Director	Interest in entity	Name of entity	Services to the Bank
Chief Christopher I. Ezeh	Director	John Holt Plc	Supply and maintenance of generators
Ichie Nnaeto Orazulike	Director	Genesis Foods Limited/ Genesis Deluxe Cinemas Limited	Catering Services/ Loyalty Schemes/Co-Location of ATMs

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 (NSE) and the Securities & Exchange Commission (SEC).

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, ability, experience and skills to deliver the Bank's strategy;

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

d. Align individual rewards with the Bank's performance, the interest 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.

Remuneration Structure:

The Board's remuneration structure is designed to address the compensation of both Executive Directors and Non-Executive Directors.

Executive Directors' Remuneration:

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

DIRECTORS' REPORT

For the year ended 31 December 2014

This is based on the underlying philosophy of job evaluation, classification, performance assessment and the need to reward individuals based on their contribution to the business.

To achieve this, the Board has evolved a compensation package that is competitive externally and equitable internally.

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.

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

Executive compensation is therefore tied to specific deliverables and includes fixed and variable pay components. Fixed pay includes basic salary, transport, housing and other allowances. These are paid monthly, quarterly or annually as appropriate. The annual compensation package also includes a 13th month salary which is paid in the last month of the financial year as well as a performance bonus which is paid once a year and tied to achievement of specific deliverables/KPIs.

DIRECTORS' REPORT

For the year ended 31 December 2014

Table 1: Key elements of Executive Directors' remuneration arrangements:

Remuneration Element	Objective	Payment Mode	Programme Detail
Base Pay: This is a fixed pay (guaranteed cash) which is not dependent on performance. It comprises basic salary and all cash allowances paid to the Executive Director.			
Base Pay	To attract and retain talent in a competitive market	Monthly/Quarterly/ Annually	*Reviewed every 2 years and changes made on need basis and market findings; Salaries for all roles are determined with reference to applicable relevant market practices.
Performance Incentives: This represents the pay-at-risk i.e. pay contingent on the achievement of agreed key performance indicators.			
Performance Incentive	To motivate and reward the delivery of annual goals at the Bank and individual levels; Rewards contribution to the long-term performance of the Bank	Annually	Performance incentives are awarded based on the performance of the Bank and individual directors; Executive Directors' annual performance incentives are evaluated against the performance metrics defined in his/her approved individual balanced scorecard/KPIs.
Benefits and Perquisites: These are the non-monetary compensation provided to 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.	Reviewed periodically in line with contract of employment
Retirement Benefits: These are compensation paid to employees upon retirement such as pension and gratuity.			
Retirement Benefits	This is effected in the event of retirement	As required	Reviewed periodically as required.

*Review of the various remuneration elements means 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.

DIRECTORS' REPORT

For the year ended 31 December 2014

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, reflecting 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 in each year and is paid quarterly in arrears. They also receive a sitting allowance for each meeting attended by them but do not receive any performance incentive payments.

Table 2: Key elements of Non-Executive Directors' remuneration arrangements:

Remuneration Element	Objective	Payment Mode	Programme Detail
Annual Fees	To attract individuals with relevant skills, knowledge and experience	Quarterly	Reviewed every 2 years and changes made on need basis subject to shareholders approval at the Annual General Meeting.
Sitting Allowances	· To recognise the responsibilities of the Non-Executive Directors · To encourage attendance and participation at designated committees assigned to them	· Per meeting	Reviewed every 2 years and changes made on need basis subject to shareholders approval at the Annual General Meeting.

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

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

7 EVENTS AFTER REPORTING PERIOD

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the Bank as at 31 December 2014 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

8 PROPERTY AND EQUIPMENT

Information relating to property, plant and equipment is given in Note 22 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.

DIRECTORS' REPORT

For the year ended 31 December 2014

9 DONATIONS AND CHARITABLE CONTRIBUTIONS

Donations and gifts to charitable organizations during the year amounted to N254,556,400 (Dec 2013 N185,136,733). There were no donations to political organizations during the year. The beneficiaries are:

	N
Terror Victims Fund	175,000,000
Registry Block Construction & Clinic Park Landscape For Benue State University	25,000,000
Free Eye Surgery & Treatments, Ofunama, Benin	10,000,000
Living Fountain Orphanage, Lagos	6,500,000
Anambra State Security Donation	6,000,000
Boys Correction Centre, Oregun, Lagos	3,500,000
Enugu State University (ESUT) Best Teacher Award	3,000,000
Renovation At Daniel Akintode School, Abeokuta, Ogun State	3,000,000
Fencing of Nigeria Police Force Building, Victoria Island, Lagos	3,000,000
Settling of Hospital Bills For Nursing Mothers At Mother of Christ Hospital	2,000,000
Nigerian Conservation Foundation, Lagos	2,000,000
Motorized Borehole – Fudawa North, Jos, Plateau State	1,500,000
Refurbishment of Dorcas Orphanage Home, Ikom, Cross River State	1,000,000
Holy Family Orphanage, Enugu	1,000,000
Port Harcourt Prisons	1,000,000
Juvenille Welfare Centre, Lagos	1,000,000
African Youth Leadership Summit	1,000,000
Institute of Chartered Accountants Of Nigeria (ICAN) Conference 2014	2,500,000
Chartered Institute of Bankers Of Nigeria (CIBN) Annual Contribution	4,500,000
Chartered Institute of Personnel Management (CIPM) Annual Conference 2014	750,000
The Second Nigeria Rice Investment Forum 2014, Abuja	1,306,400
	254,556,400

DIRECTORS' REPORT

For the year ended 31 December 2014

10 EMPLOYMENT & EMPLOYEES

Gender Analysis as at December 31, 2014

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

The number and percentage of women employed during the 2014 financial year relative to the total work force is as follows:

GENDER ANALYSIS OF TOTAL STAFF AS AT DECEMBER 31, 2014		
GENDER	NUMBER	PERCENTAGE OF TOTAL STAFF
FEMALE	1458	43%
MALE	1911	57%
TOTAL	3369	100%

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

GENDER ANALYSIS OF EXECUTIVE MANAGEMENT AS AT DECEMBER 31, 2014		
GENDER	NUMBER	PERCENTAGE
FEMALE	3	43%
MALE	4	57%
TOTAL	7	100%

DIRECTORS' REPORT

For the year ended 31 December 2014

GENDER ANALYSIS OF TOP MANAGEMENT (AGM-GM) AS AT 31/12/2014			
GRADE	FEMALE	MALE	TOTAL
General Manager	0	5	5
Deputy General Manager	1	10	11
Assistant General Manager	6	23	29
TOTAL	7	38	45
Percentage (%)	16	84	100

GENDER ANALYSIS OF BOARD OF DIRECTORS AS AT 31/12/2014			
GRADE	FEMALE	MALE	TOTAL
Executive Director	3	3	6
Managing Director	0	1	1
Non Executive Director	0	8	8
TOTAL	3	12	15
Percentage (%)	20	80	100

Employment of disabled persons

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

Health, Safety and Welfare of Employees

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

Fidelity Bank's employees are provided with comprehensive healthcare coverage through a medical retainership scheme with over 145 hospitals across the country. The scheme covers each staff, his/her spouse and four biological children. The Bank also has an International Health Insurance Scheme which provides emergency medical evacuation support.

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

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

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

The foregoing was particularly emphasized during the review period when the Bank held several awareness sessions on the Ebola Virus Disease (EVD) and educated its employees, customers, vendors and other stakeholders extensively in order to check the spread of the disease.

To this end, sensitization materials on good hand-washing techniques, EVD symptoms identification, steps to prevent infection, steps to take if infection is suspected as well as hand sanitizers were distributed to staff, service providers and security personnel. These items were also positioned at the entrances to Bank's branches and other critical areas within each building.

Through regular medical updates from the in-house Medical Doctor, emails, text messages, periodic "Health Awareness Month" presentations and quarterly "Fit2 Bond" events, staff members are frequently educated on how to take personal responsibility for their health by consciously making better lifestyle choices.

Fidelity Team members are also afforded the opportunity to participate in a unique country-wide sporting fiesta, the "Fidelity Games", which is an exciting and memorable event that involves various track and field events, football and great prizes.

Fidelity Bank is also actively involved in the Nigerian Bankers Games (NBG). This is the biggest and most glamorous sporting event in Corporate Nigeria and the Bank positively dazzled as it topped the medals table in the 2014 edition of the tournament, winning a total of sixteen (16) medals (9 - Gold; 4 – Silver and 3 – Bronze).

DIRECTORS' REPORT

For the year ended 31 December 2014

Employee involvement and training

The Bank is committed to keeping employees fully informed of its corporate objectives and the progress made thus far in achieving same. The opinions and suggestions of members of staff are valued and considered not only on matters affecting them as employees, but also on the general business of the Bank. Management operates an open communication policy and employees are encouraged to communicate with Management through various media, including the on-line Quarterly CEO Chat.

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 which believes in development of her employees, irrespective of their positions in the Bank.

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

Worthy of particular mention, are the Weekly Thursday Lecture Series, the Fidelity Business School with its various academies and the E-Learning Portal all of which are designed to deepen staffs knowledge, skills and productivity.

The Bank currently has four modern learning centres in Lagos, Port-Harcourt, Abuja and Kano and plans to build similar centres in the South West, Mid-West and South East. A total of 1,847 staff members participated in various training programs in 2014.

AUDITORS

The Joint Auditors, Messrs. Ernst & Young and Messrs. PKF Professional Services have indicated their willingness to continue in office as the Bank's auditors in accordance with section 357 (2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004. A resolution would be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

EZINWA UNUIGBOJE
Company Secretary
FRC/2014/NBA/00000006957

2 Fidelity Close
Off Kofo Abayomi Street
Victoria Island, Lagos
20 March 2015

REPORT OF THE SHAREHOLDERS AUDIT COMMITTEE FOR THE YEAR ENDED DECEMBER 31, 2014

TO THE MEMBERS OF FIDELITY BANK PLC

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

i) Reviewed the scope and planning of the audit requirements and found them adequate.

ii) Reviewed the financial statements for the year ended 31 December 2014 and are satisfied with the explanations obtained.

iii) Reviewed the External Auditors Management Report for the year ended 31 December 2014 and are satisfied that Management is taking appropriate steps to address the issues raised.

iv) Ascertained that the Bank has complied with the provisions of Central Bank of Nigeria (CBN) Circular BSD/1/2004 dated February 18, 2004 on "Disclosure of insider credits in the financial statements of banks". In addition, related party transactions and balances have been disclosed in the Notes to the Financial Statements for the year ended December 31, 2014 in accordance with the prescribed CBN format.

v) Ascertained that the accounting and reporting policies of the company for the year ended 31 December 2014 are in accordance with legal requirements and agreed ethical practices.

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

Mr. Chidi Agbapu
Chairman, Shareholders Audit Committee

March 26, 2015

Members of the Shareholders Audit Committee are:

1)	Mr. Chidi Agbapu	-	Chairman	(Shareholder)
2)	Dr. Christian Nwinia	-	Member	(Shareholder)
3)	Mr. Frank Onwu	-	Member	(Shareholder)
4)	Mallam Umar Yahaya	-	Member	(Director)
5)	Ichie Nnaeto Orazulike	-	Member	(Director)
6)	Mr. Robert Nnana-Kalu	-	Member	(Director)

In attendance:

Mrs. Ezinwa Unuigboje - Company Secretary

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

INTRODUCTION

Fidelity Bank Plc ("Fidelity" or "the Bank") is committed to adhering to globally recognized corporate governance standards and continuously benchmarks its performance against global best practices in governance.

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

Good corporate governance is critical to the proper functioning of the banking sector as well as the economy and Fidelity has implemented governance practices that ensure the Bank is run effectively to achieve its defined objectives. To this end, the Bank's governance framework is hinged on the key principles of good corporate governance and the Bank remains committed to maintaining best practices in governance by ensuring accountability at all levels. This, in turn, ensures the creation and delivery of long-term sustainable value to our shareholders and indeed, all stakeholders.

Here at Fidelity, we hold fast to CREST, an acronym for our Shared Values of:

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

C	-	Customer First;
R	-	Respect;
E	-	Excellence;
S	-	Shared Ambition; and,
T	-	Tenacity.

CREST represents 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 has a definite and well-structured Corporate Governance framework in place to support the Board's objective of achieving sustainable value. This is reinforced by the right culture, values and actions both at the Management level and throughout the entire organization.

The primal status of the Board of Directors as an organ of corporate governance is noted. Fidelity's Board has overall responsibility for ensuring that the tenets of sound corporate governance are adhered to in the management of the Bank.

The Board continues to comply with the Bank's internal governance policies and the Corporate Governance Codes issued by the Central Bank of Nigeria (CBN) and the Securities & Exchange Commission (SEC) ("the Codes"), as well as the Rules issued from time to time by the Nigerian Stock Exchange (NSE). The Codes are very detailed and cover a wide range of issues, including Board and Management, Shareholders, Rights of other Stakeholders, Disclosure Requirements, Risk Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Reporting Relationship, Ethics & Professionalism, Conflict of Interest, Sustainability Issues, Whistle-blowing, Code of Ethics and the Role of Auditors.

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

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

(a) The Board of Directors

(b) Board Committees

(c) Shareholders Audit Committee

(d) General Meetings

(e) Management Committees

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

THE BOARD OF DIRECTORS

The Board (Structure and Responsibilities):

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

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

To this end, Fidelity operates a two-tier board system which incorporates both Supervisory and Management functions. These functions are split between the Executive Board, which comprises seven (7) Executive Directors and the Supervisory or Full Board, which comprises fifteen (15) Directors (i.e. the seven Executive Directors and eight (8) Non-Executive Directors).

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

The Supervisory Board hitherto included two (2) Independent Directors, Alhaji Bashari Gumel and Mr. Stanley I. Lawson. Mr. Lawson, however, retired from the Board of Directors in July 2014 to enable him take up a national appointment. The Board has commenced the process of nomination, selection and appointment of another Independent Non-Executive Director, taking into cognizance the Guidelines for the Appointment of Independent Directors issued by the Central Bank in 2007 and the Bank's Directors' Selection Criteria Policy as well as other applicable regulations.

The Board is accountable to all stakeholders and continues to play a pivotal role in governance. It is the responsibility of the Board of Directors to endorse the Bank's organizational strategy, develop directional policy, appoint, supervise and remunerate senior executives and ensure accountability of the Bank to its owners, stakeholders and the regulatory authorities.

The Board is also responsible for providing stable and effective leadership for the Bank, to facilitate achievement of its corporate operating objectives.

Responsibility for the day-to-day management of the Bank resides with the Managing Director/Chief Executive Officer (MD/CEO), who carries out his functions in accordance with guidelines approved by the Board of Directors. The MD/CEO is ably assisted by the six (6) Executive Directors.

All Directors are persons of high integrity and seasoned professionals, who are competent, knowledgeable and proficient in their professional career, business and/or vocation. The Directors bring to the Board their diverse experience in several fields ranging from business, corporate finance, accounting, management, banking operations, taxation, risk management, project finance, leasing, law, and treasury management. The diverse professional backgrounds of the Directors reflects a balanced mix of skills, experiences and competencies that impacts positively on the Board's activities.

The Directors are members of the Institute of Directors of Nigeria (IoD) and the Bank Directors Association of Nigeria (BDAN), two nonprofit organizations dedicated to promoting best corporate governance practices and the highest ethical standards for Nigerian Companies/Banks.

Matters reserved exclusively for the Board include approval of credit requests in excess of the approval limit of the Board Credit Committee, approval of the Bank's quarterly, half yearly and full year financial statements, disposal of assets other than in the normal course of the Bank's business, mortgaging or otherwise creating security interest over the assets of the Bank, appointment or removal of key management personnel, strategic planning, succession planning and ensuring the integrity of the financial statements.

The Board has a formal Policy to guide the remuneration of 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 designed to attract, motivate and retain qualified individuals with the talent, skill and experience required to run the Bank effectively. Fuller details of the Policy are contained on pages 40 to 43 of this Annual Report.

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

Details of the Directors who served on the Board in 2014 are indicated below:

NAME	DESIGNATION	CHANGES DURING THE YEAR (APPOINTMENT/ RETIREMENT)
Chief Christopher I. Ezeh, MFR	Chairman	
Mallam Umar Yahaya	Non-Executive Director	
Ichie Nnaeto Orazulike	Non-Executive Director	
Mr. Kayode Olowoniyi	Non-Executive Director	
Mr. Robert Nnana-Kalu	Non-Executive Director	
Mr. Alex Ojukwu	Non-Executive Director	Appointed October 23, 2014
Mr. Michael Okeke	Non-Executive Director	Appointed October 23, 2014
Alhaji Bashari Gumel	Independent Director	
Chief Nnamdi Oji	Non-Executive Director	Retired May 22, 2014
Mrs. Bessie N. Ejeckam	Non-Executive Director	Retired May 22, 2014
Dim Elias E. Nwosu	Non-Executive Director	Retired May 22, 2014
Mr. Stanley Lawson	Independent Director	Resigned July 31, 2014
Mr. Nnamdi Okonkwo	Managing Director/CEO	
Mr. Ik. Mbagwu	Executive Director	
Mrs. Onome Olaolu	Executive Director	
Mrs. Chijioke Ugochukwu	Executive Director	
Mr. John Obi	Executive Director	
Mr. Mohammed Balarabe	Executive Director	
Mrs. Aku Odinkemelu	Executive Director	Appointed August 11, 2014

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

Directors' Nominations, Appointments and Retirements

Directors' appointments and retirements 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 process of appointing new Directors is anchored by the Board Corporate Governance Committee. The process is rigorous and may involve external consultants, particularly for executive positions. The importance of achieving the right balance of skills, experience and diversity is also taken into consideration in making Board appointments.

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

(i) The under-listed Non-Executive Directors retired from the Board of Directors with effect from May 22, 2014 having completed their term of office in accordance with the provisions of the Central Bank of Nigeria's Guidelines on the Tenure of Office of Non-Executive Directors:

a. Dim Elias E. Nwosu

b. Mrs. Bessie N. Ejeckam

c. Chief Nnamdi I. Oji

(ii) Mr. Stanley Lawson, an Independent Non-Executive Director retired from the Board with effect from July 31, 2014 to enable him take up a national assignment.

The Board, pursuant to the powers vested on it by Article 98(2) of the Articles of Association filled the vacancies occasioned by the retiring Directors on October 23, 2014 by appointing the following persons as Non-Executive Directors:

a. Mr. Alex Chinelo Ojukwu

b. Mr. Michael Ezechukwu Okeke

The appointments were approved by the Central Bank on December 15, 2014.

In addition, following the assumption of Mr. Nnamdi Okonkwo (erstwhile Executive Director, South) as Managing Director of the Bank on January 1, 2014, the Board filled the resulting vacancy on August 11, 2014 by appointing Mrs. Aku Odinkemelu as an Executive Director to oversee the Bank's operations in Southern Nigeria. Her appointment was approved by the Central Bank on October 2, 2014.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

Brief biographies of the new Directors are set out below while a comprehensive profile of the entire Board is outlined on pages 26 - 33 of this Annual Report:

Alex Chinelo Ojukwu (Non-Executive Director)

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

Mr. Ojukwu has over 25 years of experience in diverse fields including Banking Services, Controls & Audit, Marketing, Power, Mining, Steel, Risk and Manufacturing. He is currently the Managing Director of Afro Asia Automobile & Plastics Limited, (a member of the Chicason Group) a position he has held since 2011.

He was the Executive Director, Risk Management, Western Goldfields Group Limited and also the Founder and Managing Partner of Damos Practice – Risk Management Consultants, after having left the services of Bank PHB Plc (now Keystone Bank Limited) as Assistant Vice President in charge of Remedial Assets Management. He joined Fidelity Bank Plc as a Non-Executive Director with effect from October 23, 2014.

Michael Ezechukwu Okeke (Non-Executive Director)

Mr. Michael E. Okeke graduated from the University of Nigeria Nsukka in 1997 with a B.Sc. in Estate Management. He is an adept Estate Surveyor & Valuer with professional specialization in Property Valuation, Project Finance, Procurement & Syndication, Asset Management, Valuation of Aviation and Navigation installations including aircraft, ships and vessels. He is currently the Managing Partner of Sun Oriala & Co, an estate management firm, a position he has held since 2009. He was appointed to the Board of Fidelity Bank Plc on October 23, 2014.

Aku Odinkemelu (Executive Director)

Mrs. Aku Odinkemelu earned her Bachelor of Laws degree from the University of Nigeria, Nsukka in 1986 and Barrister at Law (BL) degree from the Nigerian Law School Lagos in 1987. She is a graduate of the Advanced Management Programme (AMP) from Harvard Business School in 2008. Mrs. Odinkemelu has also served as a Non-Executive Director in Guaranty Trust Bank Plc., Sierra Leone and Guaranty Trust Assurance Plc. She had worked with Access Bank Plc., former Equitorial Trust Bank Limited and Continental Merchant Bank Plc. and comes with over 25 years' experience in various areas of banking. She was appointed an Executive Director of the Bank on August 11, 2014.

Position of Chairman and Managing Director

In Fidelity, there is a clear division of the responsibilities, functions and positions of the Chairman and Managing Director. Whilst the Chairman is responsible for leadership, agenda setting and ensuring that the Board is an effective working group, the Managing Director is responsible for the day to day management of the enterprise, implementing the decisions of the Board and the overall effectiveness of the Bank.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

Board Induction & Continuous Education:

Training and development of individual Directors and the Board as a whole is an important investment for any organization that intends to operate at optimal levels. Given the increasing complexity of banking transactions, the demands of the operating environment and their weighty oversight responsibilities, the Board of Fidelity Bank acknowledges that its ability to effectively discharge its functions can only be enhanced by qualitative training programs. Indeed, a positive and direct link has been established between qualitative Board training programmes and strong corporate governance practices, growth and profitability. To this end, the Bank has a Directors' Training Policy which provides for formal induction programmes for newly appointed Directors and bespoke training programmes for serving Directors.

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

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

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

Training	Facilitator	Date
Executive Presence & Personal Brand Training For Directors	Artelier Lifestyle Consultants	January 22, 2014
Achieving Breakthrough Service	Harvard Business School	May 4-7, 2014
Oxford High Performance Leadership Programme	Said Business School, University of Oxford	May 18 -23, 2014
Competitive Strategy	Kellogg School Of Management	June 8 - 12, 2014
Managing Teams For Innovation And Success	Stanford Graduate School Of Business	June 15-20, 2014
2014 Annual Audit Committee Conference	Audit Committee Institute Nigeria	July 8-10, 2014
Corporate Finance: Strategy for Creating Shareholder Value	Kellogg School of Management	July 13-18, 2014
Understanding The Enterprise-Wide Risk Management Architecture	Jeff & O' Brien International	August 28, 2014
Institute of Directors - Company Direction Course	Nigerian Stock Exchange And Institute of Directors	September 4-5, 2014
Fundamentals of International Financial Reporting Standards	The Nigerian Stock Exchange	October 10, 2014
Continuous Education Programme For Directors of Banks & Other Financial Institutions – Board Effectiveness For Sustainable Value Creation	Chartered Institute of Bankers Nigeria and Financial Institutions Training Centre	October 14-15, 2014
Anti-Money Laundering/Combating The Financing of Terrorism (AML/CFT) Training	Datapro Limited	October 24, 2014
Introduction To Fidelity Bank's Sustainability Banking Policy	Environmental Resources Managers Limited	October 24, 2014
The Nigerian Banking Industry - Success Imperatives	IBFCAlliance Limited	December 11, 2014

Access to independent advice:

In compliance with the Codes and global best practices, the Board ensures that the Directors have access to independent professional advice where they deem same necessary to discharge their responsibilities as Directors. Management also provides the Directors with sufficient resources to enable them execute their oversight responsibilities. Please see details of independent consultants engaged in recent times below:

NO	CONSULTANT	BRIEF
1	KPMG Professional Services	Board Appraisal
		Development of an Executive Performance Evaluation Framework
		Corporate Governance Survey
2	Banwo & Ighodalo	Legal advisory services on local and cross border transactions
3	IBFCAlliance Limited	Board Training and Development
4	Renaissance Capital	Financial advisory services

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

Board Performance Appraisal:

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

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

The appraisal is extensive and covers the Board, Board Committees and individual Directors, focusing on strategy, corporate culture, monitoring, evaluation, performance and stewardship. A governance survey is also administered on senior management staff of the Bank and the result of the survey is presented to the Board.

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

(a) Defining strategy and management of the Board's own activities.

(b) Monitoring Management and evaluating its performance against defined objectives.

(c) Implementing effective internal control systems.

(d) Communicating standards of ethical organizational behaviour by setting the tone at the top.

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

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

A. BOARD MEETINGS:

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

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

The Board meets quarterly or as the need arises.

B. BOARD COMMITTEES

The responsibilities of the Board are further accomplished through four (4) standing Committees which work closely with the Board to achieve the Bank's strategic objectives. The Board Committees are detailed below:

(a) Board Credit Committee.

(b) Board Audit & Risk Committee.

(c) Board Corporate Governance Committee.

(d) Board Finance & General Purpose Committee.

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

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

1. Board Credit Committee:

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

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

(b) Review and recommend credit policy changes to the full Board.

(c) Ensure compliance with regulatory requirements on credits.

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

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

(f) Receive and consider recommendations from the Management Credit & Investment Committee (MCIC), Asset & Liability Committee (ALCO), and Operational Risk Review Committee (OpsRisk) on matters relating to Credit Management.

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

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

The Committee meets monthly or as the need arises.

2. Board Audit & Risk Committee:

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

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

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

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

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

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

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

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

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

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

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

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

The Committee meets quarterly or as the need arises.

3. Board Corporate Governance Committee:

The Board Corporate Governance Committee comprises a minimum of four (4) Non-Executive Directors (including an Independent Director). The Managing Director (or an Executive Director nominated by him) and the Executive Director, Shared Services are to be in attendance at the Committee's meetings which are held quarterly or as the need arises.

The Board Corporate Governance Committee ("the Committee") has oversight responsibility for all issues relating to the Bank's Corporate Governance Framework. The Committee's terms of reference include:

(a) Review and make recommendations for improvements to the Bank's Corporate Governance Framework.

(b) Recommend membership criteria for the Board and its Committees.

(c) Review and make recommendations on the Bank's key human capital policies.

(d) Review and make recommendations on Key Performance Indicators for the Managing Director and Executive Directors.

(e) Ensure that a Board evaluation exercise is undertaken annually.

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

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

(h) Ensure proper succession planning for the Bank.

The Committee meets quarterly or as the need arises.

4. Board Finance & General Purpose Committee:

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

(a) Review major expense lines periodically and approve expenditure within the approval limit of the Committee as documented in the financial manual of authorities.

(b) Participate in and lead an annual strategy retreat for the Board and Management.

(c) Review annually, the Bank's financial projections, as well as capital and operating budgets and review on a quarterly basis with Management, the progress of key initiatives, including actual financial results against targets and projections.

(d) Make recommendations to the Board regarding the Bank's investment strategy, policy and guidelines.

(e) Ensure a transparent and competitive tendering process on major contracts to guarantee the best value for the Bank.

(f) Review and recommend to the Board for approval the procurement strategy and policy for the Bank.

(g)Ensure that all major contracts are carried out according to the terms and conditions of the contract agreement.

(h) Other finance matters including recommending for Board approval, the Bank's dividend policy, including amount, nature and timing and other corporate activities.

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

The Committee meets quarterly or as the need arises.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

5. Attendance at Board and Board Committee Meetings

Records of the Directors' attendances at meetings in 2014 are provided below:

DIRECTORS	FULL BOARD	BOARD CORPORATE GOVERNANCE COMMITTEE (BCGC)	BOARD AUDIT AND RISK COMMITTEE (BARC)	BOARD CREDIT COMMITTEE (BCC)	BOARD FINANCE AND GENERAL PURPOSE COMMITTEE (BFGPC)
TOTAL NUMBER OF MEETINGS	**12**	**7**	**5**	**16**	**10**
Chief Christopher Ezeh MFR	12	N/A	N/A	N/A	N/A
Mallam Umar Yahaya	10	7	4	14	N/A
Ichie Nnaeto Orazulike #	11	5	2	16	10
Mr. Kayode Olowoniyi ##	12	2	5	16	10
Mr. Robert Nnana-Kalu ###	12	7	5	2	3
Alhaji Bashari M. Gumel ####	11	7	5	4	4
Mr. Michael E. Okeke *	N/A	N/A	N/A	N/A	N/A
Mr. Alex C. Ojukwu *	N/A	N/A	N/A	N/A	N/A
Mr. Nnamdi Okonkwo	12	N/A	N/A	14	N/A
Mr. IK Mbagwu	10	N/A	N/A	14	N/A
Mrs. Onome Olaolu	10	N/A	N/A	14	N/A
Mrs. Chijioke Ugochukwu	11	N/A	N/A	14	N/A
Mr. John Obi	11	N/A	N/A	15	N/A
Mr. Mohammed Balarabe	11	N/A	N/A	14	N/A
Mrs. Aku P. Odinkemelu **	2	N/A	N/A	3	N/A
Chief Nnamdi Oji ***	5	3	N/A	7	3
Mrs. Bessie Ejeckam ***	2	N/A	N/A	2	1
Dim Elias Nwosu ***	6	3	N/A	N/A	3
Mr. Stanley Lawson ****	8	N/A	3	11	6

N/A- Not Applicable

* Mr. Alex C. Ojukwu- Appointment approved by the CBN with effect from December 15, 2014

* Mr. Michael E. Okeke- Appointment approved by the CBN with effect from December 15, 2014

** Mrs. Aku P. Odinkemelu- Appointment approved by the CBN with effect from October 2, 2014

*** Chief Nnamdi Oji- Retired with effect from May 22, 2014

*** Mrs. Bessie Ejeckam- Retired with effect from May 22, 2014

*** Dim Elias Nwosu- Retired with effect from May 22, 2014

**** Mr. Stanley Lawson- Resigned with effect from July 31, 2014

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014

The Board Committees were reconstituted during the review period on account of the retirements/appointments.

Ichie Nnaeto Orazulike joined the BARC in August, 2014

Mr. Kayode Olowoniyi Joined the BCGC in October, 2014

Mr. Robert Nnana-Kalu joined the BFGPC and BCC in August and September, 2014 respectively

Alhaji Bashari M. Gumel joined the BFGPC and BCC in August and September, 2014 respectively

C. SHAREHOLDERS AUDIT COMMITTEE

The Shareholders Audit Committee was established in compliance with Section 359 (3) of the Companies & Allied Matters Act, CAP C20 LFN 2004. The Committee has six (6) members and membership is split evenly between three (3) members of the Board and three (3) members nominated annually by Shareholders at the Annual General Meeting. The Charter of the Shareholders Audit Committee requires that at least two (2) representatives of the Shareholders are present at every meeting.

The Committee's key responsibilities include:

a)Review the External Auditor's proposed audit scope and approach.

b) Monitor the activities and performance of External Auditors.

c) Review with the External Auditors any difficulties encountered in the course of the audit.

d) Review results of the half year and annual audits and discuss same with Management and the External Auditors.

e) Present the report of Shareholders Audit Committee to Shareholders at the Annual General Meeting.

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

S/N	NAME	DESIGNATION	3RD APRIL 2014	22ND JULY 2014	21ST OCTOBER 2014	NO. OF MEETINGS (3)
1	Mr. Chidi Agbapu	Chairman/ Shareholder	√	√	√	3
2	Dr. Christian Nwinia	Shareholder	√	√	√	3
3	Mr. Frank Onwu	Shareholder	√	√	√	3
4	Mr. Robert Nnana-kalu	Non-Executive Director	√	√	√	3
5	Mrs. Bessie Ejeckam	Non-Executive Director	A	R	R	0
6	Alhaji Bashari Gumel	Non-Executive Director	A	√	N/A	1
7	Mallam Umar Yahaya	Non-Executive Director	NYA	NYA	√	1
8	Ichie Nnaeto Orazulike	Non-Executive Director	NYA	NYA	√	1

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

D. GENERAL MEETINGS

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

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

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

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

E. MANAGEMENT COMMITTEES

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

1.Executive Committee:

The Executive Committee 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:

1. Ensure implementation of the Bank's Business Plan and Strategy upon approval of same by the Board;
2. Review budget presentations for each financial year ahead of presentation to the Board;
3. Evaluate the Bank's strategy at quarterly intervals and update the Board on same;
4. Review the Bank's Budget performance at quarterly intervals and update the Board on same at bi-annual intervals;
5. Review the Bank's Quarterly, Half-Yearly and Full Year financial statements ahead of presentation of same to the Board and the Regulators;
6. Review and approve proposals for capital expenditure and acquisitions within its approval limit;

7. Make recommendations to the Board on dividend and/or corporate actions for each financial year; and,
8. Any other matter as the Board may direct.

2. Asset & Liability Committee:

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

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

(b) Ensure adequate liquidity.

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

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

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

3. Management Credit & Investment Committee:

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

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

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

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

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

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

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

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

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

4. Credit Review Committee:

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

(a) Review the quality of the Bank's credit risk portfolio.

(b) Review collateral documentation to ensure compliance with approvals.

(c) Review non-performing loans and recommend recovery strategies for same.

(d) Recommend portfolio classifications/reclassifications and level of provisioning.

(g) Ensure that credit facilities are operated in accordance with approved terms and conditions.

5. Management Profitability Review Committee:

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

(a) Review the Bank's monthly performance.

(b) Monitor budget achievement.

(c) Assess efficiency of resource deployment in the Bank.

(d) Review product performance.

(e) Reappraise cost management initiatives.

(f) Develop and implement a framework for measuring performance in the Bank.

(g) Develop Key Performance Indicators (KPIs) for business and support units within the Bank.

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

6. Operational Risk & Services Review Committee:

The Operational Risk & Services Review Committee meets once a month or as necessary and over sees all matters related to operational risk and service delivery in the Bank. The Committee is charged with the following key responsibilities:

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

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

(c) Ensuring that clear roles and responsibilities for the management of operational risk are defined throughout all levels of the Bank, including all Business and Support Units.

(d) Providing support to the Executive Director, Risk to ensure that a culture of compliance is entrenched throughout the Bank.

7. Loan Recovery Committee:

The Loan Review Committee meets once a month or as necessary and was established to provide special focus on the recovery strategies of the Bank and enhance accelerated collection of non-performing loans. The Loan Recovery Committee is charged with the following key objectives:

(a) Review performance of Loan Recovery Agents, Receiver/Managers and Law Firms assigned recovery briefs with the objective of delisting non-performers.

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

(c) Consider and recommend loan concession requests and amounts to be accepted in full and final settlement from defaulting borrowers.

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

NOTES:

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

With the exception of the Executive Committee, Assets & Liability Committee, Management Credit and Investment Committee and Management Profitability Review Committee, which the Managing Director chairs, all other Management Committees are presided over by Executive Directors.

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

GOVERNANCE AND MANAGEMENT

To further underscore its commitment to ethical conduct and combating corruption, Fidelity has also adopted various policies which define acceptable standards of behavior in the organization.

These include the following:

(a) Code of Business Conduct and Ethics Policy for Staff;

(b) Directors Code of Conduct Policy;

(c) Insider Trading Policy; and

(d) Whistle-blowing Policy.

Code of Business Conduct and Ethics Policy

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

(a) Demonstrate the Bank's commitment to ethics conduct; and

(b) Govern the Bank's relationship with customers, suppliers, shareholders, competitors, the communities in which it operates and the relationship between its employees.

The Code requires that all directors, significant shareholders, officers and all other employees of the Bank avoid taking actions or placing themselves in positions that create or could create the appearance of a conflict of interest, corruption or impropriety. 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.

At the beginning of each year and upon resumption, all members of staff are required to formally disclose that they have no material or any other conflicting interest 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 Internal Auditor has primary responsibility of enforcing the Code subject to the supervision of the Ethics Committee and the Board Audit & Risk Committee. The execution of disciplinary actions and sanctions for infringement of the Code are guided by the Bank's disciplinary procedure as documented in the Staff Handbook.

Directors' Code of Conduct Policy

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

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

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

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

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

(iii) Ensure that 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 trading activities.

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

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

Whistle-blowing Policy

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

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

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

To this end, any person desirous of reporting unethical behaviour may do so through any of the following channels:

Ethics hotline: 09099911147

Ethics email: ethicscommittee@fidelitybankplc.com

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.fidelitybankplc.com/index.php/contact/whistle-blowing-form

The Board and Executive Management are responsible for implementation of the Policy and communication of same to stakeholders. To facilitate implementation of the Policy, the Bank has established an Ethics Committee comprised of five (5) Management staff drawn from key areas of the Bank including Compliance, Legal, Operations and Human Resources.

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

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

THE COMPANY SECRETARY

The Company Secretary plays a pivotal role in ensuring that Board procedures are complied with and reviewed regularly. She has the responsibility of ensuring that Board members are aware of and provided with guidance as to their duties, responsibilities and powers. As a matter of standard and general practice, the Company Secretary is responsible for the following:

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

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

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

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

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

(f) Update the Board and or Management on contemporary developments in governance.

The Company Secretary is the shareholders' main reference point and acts as a liaison between the shareholders, the Bank's Registrars and the Investor Relations Desk. She also ensures timely communication with shareholders' in relation to issuance of shares, call on shares, replacement of share certificates, managing of shareholding accounts, payment of dividends, production and distribution of annual reports amongst others.

On May 2, 2014, the Board of Directors approved the appointment of Mrs. Ezinwa Unuigboje as Company Secretary of the Bank, a position hitherto held by Mrs. Chijioke Ugochukwu, Executive Director, Shared Services. Mrs. Unuigboje's appointment has been approved by the Central Bank and communicated to the Nigerian Stock Exchange and the Securities & Exchange Commission and other regulators as appropriate.

GOVERNANCE AND COMPLIANCE

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Fidelity Bank, we are passionate about the community. Our Corporate Social Responsibility (CSR) stance is a reflection of our commitment to making positive social impact in every community where we operate. We are committed to creating enduring partnerships for sustainable development; building immense value for our diverse host communities in the process.

The Community is like a wild farmland - every man chooses the acreage to till. For us at Fidelity, CSR is the platform through which we seek to create goodwill and healthy coexistence with our host communities.

Our CSR practice rests on a tripod:

- The Environment.
- Education.
- Health/Social Welfare.

Widely recognized as a responsible Corporate Citizen, number 1 in every market we serve and for every branded product we offer, a significant part of the Bank's earnings is committed towards supporting various CSR initiatives and life transforming projects.

This is because we believe that giving back to our host communities is a prerequisite for the overall development of the country. This belief has been the driving force behind our support for various initiatives over the years.

Hence we;

- Strive to reinforce strong community relations by identifying with host communities in activities that are important to them.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- Maintain high standards of integrity in our relations with State Governments and host communities.
- Strive to play a leading role by identifying with and seeking solutions to the problems of society especially those in our immediate operational environment.

OUR CORPORATE SOCIAL RESPONSIBILITY TRIPOD

THE ENVIRONMENT:

Over the years, we have supported initiatives aimed at identifying and promoting the preservation, protection and beautification of the environment. This is executed from two fronts:

Environmental Beautification:

Here, the Bank works in collaboration with public institutions (State and Local Governments) to create and maintain green parks in selected locations. Beautification of the Falomo Roundabout in Lagos State, in partnership with the Lagos State Government, is a an example of what the Bank seeks to achieve in this area.

We have successfully executed several beautification projects across the country. These include Onikan, Milverton, Dopemu and Matori Roundabouts in Lagos State; Rivers State University of Technology (RSUT) Port Harcourt in Rivers State; Rangers Avenue Junction Enugu in Enugu State; Mbaise Road Owerri in Imo State; Abia Towers in Umuahia, Abia State; Krika Sama Roundabout in Maiduguri State; Secretariat Junction in Ibadan, Oyo State and Itam Peace Column, Akwa Ibom State among others

Environmental Protection and Renewal:

The Bank supports environmental advocacy groups like the Nigerian Conservation Foundation (NCF) by sponsoring the annual "Walk For Nature" program. This, it does in conjunction with other public spirited organisations and the Lagos State government.

We also challenge ourselves to undertake green initiatives that protect the environment. In this regard Fidelity was the first, and perhaps, the only Bank in Nigeria that dispenses cash with recycled bio-degradable cash bags instead of the polyethylene bags used by other banks, which is harmful to the ecosystem.

The Bank also assents to relevant international Accords and Protocols aimed at promoting sustainability, like the Equator Accord (Equator Principles), a credit risk management framework for determining, assessing and managing environmental and social risks in project finance. The Bank adopted the Equator Principles in 2012.

EDUCATION:

A literate populace is the bedrock of national development and the Bank supports initiatives that encourage education at all levels through programs that enhance the quality and standard of education in the country.

In 2014, for instance, we supported the Annual Teachers Awards in which winners who were selected through a rigorous and credible process, received financial support from the Bank for training and development. The Annual Teachers Awards encourages teachers in higher institutions across the country to uphold the ethics of the profession and work with passion, integrity and dedication. Fidelity Bank solely financed the award at the Nnamdi Azikiwe University, Awka and donated the sum of N3, 000,000.00 (three million Naira only) to the institution.

At other levels of education, the Bank continues to provide immense support in many ways, including renovation of educational facilities and provision of furniture and classroom blocks in various schools across the country.

The Bank's activities in this regard include renovation of two class room blocks at Zainab Dakingari orphanage home in Birnin Kebbi, Kebbi State; construction of Registry Block & Clinic Park Landscape in Benue State University (BSU) Makurdi, Benue State; Renovation and supply of equipment to the Boys Correction Centre at Oregun, Lagos State and Renovation of Daniel Akintode School, Abeokuta, Ogun State.

Fidelity Bank also supports the Central Bank of Nigeria Financial Literacy campaign to reach the unbanked and deepen the economy by donating books, holding annual lectures at selected secondary schools and generally providing financial education to young Nigerians.

HEALTH / SOCIAL WELFARE

The Bank continues to support the cause of the less-privileged members of the community in their efforts to overcome disability and integrate with the larger society.

In this regard, we work with groups like the Hearts of Gold Children's Hospice, Lagos State, Africa Cataract & Eye Foundation, Edo State and the Sebeccly Cancer Care and Support Centre also in Lagos State and other Non-governmental Organisations (NGO).

Our strategy in health and social welfare is to run a decentralized intervention scheme which ensures national spread in the communities where we operate.

This strategy is most visible in the Fidelity Helping Hands Programme (FHHP), which challenges our business offices in every location to identify community based projects that most relevantly address the needs of the host communities where we do business.

Through FHHP, it is easier to measure the impact of our CSR programmes in our host communities.

DYNAMICS OF FHHP - HOW THE FHHP WORKS

It all begins with the employee in every location. Here, staff members identify possible beneficiaries and needy groups within their strategic business locations (SBL) and agree on which project to support through the FHHP.

After identifying a beneficiary, the SBL engages the beneficiaries to determine their most pressing needs and thereafter decides how best to assist with alleviating the situation or solving the problem.

Once the project is agreed upon by the executing Team (Branch or collaboration of Branches/Units), staff members become the driving force behind the project and are directly involved in decision-making, funding, execution and commissioning.

Acting as Helping Hands Ambassadors, the team projects a positive image for the Bank while acting as the intermediary between the Bank and its host community.

Of note is the staff members' voluntary financial contributions towards each project, which receives a 100% matching grant from the Bank.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Projects executed under the FHHP programme in the year under review include:

- Eye surgeries and medical treatment for several indigent patients in Ofunama Community, Edo State.
- Construction of motorised borehole in Fudawa Community, Jos, Plateau State.
- Renovation and furnishing of two blocks of classrooms at the Orphanage Home in Birnin-Kebbi, Kebbi State.
- Provision of household equipment, renovation and equipping the kitchen of the Juvenile Welfare Centre at Mushin, Lagos State.
- Renovation and construction works at the Boys Correction Centre, Oregun, Lagos State as well as equipping the Centre's videography studio.
- Provision of satellite television (DSTV) facilities, television sets and other household equipment to Port Harcourt Prisons, Rivers State.
- Settlement of medical bills for indigent new mothers at Christ Hospital, Enugu, Enugu State.
- Donation of household items, toiletries and food items to Holy Family Orphanage, Enugu, Enugu State.
- Renovation of Daniel Akintode Schools, Abeokuta, Ogun State.

In addition to the foregoing, Fidelity Bank also supports the CSR initiatives of the Federal Government of Nigeria (FGN) in collaboration with the Central Bank of Nigeria. In this regard, the Bank donated the sum of N175Million to the Victims of Terrorism Support Fund, an initiative of the FGN during the review period. Similar funding relief was provided in the 2013 financial year to the National Flood Relief Fund.

It runs in our DNA to keep our promises and make a positive impact in our host communities, as demonstrated by our Corporate Social Responsibility initiatives.

FIDELITY HELPING HANDS PROJECTS

See how Fidelity brought succour in 2014.

At Fidelity Bank we believe a healthy community is the heart of any successful business.

Through our Fidelity Helping Hands Project, our employees and management are constantly discovering new ways to bring succour to society's most needy.

It runs in our DNA to support initiatives that are more relevant to our host communities.

It's our way of saying thank you to the environment that has brought us this far.

Find out more at **www.fidelitybankplc.com/FHHP**












FIDELITY HELPING HANDS PROJECTS

COMPLIANCE REPORT

Compliance Management Philosophy

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

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

Regulatory Pressure

With increasing Anti-Money Laundering (AML) sanctions regime, regulators across jurisdictions are sending a clear message of zero tolerance for money laundering and terrorism financing infractions, thereby demanding for proactive management of compliance risks.

This has continued to place more pressure on financial institutions, not only to put in place structures to identify, assess and understand the money laundering and terrorist financing risks they face and adopt measures that are commensurate with the risks identified, but also to ensure that their compliance programs are adequate and robust enough to ensure compliance with all applicable laws and regulations, so as to

COMPLIANCE REPORT

mitigate all forms of compliance risks.

Despite these increasing and tightening regulatory obligations, the Bank is poised to look inwards with a view to revalidating its compliance risk management processes and procedures to withstand emerging pressures and is committed to continuously educating its employees and Directors on regulatory changes and their attendant implications to the business and our customers.

The Compliance Framework:

The Bank has a Compliance Division that is charged with management of compliance and related regulatory risks. The Division is responsible for promoting compliance with statutory and regulatory requirements including Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT) and Know Your Customer (KYC) and related matters. The Bank also leverages on technology to enable it cope with the ever evolving regulatory compliance environment and requirements that ensure that we deliver excellent customer service to our customers.

To this end, the Bank implemented a Compliance Risk Framework in order to strengthen its corporate governance structure and associated compliance management expectations. This framework which assists the Bank in managing regulatory compliance risks includes the following;

(a) Establishing an independent Compliance Division and appointing a Chief Compliance Officer (CCO), at senior management level to oversee the compliance function. The CCO reports to the Board and the Bank provides sufficient human and material resources to the Compliance Division to ensure its effective management.

(b) Adequate designation of Compliance Officers for the Head Office as well as Regional Offices and Branches of the Bank.

(c) Compliance risk profiling of customers, products and services is conducted as part of the compliance function and based on the outcome, a compliance risk grid of High, Medium and Low risk is generated for customers, products and services, which helps to determine application of necessary controls and mitigants.

(d) There is a well-defined compliance communication process and feed-back mechanism for identifying compliance risks, for effective management of the process to ensure corrective actions are promptly, effectively and efficiently taken.

(e) The Bank has designed and implemented an effective and robust whistle-blowing policy, process and procedure to encourage concerned persons to report genuine matters confidentially through active and dedicated media.

(f) Our Code of Business Ethics and Conduct is available to every staff, to enable them read and understand same. Staff members are also required to sign an annual attestation to ensure their compliance with the Policy.

COMPLIANCE REPORT

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

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

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

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

The Bank also has properly documented Operations Policy and Procedural Manual (OPPM), Compliance Operations Manual, Internal Control Process Manual, Code of Business Conduct and Ethics, Know Your Customer (KYC) Policy Manual amongst other documents that guide its AML/CFT activities.

Scope of the AML/CFT framework

The Bank's AML/CFT covers the following:

(a) Board and Management roles and responsibilities

(b) Reports to Board and senior Management

(c) Customer Due Diligence(CDD)/Know Your Customer (KYC) & Risk Categorization

(d) Transaction Monitoring

(e) Basic Statutory Reports

(f) Politically Exposed Persons (PEP)

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

(h) Employee training

(i) Correspondent Banks

(j) Customer records

(k) Testing adequacy of the framework through independent review by Internal and External Auditors

(l) Cooperation with Regulators and Law Enforcement Agencies.

Board and Management Responsibilities.

The Board of Directors has oversight and overall responsibility for managing compliance in the Bank.

COMPLIANCE REPORT

However, the Board has delegated this function to the Board Audit and Risk Committee (BA&RC).

The BA&RC provides supporting oversight on the management of compliance within the Bank and is responsible for ensuring implementation of the approved compliance risk policies, procedures, processes and tool-sets. The Committee receives quarterly AML/CFT reports and reviews same to ensure adequacy and compliance with all statutory, regulatory and internal procedures of the Bank. The Committee also presents periodic reports to the full Board on its activities in this regard.

The Management of the Bank is committed to the AML/CFT framework and ensures that same is properly documented/approved and constantly reviewed to incorporate new laws and guidelines. Management also ensures that all resources needed for the achievement of the goals set by the AML/CFT framework are provided and clearly defines the roles of all employees in Customer Due Diligence/Know Your Customer. The process for identifying, monitoring and reporting suspicious transactions is also clearly outlined, with appropriate sanctions for violation.

Reports to Board and senior Management

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

(a) Monthly reports on AML/CFT and other compliance related issues are submitted to the Bank's Operational Risks and Service Measurement Committee meetings.

(b) Quarterly AML/CFT report is submitted to the Board Audit and Risk Committee meeting.

(c) Routine reports are presented to the Managing Director and the Executive Committee on contemporary AML/CFT issues or new regulations, guidelines or circulars that are released from time to time.

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

Fidelity Bank continually conducts appropriate and detailed due diligence on new and existing relationships by monitoring the operation of all accounts to ensure that their activities comply with the laws and regulations governing same and further that no account has been used as a conduit for 'dirty' money. Our AML/CFT/KYC policy stipulates basic ethical principles whereby effective procedures are put in place to identify, decline and promptly report suspicious transactions to regulatory authorities whilst also cooperating with law enforcement agencies.

In addition, we ensure that due diligence and KYC requirements are carried out on all new relationships (real and legal persons) before on-boarding them. These include obtaining proof of identity (name) and verification of the identity. Address visitation is also an important aspect our customer on-boarding process and this is done through accredited third party vendors.

The Bank does not open anonymous accounts or maintain banking relationships with fictitious entities or "Shell Banks" or with any respondent foreign financial institutions that permits their accounts to be used by these shell banks.

Fidelity Bank also takes requisite measures as required by law during on-boarding of Designated Non-Financial Businesses and Professionals (DNBP). Beneficial-owners of pooled-accounts held by Designated Non-Financial Businesses and Professionals are scrutinized to ensure they are consistent with the provisions of Money Laundering (Prohibition) Act 2011.

Transaction Monitoring

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

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

Basic Statutory Reports

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

- Report on all international transfer of funds and securities of a sum exceeding ten thousand dollars ($10,000) or its equivalent in other foreign currencies.
- Report on all unusual or suspicious transactions within 48 hours of the transactions.
- Report of all lodgements or transfer of funds in excess of N5 million and above for individual customers and N10 million and above for corporate customers.

Politically Exposed Persons (PEP)

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

Before the account of a politically Exposed Person (PEP) is opened, senior management (Executive Director) approval is obtained in line with the regulatory requirement. The Bank maintains a list of PEPs and continuously updates the list as appropriate.

The Bank adopts risk based identification of PEPs based on the FATF recommendation that defines a PEP to include current and past political office holders and persons who are connected to them either by virtue of being family members or associates.

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

COMPLIANCE REPORT

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

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

Apart from keeping and regularly updating the list of watch listed persons and entities, we also subscribed to the use of international screening systems like The SWIFT sanctions screening system for screening inbound and outbound wire transfers and Accuity (by Bankers Almanac) for screening local transactions against various watch/sanction lists including the following:

(a) US TREASURY Office of Foreign Assets - OFAC-SDN (SPECIALLY DESIGNATED NATIONALS) and FSE (Foreign Asset Evaders) - The main sanction list for the United States Government.

(b) International United Nations Consolidated List - The main sanction list issued by the United Nations.

(c) FATF Black-List/NCCT List - The FATF (Financial Action Task Force) blacklist is also referred to as list of "Non-Cooperative Countries or Territories" (NCCTs). This is a list of countries which are perceived to be non-cooperative in the global fight against Money Laundering (ML) and Terrorist Financing (TF). The list is modified from time to time based on current status of the countries.

(d) Her Majesty's Treasury (United Kingdom)

(e) European Union (EU)

(f) Canada – Office of Superintendent of Financial Institutions – OSFI-UN.

(g) Australia Department of Foreign Affairs and Trade (DFAD).

(h) The Ministry of Economy, Finance and Industry (France).

(i) The Nigerian List.

AML/CFT Training

Fidelity Bank conducts regular AML/CFT training for its staff, management and Board. Apart from being a regulatory requirement, we do this to ensure that each member of staff not only has a good understanding of the AML/CFT and KYC requirements but also understand their roles and responsibilities as well as the sanctions/penalties attached to violations.

Our training program is a combination of structured in-plant and classroom and online learning arrangements. We also ensure that new intakes get first-hand information on this during their induction. The training is encompassing and includes AML regulations and offences; the nature of money laundering; money laundering 'red flags' and suspicious transactions; reporting requirements; customer due diligence; Risk-based approach to AML/CFT and record keeping and retention policy.

Correspondent Banks – AML/CFT Due Diligence

Fidelity Bank maintains correspondent banking relationships only with institutions that establish that they have robust AML/CFT policies and procedures to adequately mitigate their AML/CFT risks. We regularly administer questionnaires on these institutions to assess the adequacy of their AML/CFT programs.

COMPLIANCE REPORT

Customer records

Fidelity Bank retains customer identification documents, accounts opening records and business related correspondences for at least ten (10) years after account closure or severance of relationship with the customer.

Financial transaction records are also kept for at least ten (10) years after the transaction.

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

In accordance with the Money Laundering Act and in line with best practice, the AML/CFT process and function is subjected to a quarterly review by the Internal Audit Department of the Bank and a report submitted to the Board, Management and the Chief Compliance Officer to ensure action on the report. The objective of the audit is to independently review the adequacy of the framework to mitigate AML/CFT risks.

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

Cooperation with Regulators and Law Enforcement Agencies

The Bank continues to cooperate with law enforcement agencies and regulators by making records and documents available upon request and as provided by the law.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

The Foreign Account Tax Compliance Act provisions (generally referred to as 'FATCA"), a United States Federal law, was passed in March 2010. The objective of FATCA is to facilitate disclosure of assets and income of U.S taxpayers with Foreign Financial Institutions (FFI). The FFI is required to:

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

The effective date for FATCA was 1st, July 2014. Fidelity Bank has registered as a Participating Foreign Financial Institution in compliance with the Act and was issued a Global Intermediary Identification Number (GIIN). The Bank has since put in place mechanisms for collection of the information required under the Act.

INTERNAL CONTROL SYSTEM

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

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

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

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

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

Compliance Objectives—these relate to adherence to laws and regulations to which the entity is subject.

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

(a) Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. Management reinforces expectations at various levels of the organization. The control environment comprises the integrity and ethical values of the organization; the parameters enabling the Board of Directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, develop¬ing, and retaining competent individuals; and the rigors around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.

Our Board and Executive Management set the right tone from the top and ensure the right messages are passed across. The Board Audit & Risk Committee (BARC) oversees the activities of the control function. During its quarterly meetings, the BARC obtains reports that enable it review and assess the adequacy of the Bank's internal controls. In addition, the Operational Risks and Service Committee (a Management Committee), meets monthly to review the adequacy of internal control processes and make recommendations for improvements.

(b) Risk Assessment

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

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

(c) Control Activities

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

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

(d) Information and Communication

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

To this end, the Operational Risks and Service Committee meets monthly to review reports of activities from various control areas based on which decisions are taken and communicated to all relevant stakeholders. This is a feedback session that ensures that information is properly communicated within the organisation for the effectiveness of our internal control process.

(e) Monitoring Activities

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

The Bank deploys Control Officers to carry out continuous monitoring of its processes and products including information technology infrastructure to ensure that controls are not only adequate but effective and efficient.

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

FRAUD AND FORGERIES

The Bank implemented different mitigating measures to reduce/eliminate fraud and forgeries during the year under review. These include:

1. Hedging against internal/external fraud with adequate insurance cover for cash in premises/transit and Fidelity Guarantee Insurance.
2. Implementation of 2nd factor authentication for logging into all financial systems to prevent fraudulent use of stolen identities.
3. A robust disciplinary process that ensures that disciplinary issues are promptly dealt with.
4. Effective Fraud Risk Assessment programme that ensures fraud risks are adequately managed and mitigated through bank-wide anti-fraud training and awareness sessions.

COMPLIANCE REPORT

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

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

i. Creation of separate profiles for mag-stripe transactions for debit cards.

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

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

iv. Installation of anti-skimming devices for ATMs.

v. Scorebridge electronic transactions fraud solution to build behaviour-based rules and monitor and block suspicious electronic transactions.

vi. Establishment of 24/7 Electronic-Banking transactions monitoring desks that monitors, and takes immediate actions on suspicious transaction patterns and also resolve customer complaints.

DISASTER RECOVERY

Confidentiality, Integrity and Availability are Key Performance Drivers and indicators of a robust, efficient and effective enterprise and is consistent with global best practices. Conversely, data loss and system downtime are very costly for businesses globally. Even a small outage could result in significant data loss and ultimately, business failure.

It is for this reason that in 2014, our Bank worked intensively and extensively to provide a befitting and effective second level Disaster Recovery Infrastructure to provide the much needed protection and resilience from the effects of significant negative events. Thus, we now have our Data Centers in three strategic locations within the country to mitigate any disruption in business and services.

With these in place, we went ahead to implement a Business Continuity Management framework in line with global best practice - ISO 22301 / BS 25999 Standard on Business Continuity Management and Strategy to mitigate the impact of any adverse incidence, natural or man-made to ensure business continuity.

INFORMATION TECHNOLOGY

In order to meet the imperative of our Bank to ultimately deliver great value and substantial stakeholders' benefits, we designed, developed and deployed flexible, robust and strategic IT frameworks and solutions that ensure sustainable value through key critical success factors such as business and IT alignment, competitive advantage and above all, innovativeness.

By understanding the Bank's specific business, competitive environment, prevalent technology and information security trends, we increased our IT capabilities through the optimization of service models, provision of required infrastructure, implementation of relevant world class Information Security standards, effective IT Governance, risk management and compliance structures and processes, all with an objective to effectively ensure the highest level of stakeholder's satisfaction and shareholders' value.

CUSTOMER COMPLAINTS AND FEEDBACK

At Fidelity Bank, all relationships are invaluable and the Bank places a high priority on customer complaints, which present us with opportunity for improved service to unsatisfied customers, who would otherwise resort to the competition. Customer complaints can arise from people issues, system/process failures, product complexity and other factors. Fidelity Bank therefore appreciates any feedback or complaints from customers and ensures timely resolution and process/product improvement.

Complaints Channels

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

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

Complaints Handling

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

Customer Complaints and Protection Department

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

Complaints tracking and reporting

All customer complaints are carefully tracked, monitored and resolved and details used as tools for improvement of our processes, products and services.

An independent review is done on the underlying cause of each complaint and the learning points extracted in order to guard against reoccurrence. Customer Complaints Reports are also presented to Management through the Operational Risks & Service Excellence Committee and also submitted to the Central Bank of Nigeria as required.

Details of customers' complaints received and resolved by the Bank during the review period are as follows:

COMPLIANCE REPORT

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		2014	2013	2014 [M]	2013 [M]	2014 [M]	2013 [M]
1	Pending Complaints B/F	84	23	117.4	1,317	N/A	N/A
2	Received Complaints	1824	101	2,785	2,392	N/A	N/A
3	Resolved Complaints	1879	111	2,610	3,601	99.5	289
4	Unresolved complaints escalated to CBN for intervention	1	0	94	0	N/A	N/A
5	Unresolved complaints pending with the Bank C/F	28	13	198.7	108	N/A	N/A

REPORT OF THE INDEPENDENT CONSULTANT ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF FIDELITY BANK PLC

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code") and the Securities and Exchange Commission (SEC) Code of Corporate Governance ("the SEC Code"), Fidelity Bank Plc ("Fidelity Bank" or "the Bank") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2014. The Codes mandates an annual appraisal of the Board with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

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

Our approach to the appraisal of the Board involved a review of the Bank's key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during one-on-one interviews with the members of the Board and management. We also reviewed the Bank's Corporate Governance report prepared by the Board and included in the Annual Report for the year ended 31 December 2014, and assessed the level of compliance of the Board with the CBN Code and SEC Code.

On the basis of our review, except as noted below, the Bank's corporate governance practices are largely in compliance with the key provisions of the CBN Code and SEC Code. Specific recommendations for further improving the Bank's governance practices have been articulated and included in our detailed report to the Board. These include recommendations in the following areas: structure of Directors' remuneration and the appointment of an additional Independent Director.

Olumide Olayinka
Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
17 April 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

(b) The Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with the requirements of the International Financial Reporting Standards and the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria;

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

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

The Directors accept responsibility for the annual financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

Signed on behalf of the Directors by:

CHIEF (DR) CHRISTOPHER I. EZEH, MFR
Chairman
FRC/2013/ICAN/00000001833

NNAMDI J. OKONKWO
Managing Director/ Chief Executive Officer
FRC/2013/ICANI/00000006963

20 March 2015

INDEPENDENT JOINT AUDITORS' REPORT TO THE MEMBERS OF FIDELITY BANK PLC.

Report on the financial statements

We have audited the accompanying financial statements of Fidelity Bank Plc, which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fidelity Bank Plc as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria, the Financial Reporting Council Act No.6, 2011 and relevant Central Bank of Nigeria circulars and guidelines.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fidelity

INDEPENDENT JOINT AUDITORS REPORT TO THE MEMBERS OF FIDELITY BANK PLC.

Bank Plc as at 31 December 2014, 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, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

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

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) Proper books of account have been kept by the Bank, so far as it appears from our examination of those books;
iii) The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

i) Related party transactions and balances are disclosed in note 34 of the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.
ii) ATM customer complaints are disclosed in note 37.2 to the financial statements in compliance with Central Bank of Nigeria circular PDR/DIR/CIR/01/20.
iii) As stated in Note 37.1, the Bank was charged penalties for contravention of certain sections of the Banks and Other Financial Institutions Act CAP B3, Laws of the Federation of Nigeria 2004 and related penalty amounted to N4 million during the financial year ended 31 December 2014.

Kayode A. Famutimi, FCA,
FRC/2012/ICAN/00000000155
For: Ernst & Young
Lagos, Nigeria
Date: 23 March 2015

Najeeb A. Abdus-salaam, FCA
FRC/2013/ICAN/00000000753
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria
Date: 23 March 2015

Financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2014

		2014	2013
		N'million	N'million
GROSS EARNINGS		**132,401**	**126,918**
Interest and similar income	6	104,307	86,257
Interest and similar expense	7	(55,481)	(55,445)
Net interest income		**48,826**	**30,812**
Impairment charge	8	(4,306)	(8,140)
Net interest income after impairment charge		**44,520**	**22,672**
Net fee and commission income	9	17,189	18,166
Net (losses)/gains from financial instruments classified as held for trading	10	(3,693)	7,789
Other operating income	11	14,598	14,706
Personnel expenses	12	(25,874)	(25,629)
Depreciation and amortisation	13	(3,792)	(3,681)
Other operating expenses	14	(27,433)	(24,995)
Profit before income tax		**15,515**	**9,028**
Income tax expense	15	(1,719)	(1,307)
PROFIT FOR THE YEAR		**13,796**	**7,721**
Earnings per share			
Basic and diluted (in kobo)	17	48k	27k

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2014

		2014	2013
		N'million	N'million
PROFIT FOR THE YEAR		13,796	7,721
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
* Net gains/(losses) on Available-for-sale financial assets:			
- Unrealised net (losses)/gains arising during the year		(1,011)	2,263
- Net reclassification adjustments for realised net (gains)/ losses	16	(595)	(812)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period		(1,606)	1,451
Items that may not be reclassified subsequently to profit or loss			
Remeasurement gains/(losses)	30	1,524	(1,088)
Income tax relating to items not classified	25	-	-
Other comprehensive income for the year, net of tax		(82)	363
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		13,714	8,084
ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		13,714	8,084

* Income from these instruments is exempted from tax

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

STATEMENT OF FINANCIAL POSITION

For The Year Ended 31 December 2014

		2014	2013
		N'million	N'million
ASSETS	Note		
Cash and balances with Central Bank	18	258,131	207,834
Due from banks	20	68,735	80,875
Loans and advances to customers	21	541,686	426,076
Investments:			
Held for trading (fair value through profit or loss)	21.1	83,363	254,909
Available for sale	21.2	90,864	21,041
Held to maturity	21.3	69,526	45,104
Other assets	26	36,256	7,908
Property, Plant and Equipment	23	37,958	37,470
Intangible assets	24	506	-
TOTAL ASSETS		1,187,025	1,081,217
LIABILITIES			
Deposits from customers	27	820,034	806,320
Current income tax liability	15	1,719	1,307
Deferred tax liabilities	25	1,410	1,955
Other liabilities	28	66,230	30,286
Debt issued and other borrowed funds	29	117,541	70,328
Retirement benefit obligations	30	6,980	7,566
TOTAL LIABILITIES		1,013,914	917,762
EQUITY			
Share capital	31	14,481	14,481
Share premium	32	101,272	101,272
Retained earnings	32	11,721	7,395
Other reserves:			
Statutory reserve	32	20,930	18,861
Small scale investment reserve (SSI)	32	764	764
Contingency reserve	32	-	1,723
Non-distributable regulatory reserve (NDR)	32	23,950	18,884
Available-for-sale (AFS) reserve	32	1054	2660
Remeasurement reserve	32	(1061)	(2585)
Total equity		173,111	163,455
TOTAL LIABILITIES AND EQUITY		1,187,025	1,081,217

The accompanying notes to the financial statement are an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 26 March 2015 and signed on its behalf by:

Chief Christopher I. Ezeh
Chairman
FRC/2013/ICAN/00000001833

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

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

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2014

Attributable to equity holders	Share capital N'million	Share premium N'million	Retained earnings N'million	Statutory reserve N'million	Small scale investment reserve N'million	Contingency reserve N'million	NDR N'million	Available-for-sale reserve N'million	Remeasur-ment reserve	Total equity N'million
Balance at 1 January 2013	14,481	101,272	6,193	17,703	764	1,723	19,608	1209	(1497)	161,456
Profit for the year	-	-	7,721	-	-	-	-	-	-	7,721
Other comprehensive income										
Unrealised net gains/(losses) arising during the year	-	-	-	-	-	-	-	2,263	-	2,263
Net reclassification adjust-ment for realised net (gains)/ losses	-	-	-	-	-	-	-	(812)	-	(812)
Remeasurement loss (Note 30)	-	-		-	-	-	-	-	(1,088)	(1,087)
Total comprehensive income	**-**	**-**	**7,721**	**-**	**-**	**-**	**-**	**1,451**	**(1,088)**	**8,084**
Dividend	-	-	(6,084)	-	-	-	-	-	-	(6,084)
Transfer between reserves (Note 32)	-	-	(435)	1,158	-	-	(723)	-	-	-
At 31 December 2013	**14,481**	**101,272**	**7,395**	**18,861**	**764**	**1,723**	**18,884**	**2660**	**(2585)**	**163,455**
Profit for the year	-	-	13,796	-	-	-	-	-	-	13,796
Other comprehensive income										
Unrealised net gains/(losses) arising during the year	-	-	-	-	-	-	-	(1,011)	-	(1,011)
Net reclassification adjust-ment for realised net (gains)/ losses	-	-	-	-	-	-	-	(595)	-	(595)
Remeasurement gain (Note 30)	-	-	-	-	-	-	-	-	1,524	1,524
Total comprehensive income	**-**	**-**	**13,796**	**-**	**-**	**-**	**-**	**(1,606)**	**1,524**	**13,714**
Dividend	-	-	(4,057)	-	-	-	-	-	-	(4,057)
Transfer between reserves (Note 32)	-	-	(5,412)	2,069	-	(1,723)	5,066	-	-	-
At 31 December 2014	**14,481**	**101,272**	**11,721**	**20,930**	**764**	**-**	**23,950**	**1054**	**(1061)**	**173,111**

STATEMENT OF CASHFLOWS

For The Year Ended 31 December 2014

		31 December	31 December
		2014	2013
	Note	N'million	N'million
Operating Activities			
Cash flow generated from/(used in) operations	33	13,812	(71,601)
Interest received		99,506	86,257
Interest paid		(56,907)	(49,568)
Retirement benefits paid		(994)	(492)
Income taxes paid	15	(1,852)	(2,275)
Net cash flows from /(used in) operating activities		**53,565**	**(37,679)**
Investing activities			
Purchase of property, plant and equipment	23	(4,956)	(5,454)
Proceeds from sale of property and equipment		875	131
Purchase of intangible assets		(565)	-
Purchase of AFS and HTM financial assets		(95,240)	(31,154)
Dividend received		945	725
Net cash flows used in investing activities		**(98,941)**	**(35,752)**
Financing activities			
Dividend paid		(4,057)	(6,084)
Repayment of long term borrowings		(8)	-
Proceeds of debt issued and other borrowed funds		39,734	70,328
Net cash flows from financing activities		**35,669**	**64,244**
Net decrease in cash and cash equivalents		**(9,707)**	**(9,187)**
Net foreign exchange difference		(2,900)	1,953
Cash and cash equivalents at beginning of year	**19**	**139,350**	**146,584**
Cash and cash equivalents at end of year	**19**	**126,743**	**139,350**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

These financial statements are the financial statements of Fidelity Bank Plc (the "Bank"), a company incorporated in Nigeria on 19 November 1987. The registered office address of the Bank is at 2, Kofo Abayomi Street, Victoria-Island, Lagos, Nigeria. The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Fidelity Bank Plc provides a full range of financial services including investment, commercial and retail banking.

The financial statements for the year ended 31 December 2014 were approved for issue by the Board of Directors on 26 March 2015.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.1.1 Basis of preparation

Statement of Compliance

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cashflow and the notes to the financial statements

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

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

2.1.2 Significant Accounting Judgements, Estimates And Assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumption and estimates 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.

NOTES TO THE FINANCIAL STATEMENTS

Estimates And Assumptions

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

Going Concern

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

Impairment of loans and advances

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

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

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

Fair value of financial instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy Note 2.4 (E). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

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

Retirement benefit obligation

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

Judgements

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

Determination of impairment of property, plant and equipment, and intangible assets .

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

Determination of Collateral Value

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

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

2.2 A Standards, Amendments And Interpretations Effective For The Financial Year Beginning 1 January 2014

The accounting policies adopted in the preparation of the 2014 financial statements are consistent with those followed in the preparation of the Bank's 2013 financial statements, except for the adoption of new standards or interpretations effective as of 1 January 2014.

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

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Bank, since the Bank has no investment that qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. This amendment does not have any impact on the Bank.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. This does not have any impact on the Bank.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. This does not have impact on the Bank.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in financial statements. This does not have any impact on the Bank.

2.2 B Standards, Amendments And Interpretations Issued But Not Yet Effective For The 31 December 2014 Year End

Standards and improvement that are issued but not yet effective up to the date of audit of the Banks financial statements are disclosed below. The Bank intends to adopt the standards and improvements below, if applicable, when it becomes effective:

(i) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2017. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

(ii) IFRS 14 - Regulatory Deferral Accounts

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

(iii) IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

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

(iv) IAS 16 and IAS 41 - Accounting for bearer plants

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

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

(v) IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities.

(vi) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Bank , since it does not have defined benefit plan.

(vii) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

(viii) Amendments to IAS 27: Equity Method in Separate Financial Statements

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

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

(ix) IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28

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

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

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

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

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

(xi) IAS 1 Disclosure Initiative – Amendments to IAS 1

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

• The materiality requirements in IAS 1

• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

• That entities have flexibility as to the order in which they present the notes to financial statements

• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

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

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

Improvement to IFRSs

Amendments resulting from improvements to IFRSs to the following standards did not have a material impact on the accounting policies, financial position or performance of Fidelity Bank Plc during this period. The improvements have effective date of 1 July 2014.

Annual improvements 2010-2012 Cycle

- IFRS 2 – Share-based Payment
- IFRS 3 – Business Combinations
- IFRS 8 – Operating Segments
- IAS 16 – Property, Plant and Equipment
- IAS 38 - Intangible Assets
- IAS 24 – Related Parties

Annual improvements 2011-2013 Cycle

- IFRS 3 – Business Combinations
- IFRS 13 - Fair value measurement
- IAS 40 - Investment properties

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”) which is Naira. The financial statements are presented in Naira, which is the Bank’s presentation currency.

(b) Transactions and balances

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

2.4 Financial assets and liabilities

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

A) Initial recognition and measurement

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

B) Subsequent measurement

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

C) Classification and related measurement

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

i) Financial assets

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

a) Financial assets at fair value through profit or loss

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

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

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

b) Loans and receivables

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

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

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

c) Held-to-maturity financial assets

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

- those that the Bank upon initial recognition designates as fair value through profit or loss;
- those that the Bank upon initial recognition designates as available-for-sale; or
- those that meet the definition of loans and receivables. These financial assets are subsequently measured at amortised cost using the effective interest rate method. Interest income is included in 'interest & similar income' in the Statement of profit or loss and other comprehensive income. Refer to accounting policy 2.11 for the impairment of financial assets.

d) Available-for-sale financial assets

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

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

ii) Financial liabilities

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

a) Financial liabilities at amortised cost

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

D) Reclassification of financial assets

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

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

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

E) Derecognition

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

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

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

2.5 Determination of fair value

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

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

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

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

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

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

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

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

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

2.6 Offsetting financial instruments

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

2.7 Renegotiated loans

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

2.8 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within Cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Bank reclassifies those securities in its statement of financial position to Financial assets held for trading pledged as collateral or to Financial investments available-for-sale pledged as collateral, as appropriate.

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

2.9 Collateral repossessed

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy

2.10 Revenue recognition

Interest income and expense

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

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

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

Income from bonds or guarantees and letters of credit

Income from bonds or guarantees and letters of credit are recognised on a straight line basis over the life of the bond or guarantee.

Dividend income

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

2.11 Impairment of financial assets

(i) Assets carried at amortised cost

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

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

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

status of borrowers in the portfolio; and national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

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

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

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

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

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

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been re-measured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

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

2.12 Impairment of non-financial assets

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

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

2.13 Statement of cash flows

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

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

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

2.14 Cash and cash equivalents

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

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

2.15 Leases

Leases are divided into finance leases and operating leases.

(a) The Bank is the lessee

i) Operating lease

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

(ii) Finance lease

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

(b) The Bank is the lessor

(i) Operating lease

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

(ii) Finance lease

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

2.16 Property, Plant and Equipment

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

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

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

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

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

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

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

2.17 Intangible assets

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

- it is technically feasible to complete the software product so that it will be available for use; management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;·
- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
- the expenditure attributable to the software product during its development can be reliably measured.

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

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.18 Income taxation

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

(a) Current income tax

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

(b) Deferred 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.

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

2.19 Employee benefits

Defined contribution scheme

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

Defined benefit scheme

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

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

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

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

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

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

non-routine settlements

-Interest expense.

2.20 Provisions

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

2.21 Financial guarantee contracts

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

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

2.22 Share Capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

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

Dividends for the year that are declared after the date of the Statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act.

(c) Treasury shares

Where the Bank purchases the Bank's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.23 Comparatives

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

2.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the [Executive Committee] as its chief operating decision maker. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Bank has four reportable segments, as follows:

Retail banking

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

Corporate banking

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

Investment banking

The 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 to maximising the banks shareholders returns.

Public sector

The Public sector offers a wide variety of services to governments at various levels including parastatals, ministries, departments and other agencies.

Refer to Note 5 for the segment report.

3. Financial Risk Management And Fair Value Measurement And Disclosure

3.1 Introduction and overview

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

Enterprise Risk Management

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

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

ii) Clearly defined governance structure.

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

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

Risk Management Governance Structure

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

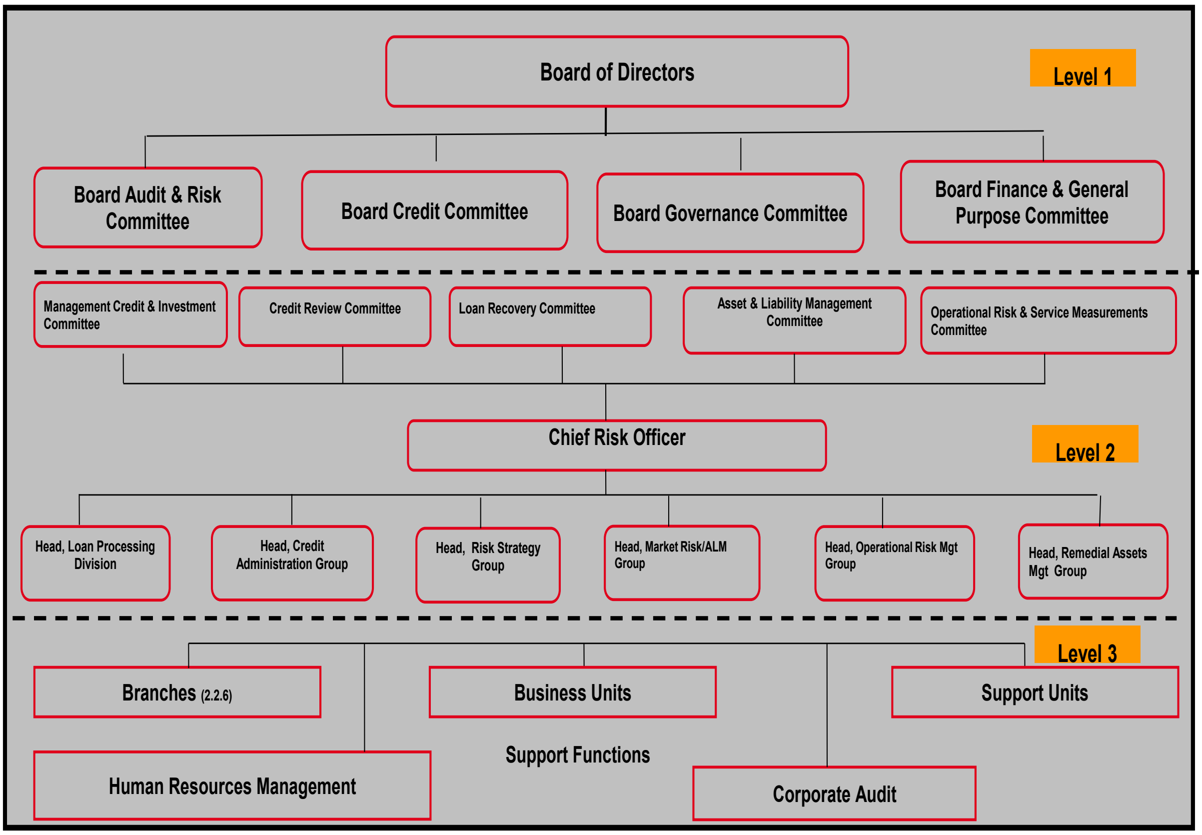
Level 1 - Board/Executive Management oversight is performed by the Board of Directors, Board Audit & Risk Committee (BA&RC), Board Credit Committee (BCC), Board Finance & General Purpose Committee, Board Governance Committee (BGC) and Executive Management Committee (EXCO).

Level 2 - Senior Management function is performed by the Management Credit and Investment Committee (MCIC), Credit Review Committee (CRC), Loan Recovery Committee (LRC), 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 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 Finance & General Purpose Committee by providing independent appraisal of the Bank's risk framework for internal risk assurance. The Division assesses compliance with established controls and enterprise-wide risk management methodologies. Significant risk related infractions and recommendations for improvement in processes are escalated to relevant Management and Board committees.

The Risk Management Organogram of the Bank is as follows:



Enterprise Risk Philosophy

Fidelity Enterprise Risk Mission

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

Risk Culture

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

Risk Appetite

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

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

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

3.2 Credit risk

3.2.1 Management of credit risk

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

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

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

The approval limits are as follows:

Approval Authority	Approval limits
Executive Directors	N50 million and above
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 of the Bank 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 has extended.
- The Bank's respective business units are required to implement credit policies and procedures while processing credit approvals including those granted by Management and Board Committees.
- Each business unit is responsible for the quality, performance and collection of its credit portfolio including those approved by the Management and Board Committees.
- The Bank's Credit Inspection and Credit Administration departments regularly undertake independent audit and credit quality reviews of credit portfolios held by business units.

3.2.2 Credit risk ratings

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

The Bank has its own in-house assessment methodologies and rating scale for evaluating the credit worthiness of the 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. 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 (S&P)
AAA	Impeccable financial condition and overwhelming capacity to meet obligations in a timely manner	AAA
AA	Very good financial condition and very low likelihood of default	AA
A	Good financial condition and low likelihood of default	A
BBB to BB	Satisfactory financial condition and adequate capacity to meet obligations	BBB to BBB
B to CCC	Weak financial condition and capacity to repay is in doubt and may be contingent upon refinancing	B to D

3.2.3 Credit Limits

Portfolio concentration limits are set by the Bank to specify maximum credit exposures we are willing to assume over given periods. The limits reflect the Bank's credit risk appetite. The parameters on which portfolio limits are based include limits per obligor, products, sector, industry, rating grade, geographical location, type of collateral, facility structure and conditions of the exposure.

3.2.4 Monitoring Default Risk

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

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

The Bank's maximum exposure to credit risk as at 31 December 2014 and 31 December 2013 is represented by the net carrying amounts of the financial assets set out below:

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 2014, is set out below:

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

	Maximum exposure	Fair value of Collateral held	Surplus collateral	Net exposure
Financial Assets	2013	2013	2013	2013
	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	207,834	-	-	207,834
Due to banks	80,875	-	-	80,875
Loans and advances to customers	426,076	2,650,548	(2,224,472)	-
Investments:				-
Held for trading (Fair value through profit or loss)	254,881	-	-	254,881
Available for sale	12,685	-	-	12,685
Held to maturity	45,104	-	-	45,104
Other assets	1,445	-	-	1,445
Off balance sheet items				-
Performance bonds and guarantees	143,269	-	-	143,269
Letters of credit	35,978	-	-	35,978
On-lending facilities	41	-	-	41
	1,208,189	2,650,548	(2,224,472)	782,113

NOTES TO THE FINANCIAL STATEMENTS

Financial assets with credit risk:	31 Dec 2014			
	Due from banks	Loans and advances to customers	Investment securities	Other assets
	N'million	N'million	N'million	N'million
Carrying amount	68,735	541,686	221,218	29,167
Concentration by sector				
Agriculture	-	14,456	-	-
Oil and gas	-	134,750	-	-
Capital markets	-	65	-	-
Consumer credit	-	41,735	-	-
Manufacturing	-	51,323	-	-
Mining and Quarrying	-	-	-	-
Mortgage	-	427	-	-
Real estate and construction	-	12,146	-	-
Construction	-	18,444	-	-
Finance and insurance	68,735	836	14,041	29,167
Government	-	12,328	221,218	-
Power	-	57,626	-	-
Other public utilities	-	186	-	-
Transportation	-	48,826	-	-
Communication	-	76,480	-	-
Education	-	2,553	-	-
Other	-	86,955	-	-
Total gross amount	68,735	559,136	235,259	29,167

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

Financial assets with credit risk:		31 Dec 2013		
	Due from banks	Loans and advances to customers	Investment securities	Other assets
	N'million	N'million	N'million	N'million
Carrying amount	80,875	426,076		1,444
Concentration by sector				
Agriculture	-	9,390	-	-
Oil and gas	-	77,215	-	-
Capital markets	-	-	-	-
Consumer credit	-	34,340	-	-
Manufacturing	-	30,480	-	-
Mining and Quarrying	-	-	-	-
Mortgage	-	893	-	-
Real estate and construction	-	8,093	-	-
Construction	-	18,303	-	-
Finance and insurance	80,875	388	312,671	1,444
Government	-	33,046	-	-
Power	-	50,017	-	-
Other public utilities	-	311	-	-
Transportation	-	21,315	-	-
Communication	-	88,171	-	-
Education	-	3,966	-	-
Other	-	66,722	-	-
Total gross amount	**80,875**	**442,650**	**312,671**	**1,444**
Concentration by location	**N'million**	**N'million**	**N'million**	**N'million**
Abroad	67,875			
Nigeria:				
North East	-	9,520	-	-
North Central	-	27,435	-	-
North West	-	10,803	-	-
South East	-	10,252	-	-
South South	-	16,956	-	-
South West	13,000	367,684	312,671	1,444
Total gross amount	**80,875**	**442,650**	**312,671**	**1,444**

NOTES TO THE FINANCIAL STATEMENTS

3.2.7 Credit quality

					31 Dec 2014
	Cash and balance with Central bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Neither past due nor impaired	258,131	68,735	534,769	234,006	36,256
Past due but not impaired	-	-	-	-	-
Past due and collectively impaired	-	-	6,545	-	-
Individually impaired	-	-	17,823	-	-
Gross	258,131	68,735	559,137	234,006	36,256
Impairment allowance					
Collective Impairment	-	-	(6,603)	-	-
Individual impairment	-	-	(10,848)	-	-
Net	**258,131**	**68,735**	**541,686**	**234,006**	**36,256**

					31 Dec 2013
	Cash and balance with Central bank	Due from banks	Loans and advances to customers	Debt securities	Other assets
	N'million	N'million	N'million	N'million	N'million
Neither past due nor impaired	207,834	68,735	426,170	311,090	7,908
Past due but not impaired	-	-	-	-	-
Past due and collectively impaired	-	-	2,693	-	-
Individually impaired	-	-	13,787	-	-
Gross	207,834	68,735	442,650	311,090	7,908
Impairment allowance					
Collective Impairment	-	-	(6,503)	-	-
Individual impairment	-	-	(10,070)	-	-
Net	**207,834**	**68,735**	**426,077**	**311,090**	**7,908**

(a) Financial Assets Neither Past Due Nor Impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

NOTES TO THE FINANCIAL STATEMENTS

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

31 December 2013		N'million	N'million	N'million	N'million	N'million
Grades:						
1. AAA to AA	29,167	244	23,746	14,967	-	38,958
2. A+ to A-	-	4,986	34,841	9,449	-	49,276
3. BBB+ to BB-	-	28,832	126,898	14,798	-	170,528
4. Below BB-	-	6,127	53,612	1,903	-	61,642
5. Unrated	-	16,124	77,938	11,611	-	105,672
	29,167	56,313	317,035	52,728	-	426,076

The credit quality of cash and cash equivalents, short-term investments and investments in government and corporate securities that were neither past due nor impaired can be assessed by reference to the bank's internal rating agency at 31 December 2014 and 31 December 2013:

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

31 December 2013						
AAA to AA	207,834	239,885	35,169	15,361	19,328	2,930
A+ to A-	-	-	-	-	-	-
BBB+ to BB-	-	-	-	-	-	-
Below BB-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	207,834	239,885	35,169	15,361	19,328	2,930

NOTES TO THE FINANCIAL STATEMENTS

(b) Financial Assets Collectively Impaired

The credit risk associated with other financial assets that were past due and collectively impaired as at 31 December: .

To customers				
	Overdrafts	Term loans	Finance lease	Total
31 December 2014	N'million	N'million	N'million	N'million
AAA to AA	-	-	-	-
A+ to A-	240	-	-	240
BBB+ to BB-	1,514	135	-	1,649
Below BB-	273	2,669	-	2,942
Unrated	1,418	296	-	1,714
	3,445	**431**	**-**	**6,545**
31 December 2013				
AAA to AA	-	-	-	-
A+ to A-	183	-	-	183
BBB+ to BB-	1,225	165	1	1,391
Below BB-	147	-	-	147
Unrated	790	171	10	971
	2,345	**336**	**11**	**2,692**

(C) Financial Assets Individually Impaired

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

To customers				
	Overdrafts	Term loans	Finance lease	Total
31 December 2013	N'million	N'million	N'million	N'million
Gross amount				
1. AAA to AA	-	-	-	-
2. A+ to A-	282	211	-	493
3. BBB+ to BB-	6,605	970	60	7,635
4. Below BB-	3,300	2,327	-	5,657
5. Unrated	-	-	-	-
	10,217	3,508	60	13,786
Individual impairment	(8,670)	(1,339)	(60)	(10,070)
Net amount	**1,547**	**2,169**	**-**	**3,716**

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 counter party risk of the guarantor.

Key Collateral Management Policies

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

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

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

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

Where guarantees are used for credit risk mitigation, the credit worthiness of the guarantor is assessed and established using the credit approval process in addition to that of the obligor or main counterparty.

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

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

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

	31 December 2014		31 December 2013	
	Exposure	Collateral Value	Exposure	Collateral Value
	N'million	N'million	N'million	N'million
Secured against Real Estate	85,378	156,967	46,648	167,636
Secured by shares of quoted companies	452	870	643	1,469
Secured - others	459,629	1,002,435	380,941	2,481,443
Unsecured	13,677	-	14,417	-
Gross loans and advances to customers	559,136	1,160,272	442,649	2,650,548

The following table indicates the nature and carrying amount of collateral possessed through foreclosure:

	31 December 2014		31 December 2013	
	Exposure	Carrying Amount of Collateral	Exposure	Carrying Amount of Collateral
	N'million	N'million	N'million	N'million
Secured against Real Estate	174	216	176	183
Total	**174**	**216**	**176**	**183**

3.3 Liquidity risk

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

3.3.1 Management of Liquidity Risk

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

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

Short-Term Liquidity

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

Asset Liquidity

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

Funding Diversification

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

Stress Testing

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

3.3.2 Maturity Analysis

The table below analyses financial assets and liabilities of the Bank into relevant maturity bands based on the remaining period at reporting date to the contractual maturity date. The table includes both principal and interest cash flows.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2014	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	258,131	-	-	-	-	258,131
Due from banks	68,735	-	-	-	-	68,735
Loans and advances to customers	128,964	19,211	17,365	268,034	108,111	541,685
Investment securities						
- Held for trading	83,363	-	-	-	-	83,363
- Available for sale	48,185	24,063	-	8,887	9,729	90,864
- Held to maturity	20,944	36,478	1,447	3,165	7,492	69,526
Total financial assets	608,322	79,752	18,812	280,086	125,332	1,112,304
Financial liabilities						
Customer deposits	502,988	209,465	107,580	-	-	820,033
Other liabilities	14,350	15,106	36,774	-	-	66,230
Debt issued and other borrowed funds	-	-	-	117,541	-	117,541
Financial guarantee contracts:						
Performance bonds and guarantees	6,314	13,584	21,419	63,593	-	104,910
Letters of credit	9,830	11,915	8,515	-	-	30,260
On-lending facilities	41	-	-	-	-	41
Total financial liabilities	533,523	250,070	174,288	181,134	-	1,139,015
Gap (assets-liabilities)	74,799	(170,318)	(155,476)	98,952	125,332	
Cumulative liquidity gap	74,799	(95,519)	(250,995)	(152,043)	(26,711)	

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2013	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	207,834	-	-	-	-	207,834
Loans and advances to banks	80,875	-	-	-	-	80,875
Loans and advances to customers	29,204	31,481	41,416	50,189	273,786	426,076
Investment securities						
- Held for trading	254,909	-	-	-	-	254,909
- Available for sale	149	-	-	3,905	16,987	21,041
- Held to maturity	2,176	1,551	21,599	9,293	10,486	45,105
Total financial assets	575,147	33,032	63,015	63,387	301,259	1,035,840
Financial liabilities						
Customer deposits	458,518	248,013	99,776	13	-	806,320
Other liabilities	-	-	-	30,286	-	30,286
Debt issued and other borrowed funds	-	-	-	70,328	-	70,328
Financial guarantee contracts:						
Performance bonds and guarantees	16,909	18,037	60,893	16,244	31,187	143,270
Letters of credit	10,586	13,266	12,126	-	-	35,978
On-lending facilities	41	-	-	-	-	41
Total financial liabilities	486,054	279,316	172,795	116,871	31,187	1,086,223
Gap (assets-liabilities)	89,093	(246,284)	(109,780)	(53,484)	270,072	
Cumulative liquidity gap	89,093	(157,191)	(266,971)	(320,455)	(50,382)	

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. Market risk arises from the probability of adverse movements in financial market prices and rates. The Bank's definition of financial market prices in this regard refers to interest rates, equity prices, foreign exchange rates, commodity prices, the correlations among them and their levels of volatility. Interest rate and equity price risks consists of two components each: general risk, which describes value changes due to general market movements, and specific risk which has issuer-related causes.

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

The Board approves the Bank's Market Risk Management policy and performs its oversight management role through the Board Audit and Risk Committee (BARC).The Bank's trading strategy evolves from its business strategy, and is in line with its risk appetite. The Bank's Market Risk and ALM group manages the Bank's market risk in line with established risk limits, which are measured, monitored and reported 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 and duration limits as well as management action triggers. Daily positions of the Bank's trading books are marked-to-market to enable the Bank obtain an accurate view of its trading portfolio exposures. Financial market prices used in the mark-to-market exercise are independently verified by the Market Risk Group with regular reports prepared at different levels to reflect volatility of the Bank's earnings.

3.4.2 Measurement of Market Risk

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

Value at risk (VaR) measures the minimum loss (in money terms) on the fair value of a financial instrument that is expected to be exceeded at a given level of probability over a defined horizon under normal market conditions

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

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

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

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

	12 months to 31 December 2014			12 months to 31 December 2013		
	Average	High	Low	Average	High	Low
	N'000	N'000	N'000	N'000	N'000	N'000
Foreign exchange risk	15,245	110,805	854	14,734	60,388	982
Interest rate risk	5,421	93,932	794	4,988	189,446	865
Equity risk	-	-	-	-	-	-
Total VaR	20,666	204,737	1,648	19,722	249,834	1,847

3.4.3 Foreign Exchange Risk

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

The table below summarises the Bank's exposure to foreign currency exchange risk as at 31 December 2014.

	31 December 2014				
	USD	GBP	Euro	Naira	Total
Financial assets	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	10,834	935	2,395	243,967	258,131
Due from banks	15,106	1,109	2,099	50,421	68,735
Loans and advances to customers	226,224	520	-	314,941	541,685
Investment securities:					
- Financial assets held for trading	12,083	-	-	71,280	83,363
- Available for sale	1,599	-	-	89,265	90,864
- Held to maturity	-	-	-	69,526	69,526
Other financial assets	-	-	-	29,167	29,167
	265,846	**2,564**	**4,494**	**868,567**	**1,141,471**
Financial liabilities					
Customer deposits	131,676	1,988	1,664	684,706	820,034
Other liabilities	-	-	-	66,230	66,230
Debt issued and other borrowed funds	117,541	-	-	-	117,541
	249,217	**1,988**	**1,664**	**750,936**	**1,003,805**

Sensitivity Analysis of Foreign Currency Statement of Financial Position			
Currency	USD	GBP	Euro
	N'million	N'million	N'million
Net effect on Statement of Financial Position	16,629	576	2,831
Closing Exchange Rate (Naira/ Currency)	184.00	286.62	223.56
1% Currency Depreciation (+)	185.84	289.48	225.80
Net effect of depreciation on Profit or loss and Equity	30,597	1,650	6,329
1% Currency Appreciation (-)	182.16	283.75	221.32
Net effect of appreciation on Profit or loss and Equity	(30,597)	(1,650)	(6,329)

	31 December 2013					
	USD	GBP	Euro	Other	Naira	Total
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank	10,834	935	2,395	-	193,670	207,834
Due from banks	66,351	273	1,249	-	13,002	80,875
Loans and advances to customers	114,378	339	453	-	310,906	426,076
Investment securities:						
- Financial assets held for trading	12,909	-	-	-	242,000	254,909
- Available for sale	-	-	-	-	21,041	21,041
- Held to maturity	-	-	-	-	45,105	45,105
Other financial assets	-	-	-	-	1,444	1,444
	204,472	1,547	4,097	-	827,168	1,037,284
Financial liabilities						
Customer deposits	129,506	2,070	1,547	6	673,191	806,320
Other liabilities	-	-	-	-	30,286	30,286
Debt issued and other borrowed funds	70,328	-	-	-	-	70,328
	199,834	**2,070**	**1,547**	**6**	**703,477**	**906,934**

Sensitivity Analysis of Foreign Currency Statement of Financial Position				
Currency	USD	GBP	Euro	Other
	N'million	N'million	N'million	N'million
Net effect on Statement of Financial Position	5,138	(523)	2,550	(6)
Closing Exchange Rate (Naira/ Currency)	160.60	266.51	220.86	1.95
1% Currency Depreciation (+)	162.21	269.18	223.07	1.97
Net effect of depreciation on Profit or loss and Equity	8,252	(1,394)	5,632	(0)
1% Currency Appreciation (-)	158.99	263.84	218.65	1.93
Net effect of appreciation on Profit or loss and Equity	(8,252)	1,394	(5,632)	0

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

3.4.4 Interest rate risk

The table below summarises the Bank's interest rate gap position on non-trading portfolios

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

31 December 2013	Carrying amount	Variable interest	Fixed interest	Non interest-bearing
	N'million	N'million	N'million	N'million
Financial assets				
Cash and balances with Central Bank of Nigeria	207,834	-	175,945	31,889
Due from banks	80,875	-	80,875	-
Loans and advances to customers	426,076	-	426,076	-
Investment securities				
- Financial assets held for trading	254,909	-	254,881	28
- Available for sale	21,041	-	12,686	8,383
- Held to maturity	45,105	-	45,105	-
Other financial assets	1,444	-	-	1,444
	1,037,284	-	995,568	41,744
Financial liabilities				
Customer deposits	806,320	-	786,666	19,654
Other liabilities	30,286		9,566	20,720
Debt issued and other borrowed funds	**70,328**	**22,484**	**47,844**	**-**
	906,934	**22,484**	**844,076**	**40,374**

Interest rate sensitivity

Total interest repricing gap

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

- For a fixed rate instrument it is on maturity
- For variable rates linked to prime, it is the date prime is next expected to change unless the instrument is expected to mature sooner
- Non-interest bearing items are not included in the table.

31 December 2014	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	224,472	-	-	-	-	224,472
Due from banks	68,735	-	-	-	-	68,735
Loans and advances to customers	128,964	19,211	17,365	268,034	108,111	541,685
Investment securities						
- Available for sale	51,910	24,063	-	8,887	9,729	94,589
- Held to maturity	16,808	36,478	1,447	3,165	7,492	65,390
Total assets	490,889	79,752	18,812	280,086	125,332	994,871
Financial liabilities						
Customer deposits	720,244	86,635	13,105	50	-	820,034
Debt issued and other borrowed funds	-	-	-	117,541	-	117,541
Total liabilities	720,244	86,635	13,105	117,591	-	937,575
Net financial assets and liabilities	(229,355)	(6,883)	5,707	162,495	125,332	57,296
Net financial assets and liabilities excluding Available for sale	(281,265)	(30,946)	5,707	153,608	115,603	(37,293)

31 December 2013	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total rate sensitive
Financial assets	N'million	N'million	N'million	N'million	N'million	N'million
Cash and balances with Central Bank of Nigeria	175,945	-	-	-	-	175,945
Due from banks	80,875	-	-	-	-	80,875
Loans and advances to customers	29,204	31,481	41,416	50,189	273,786	426,076
Investment securities						
- Available for sale	149	-	-	3,905	16,987	21,041
- Held to maturity	2,176	1,551	21,599	9,293	10,486	45,105
Total assets	288,349	33,032	63,015	63,387	301,259	749,042
Financial liabilities						
Customer deposits	706,530	86,635	13,105	50	-	806,320
Debt issued and other borrowed funds	-	-	-	70,328	-	70,328
Total liabilities	706,530	86,635	13,105	70,378	-	876,648
Net financial assets and liabilities	(418,181)	(53,603)	49,910	(6,991)	301,259	(127,606)
Net financial assets and liabilities excluding Available for sale	(418,330)	(53,603)	49,910	(10,896)	284,272	(148,647)

INTEREST RATE SENSITIVITY ANALYSIS ON PROFIT 31 DEC 2014

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

INTEREST RATE SENSITIVITY ANALYSIS ON EQUITY 31 DEC 2014

	Increase/ Decrease in bp	Total interest sensitivity gap	Cumulative gap	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	51,910	51,910	182	(182)	3 months
3-6 Months	+200bp/-200bp	24,063	75,973	168	(168)	6 months
6-12 Months	+200bp/-200bp	-	75,973	-	-	1 year
1-5 years	+200bp/-200bp	8,887	84,860	124	(124)	
More than 5 Years	+200bp/-200bp	9,729	94,589	136	(136)	

INTEREST RATE SENSITIVITY ANALYSIS ON PROFIT 31 DEC 2013

	Increase/ Decrease in bp	Total interest sensitivity gap	Cumulative gap	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	(418,330)	(418,330)	(2,092)	2,092	3 months
3-6 Months	+200bp/-200bp	(53,603)	(471,933)	(536)	536	6 months
6-12 Months	+200bp/-200bp	49,910	(422,023)	998	(998)	1 year
1-5 years	+200bp/-200bp	(10,896)	(432,919)	(218)	218	
More than 5 Years	+200bp/-200bp	284,272	(148,647)	5,685	(5,685)	

NOTES TO THE FINANCIAL STATEMENTS

INTEREST RATE SENSITIVITY ANALYSIS ON EQUITY 31 DEC 2013	Increase/ Decrease in bp	Total interest sensitivity gap	Cumulative gap	Effect of increase by 200bp on Profit	Effect of decrease by 200bp on Profit	Annualised period
		N'million	N'million	N'million	N'million	
Less than 3 Months	+200bp/-200bp	149	149	1	(1)	3 months
3-6 Months	+200bp/-200bp	-	149	(375)	375	6 months
6-12 Months	+200bp/-200bp	-	149	-	-	1 year
1-5 years	+200bp/-200bp	3,905	4,054	55	(55)	
More than 5 Years	+200bp/-200bp	16,987	21,041	238	(238)	

3.4.5 Equity and commodity price risk

The Bank holds a number of investments in unquoted securities some of which are carried at fair value with a market value of N7.572 billion (31 December 2013: N7.703 billion). The significant investments which are carried at fair value is MTN at N6.359billion (cost N5.097 billion). The fair value of unquoted equity securities amounting to N763 million (2013: 763 million) has not been disclosed, their fair value cannot be measured reliably. There is no similar investment that the price can be reliably benchmarked because there is no active market. These investments are recouped through redemption rather than disposal. The significant investment carried at cost is AFC N638 million as at 31 December 2014 (2013: N638 million). MTN Nigeria is a private limited liability company whose principal activity is the provision of mobile telecommunications service using the Global System for Mobile Communications (GSM) platform. AFC is a private sector led investment bank and development finance institution which has the Central Bank as a single major shareholder (42.5%) with other African financial institutions and investors holding the remaining shares. The AFC operates a US dollar denominated balance sheet and provides finance in this currency. As at 31 December 2013 the corporation had a balance sheet size of $1.9 billion.

The information on AFC financial statement for 2014 was not available as at the time of this report. The Bank does not deal in commodities and is therefore not exposed to any commodity price risk.

NOTES TO THE FINANCIAL STATEMENTS

3.5 Fair value of financial assets and liabilities

	31 December 2014		31 December 2013	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	N'million	N'million	N'million	N'million
Due from banks	68,735	68,735	80,876	80,876
Loans and advances to customers	559,136	415,819	426,076	392,089
- Term loans	444,645	438,851	316,858	282,006
- Advances under finance lease	26,486	26,578	52,236	53,101
Held for trading	83,363	83,363	254,909	254,909
- Treasury bills	68,652	68,652	239,885	239,885
- Federal Government bonds	2,241	2,241	14,997	14,997
- Corporate bonds	12,442	12,442	-	-
- Listed equity instruments	28	28	28	28
Available for sale	90,101	90,101	20,278	20,278
- Treasury bills	64,793	64,793	-	-
- Federal Government bonds	1,751	1,751	2,230	2,230
- State Government bonds	10,920	10,920	7,526	7,526
- FMB Zero Coupon Bonds	3,335	3,335	2,930	2,930
-Corporate Bonds	1,599	1,599	-	-
- Equity investments	7,703	7,703	7,592	7,592
Held to maturity investment				
- Treasury bills	50,897	50,623	-	-
- Federal Government bonds	14,493	10,715	17,942	14,217
- State Government bonds	4,136	3,725	7,835	7,284
- AMCON Bonds	-	-	19,328	22,025
Financial liabilities				
Other liabilities				
- Debt issued and other borrowed funds	117,541	110,300	70,328	64,908

(b) Financial instruments measured at fair value

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

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

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

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

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

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Assets measured at fair value				
Held for trading				
- Treasury bills	-	68,652	-	68,652
- Federal Government bonds	2,241	-	-	2,241
- Corporate bonds	12,442	-	-	12,442
- Listed equity instruments	28	-	-	28
Available for sale				
- Treasury bills	-	64,793	-	64,793
- Federal Government bonds	1,751	-	-	1,751
- State Government bonds	10,920	-	-	10,920
- FMB Zero Coupon Bonds	3,335	-	-	3,335
-Corporate Bonds	1,599	-	-	1,599
- Equity investments	-	-	7,703	7,703
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-	438,851	-	438,851
- Advances under finance lease	-	26,578	-	26,578
Held to maturity investment				
- Treasury bills	-	50,897	-	50,897
- Federal Government bonds	14,493	-	-	14,493
- State Government bonds	4,136	-	-	4,136
	50,945	649,771	7,703	708,419

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities	N'million	N'million	N'million	N'million
Liabilities for which fair value are disclosed				
Borrowings				
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	49,553	60,747	-	110,300
	49,553	60,747	-	110,300

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets	N'million	N'million	N'million	N'million
Assets measured at fair value				
Held for trading				
- Treasury bills		239,885	-	239,885
- Federal Government bonds	14,997	-	-	14,997
- Corporate bonds	-	-	-	-
- Listed equity instruments	28	-	-	28
Available for sale				
- Treasury bills	-	-	-	-
- Federal Government bonds	2,230	-	-	2,230
- State Government bonds	-	7,526	-	7,526
- FMB Zero Coupon Bonds	-	2,930	-	2,930
-Corporate Bonds	-	-	-	-
- Equity investments	-	-	7,592	7,592
Assets for which fair value are disclosed				
Financial assets carried at amortised cost				
Loans and Advances				
- Term loans	-	282,006	-	282,006
- Advances under finance lease	-	53,101	-	53,101
Held to maturity investment				
- Treasury bills	-	-	-	-
- Federal Government bonds	14,217	-	-	14,217
- State Government bonds	-	7,284	-	7,284
- AMCON Bonds	-	22,025	-	22,025
	31,472	614,756	7,592	653,820
Liabilities for which fair value are disclosed				
Financial liabilities	N'million	N'million	N'million	N'million
Borrowings				
Financial liabilities carried at amortised cost				
- Debt issued and other borrowed funds	45,024	19,884	-	64,908
	45,024	19,884	-	64,908

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of level 3 items

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

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

	Unlisted equity securities
	N'million
At 1 January 2013	6,297
Total gains	1,451
Purchases	818
Sales	(974)
At 31 December 2013	7,592

Total gains or losses for the period is included in Net gains/(losses) on Available-for-sale financial assets recognised in other comprehensive income as at 31 December 2013.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2014 and 2013 are as shown below:

AFS financial assets in unquoted equity shares	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Financial services sector	Market / Guideline Company Approach, using P/E multiple derived from selected comparable companies	Earnings of selected comparable companies, minority and liquidity discount.	Weight of 0-1 in arriving at average P/E multiples from selected comparable companies.	"5% (2013: 5%) increase (decrease) in the earnings would result in an increase (decrease) in fair value by N53 million (2013: N47 million)"
Telecom-munications sector	Market approach-Reference to recent market transaction	The price per unit of the shares in the recent transaction	N/A	"5% (2013: 5%) increase (decrease) in the price would result in an increase (decrease) in fair value by N263 million (2013: N252 million)"

NOTES TO THE FINANCIAL STATEMENTS

(c) Fair valuation methods and assumptions

(i) Cash and balances with central banks

Cash and balances with central bank represent cash held with central banks of the various jurisdictions in which the Bank operates. The fair value of these balances is 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 are 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 and bonds at fair value are determined with reference to quoted prices (unadjusted) in active markets for identical assets, valued using market prices of individual securities at the reporting date. For certain securities market prices cannot be readily obtained especially for illiquid State Government or Corporate Bonds. The positions was marked-to-model at 31 December 2014 based on yields for identical assets.

(iv) Equity securities

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

(v) Loans and advances to customers

Loans and advances are carried at amortised cost net of provision 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 the fair value of Overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

(vii) Other assets

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

(viii) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair values of fixed interest-bearing deposits and borrowings are determined using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

(ix) Other liabilities

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

(x) Debt issued and other borrowed funds

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

The own non-performance risk as at 31 December 2014 was assessed to be insignificant.

3.6 Operational risk management

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

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

Governance Structure

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

Operational Risk Framework

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

Process/Risk Mapping

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

Loss Data Collection

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

Risk and Control Self Assessments (RCSA)

We implement a quantitative methodology for our 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)

We measure quantifiable risk statistics or metrics that provide warning signals of risk hotspots in our entity. We have established key risk indicators with tolerance limits for core operational groups of the Bank. Our KRI database integrate with the Loss Data Collection and Risk & Control Self Assessment models and systems to provide red flags that typically inform initiatives for risk response actions in the Bank.

Business Continuity Management (BCM)

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

4. Capital management

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

a. To comply with the capital requirements set by regulators of the banking markets where the Bank operates;

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

	2014	2013
	N'million	N'million
Tier 1 capital		
Share capital	14,481	14,481
Share premium	101,272	101,272
Retained earnings	9,998	3,340
Statutory reserve	20,930	18,889
SSI reserve	764	764
Contingency reserve	1,723	1,723
Total qualifying Tier 1 capital	**149,168**	**140,470**
Tier 2 capital		
Eurobond issue	55,089	47,844
Revaluation reserve - investment securities	(7)	75
Total Tier 2 capital	55,082	47,919
Qualifying Tier 2 Capital restricted to 33.33% of Tier 1 Capital	**49,718**	**46,818**
Total Tier 1 & Tier 2 Capital	**198,886**	**187,288**
Risk-weighted assets:		
Credit Risk Weighted Assets	590,194	576,035
Market Risk Weighted Assets	91,914	174,066
Operational Risk Weighted Assets	139,419	110,251
Total risk-weighted assets	**821,527**	**860,352**
Minimum Regulatory Capital Adequacy Ratio	**15.00%**	**15.00%**
Tier 1 Capital Adequacy Ratio	**18.16%**	**16.33%**
Total Capital Adequacy Ratio (CAR)	**24.21%**	**21.77%**

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 Managing Director (the chief operating decision maker). In 2014, Management prepared its financial records in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board . This standard is what the Bank's Executive Committee reviews in assessing performance, allocating resources and making investment decisions. Transactions between the business segments are on normal commercial terms and conditions.

Segment result of operations - IFRS 8.23

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2014 is as follows:

	Retail banking	Corporate banking	Investment banking	Public sector	Combined
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2014					
Revenue derived from external customers	42,543	57,503	31,545	810	132,401
Revenues from other segments	-	-	-	-	-
Total	42,543	57,503	31,545	810	132,401
Interest income	45,398	34,642	21,380	2,886	104,307
Interest expense	(28,980)	(13,057)	(6,455)	(6,989)	(55,481)
Profit before tax	6,132	5,465	3,870	47	15,515
Income tax expense	(1,099)	(488)	(128)	(4)	(1,719)
Profit for the year	5,033	4,977	3,742	43	13,796
At 31 December 2014					
Total segment assets	516,633	394,232	243,312	32,848	1,187,025
Total segment liabilities	528,873	238,286	117,800	127,545	1,012,504
Other segment information					
Depreciation/Amortization	(3,110)	(627)	(23)	(33)	(3,792)

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2013 is as follows:

	Retail banking	Corporate banking	Investment banking	Public sector	Combined
	N 'millions	N 'millions	N 'millions	N 'millions	N 'millions
At 31 December 2013					
Revenue derived from external customers	44,147	40,088	42,278	405	126,918
Revenues from other segments	-	-	-	-	-
Total	44,147	40,088	42,278	405	126,918
Interest income	24,213	36,162	25,613	269	86,257
Interest expense	(15,562)	(30,005)	(9)	(9,869)	(55,445)
Operating profit					
Profit before tax	5,099	1,497	2,362	70	9,028
Income tax expense	(714)	(226)	(356)	(11)	(1,307)
Profit for the year	4,385	1,271	2,006	59	7,721
At 31 December 2014					
Total segment assets	303,507	453,281	321,055	3,374	1,081,217
Total segment liabilities	257,600	496,657	146	163,359	917,762
Other segment information					
Depreciation/Amortization	(2,996)	(539)	(6)	(140)	(3,681)

6 Interest and similar income

	2014	2013
	N'million	N'million
Loans and advances to customers	58,552	41,366
Treasury bills and other investment securities:		
-Held For Trading	16,059	24,276
-Available For Sale	7,403	3,409
-Held To Maturity	7,755	6,942
Advances under finance lease	12,429	9,651
Placements and short term funds	2,109	613
	104,307	**86,257**

Interest income earned in Nigeria

Interest income of N2,545 million (2013:N1,378,million) on loans and advances to customers includes interest income on impaired financial assets, recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

7 Interest and similar expense

	2014	2013
	N'million	N'million
Term deposits	47,757	48,450
Debt issued and other borrowed funds	3,710	3,184
Current accounts	1,121	2,063
Savings deposits	2,207	1,154
Inter-bank takings	686	594
	55,481	55,445

8 Impairment charge

	2014	2013
	N'million	N'million
(Impairment)/write-back on loans and advances:		
- Overdrafts	(595)	(966)
- Term loans	(1,011)	(2,706)
- Finance leases	761	362
- Others	(33)	121
Impairment charge on other assets (Note 26)	(531)	(510)
Write off on Overdraft during the year	(2,391)	-
Write off of AMCON clawed back loan	**(506)**	**(4,440)**
	(4,306)	**(8,140)**

9 Net fee and commission income

	2014	2013
	N'million	N'million
Other fees and commissions	6,777	6,628
Commissions on turnover	4,330	4,578
Commission on travellers cheque and foreign bills	4,658	5,063
Letters of credit commissions and fees	707	498
Credit related fees	235	827
Commissions on off-statement of financial position transactions	337	433
Remittance fees	145	148
	17,189	**18,175**
Fee and commission expense	**-**	**(9)**
Net fee and commission income	**17,189**	**18,166**

10 Net (losses)/ gains from financial instruments classified as held for trading through profit and loss

	2014	2013
	N'million	N'million
Net (losses)/ gains arising from:		
Treasury bills	(3,198)	6,865
Bonds	(495)	924
	(3.693)	7,789

11 Other operating income

	2014	2013
	N'million	N'million
Net foreign exchange gains	12,959	13,362
Dividend income	945	725
Profit on disposal of property, plant and equipment	141	-
Other income	553	619
	14,598	14,706

12 Personnel expenses

	2014	2013
	N'million	N'million
Salaries and wages	23,942	24,231
Pension costs (Note 30)		
- Staff Gratuity Plan	764	431
- Staff Retirement Benefit Plan	1,168	967
	25,874	25,629

13 Depreciation and Amortisation

	2014	2013
	N'million	N'million
Property, plant and equipment	3,733	3,211
Intangible-Computer software	59	470
	3,792	3,681

NOTES TO THE FINANCIAL STATEMENTS

14 Other operating expenses

	2014	2013
	N'million	N'million
Banking sector resolution cost	5,406	4,572
Deposit insurance premium	3,861	3,332
Contractor compensation	3,045	2,427
Repairs and maintenance	1,757	2,051
Computer expenses	1,389	1,354
Marketing, communication & entertainment	1,029	1,067
Security expenses	978	977
Cash movement expenses	537	403
Directors' emoluments	355	328
Electricity	300	283
Auditors' remuneration	150	125
Other expenses	8,626	8,076
	27,433	**24,995**

15 Taxation

	2014	2013
	N'million	N'million
a) Current taxes on income for the reporting period	1,564	1,217
Technology levy	155	90
Current taxes referring to previous periods	545	-
Income tax expense	2,264	1,307
Deferred taxation		
Reversal of temporary differences	(545)	-
Total deferred taxation	(545)	-
Income tax expense	1,719	1,307

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
b) Total income tax expense in profit or loss	N'million	N'million
Profit before income tax	15,515	9,028
Income tax using the domestic corporation tax rate of 30%	4,655	2,707
Non-deductible expenses	2,812	13,641
Tax exempt income	(9,553)	(42,750)
Tax incentive	78	53
Unused tax losses	2,008	26,348
Income Tax expense based on dividend (note 15d)	1,564	1,217
Technology levy (note 15e)	155	90
Current taxes referring to previous periods	545	-
Reversal of temporary differences	(545)	-
	1719	1307
The effective income tax rate is 2% for 2014 (2013:15%)		
C) The movement in the current income tax liability is as follows:		
At 1 January	1,307	2,275
Tax paid	(1,852)	(2,275)
Prior period under provision	545	-
Income tax charge	1,719	1,307
At 31 December	**1,719**	**1,307**

Reconciliation of Effective Tax Rate

d) The basis of income tax is 30% of N5.2 billion of dividend paid to shareholders in 2014 relating to the 2013 financial year results (2013 income tax was based on 30% of N4.0 billion being dividend paid to shareholders in 2013 relating to 2012 financial year results). This is in compliance with Section 15A of Company Income Tax Act which states that where there is no taxable profit or total profit is less than the amount of dividend paid, the company shall be charged as if the dividend is the total profits of the company for the year of assessment to which the accounts, out of which dividend is declared relates.

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

16 Net reclassification adjustments for realised net (gains)/ losses

The net reclassification adjustments for realised net (gains) or losses from other comprehensive income to profit or loss are in respect of Available for sale financial instruments which were sold during the year. In line with IAS 39:55b, the unrealised gain or loss on Available for sale instrument should be recognised in other comprehensive income, while the realised gain or losses in respect of Available for sale financial instruments are to be recognised in profit or loss .

NOTES TO THE FINANCIAL STATEMENTS

17 Earnings per share

Basic and Diluted

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

	2014	2013
	N'million	N'million
Profit attributable to equity holders of the Bank	13,796	7,721
	million	million
Weighted average number of ordinary shares in issue	28,963	28,963
Basic & Diluted earnings per share (expressed in kobo per share)	**48**	**27**

18 Cash and Balances with Central Bank

	2014	2013
	N'million	N'million
Cash	33,659	31,889
Balances with Central Bank other than mandatory reserve deposits	24,349	26,586
Included in cash and cash equivalents	58,008	58,475
Mandatory reserve deposits with Central Bank	200,123	149,359
Carrying amount	**258,131**	**207,834**

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations. Mandatory reserve deposits are non interest-bearing. The cash reserve ratio represents 20% of non-government deposits and 75% of government deposits, which should be held with the Central Bank of Nigeria as a regulatory requirement.

19 Cash and Cash Equivalents

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

	2014	2013
	N'million	N'million
Cash and balances with Central Bank	58,008	58,475
Loans and advances to banks	68,735	80,875
Total cash and cash equivalents	126,743	139,350

NOTES TO THE FINANCIAL STATEMENTS

20 Due from banks

	2014	2013
	N'million	N'million
Current account with local banks	-	-
Current account with foreign banks	26,686	67,875
Placements with other banks and discount houses	42,049	13,000
Carrying amount	68,735	80,875

21 Loans and advances to customers

	Gross amount	Individual impairment	Collective impairment	Total impairment	Carrying amount
31 December 2014 (N'million)					
Overdrafts	70,865	(9,356)	(769)	(10,125)	60,740
Term loans	451,834	(1,471)	(5,718)	(7,189)	444,645
Advances under finance lease	26,590	(21)	(83)	(104)	26,486
Other loans	9,848	-	(33)	(33)	9,815
	559,137	(10,848)	(6,603)	(17,451)	541,686
31 December 2013 (N'million)					
Overdrafts	66,512	(8,670)	(860)	(9,530)	56,982
Term loans	323,036	(1,340)	(4,838)	(6,178)	316,858
Advances under finance lease	53,101	(60)	(805)	(865)	52,236
	442,649	**(10,070)**	**(6,503)**	**(16,573)**	**426,076**

Reconciliation of impairment allowance on loans and advances to customers

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

	Overdrafts	Term loans	Finance lease	Others	Total
Balance at 1 January 2013 (N'million)					
Individual impairment	7,605	-	-	-	7,605
Collective impairment	959	3,472	1,227	121	5,779
	8,564	3,472	1,227	121	13,384
Additional impairment charge for the year					
Individual impairment	2,102	1,340	60	-	3,502
Collective impairment	(99)	1,366	(422)	(121)	725
Amounts recovered during the year	(1,037)	-	-	-	(1,037)
Total charge to profit or loss	966	2,706	(362)	(121)	3,190
Individual impairment	8,670	1,340	60	-	10,070
Collective impairment	**860**	**4,838**	**805**	**-**	**6,503**
Balance at 31 December 2013 (N'million)	**9,530**	**6,178**	**865**	**-**	**16,573**

21.2 Advances under finance lease may be analysed as follows:

	2014	2013
Gross investment	N'million	N'million
- No later than 1 year	2,017	3,088
- Later than 1 year and no later than 5 years	25,401	61,090
- Later than 5 years	1,056	1,550
	28,474	**65,728**
Unearned future finance income on finance leases	(1,884)	(12,627)
Net investment	26,590	53,101
The net investment may be analysed as follows:		
- No later than 1 year	4,589	2,496
- Later than 1 year and no later than 5 years	21,877	49,353
- Later than 5 years	**20**	**1,252**
	26,486	**53,101**

21.3 Nature of security in respect of loans and advances

	2014	2013
	N'million	N'million
Secured against real estate	85,378	46,648
Secured by shares of quoted companies	452	643
Secured others	439,775	359,754
Advances under finance lease	19,854	21,187
Unsecured	13,678	14,415
Gross loans and advances to customers	559,137	442,647

22 Investments

Debt and equity securities

22.1

	2014	2013
	N'million	N'million
Fair value through profit and loss		
Treasury bills	68,652	239,885
Federal Government bonds	2,241	14,997
State bonds	-	-
Corporate Bonds	12,442	
Listed equity investments	28	28
	83,363	254,909

22.2

	2014	2013
	N'million	N'million
Available for sale		
Treasury bills	64,793	-
Federal Government bonds	1,751	2,230
State bonds	10,920	7,526
FMB Zero Coupon Bonds	3,335	2,930
Corporate Bonds	1,599	-
Unquoted equity investments at cost (see note 22.2a)	2,016	2,344
Unquoted equity investments at fair value	7,703	7,592
	92,117	22,622
Impairment on unquoted equity investment at cost	(1,253)	(1,581)
	90,864	21,041

22.2a Unquoted equity investments at cost

These are investments in AFC (African Finance corporation) and other small scale enterprises which are carried at cost because their fair value cannot be reliably measured. The carrying cost of these investments are N763 million (2013: N763 million). The fair value of these investments cannot be reliably benchmarked because there is no active market. These investments are recouped through redemption rather than disposal.

22.3

	2014	2013
	N'million	N'million
Held to maturity		
Treasury bills	50,897	-
Federal Government bonds	14,493	17,942
State Government bonds	4,136	7,835
AMCON bond	-	19,328
	69,526	**45,104**
Total investments	**243,753**	**321,054**

22.4 Pledged assets

Treasury Bills and Bonds are pledged to the Nigerian Inter Bank Settlement System Company (NIBSS) in respect of the Bank's ongoing participation in the Nigerian settlement system. The Bank also pledged Treasury bills, Bonds and cash balance in its capacity as collection bank for government taxes and interswitch electronic card transactions. The Bank also pledged cash balance with Visacard International in respect of electronic card transactions.

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

	2014	2013
	N'million	N'million
Treasury bills- Available for sale	16.4	15.5
Federal Government bonds- Available for sale	9.3	9.3
Cash balance	1	1

23 Property, plant and equipment

	Land	Buildings	Leasehold improvements	Office equipment	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost									
At 1 January 2014	8,662	11,324	3,923	6,517	1,726	8,252	5,081	10,493	55,978
Additions	1,067	868	496	527	76	1,159	720	44	4,956
Reclassifications	3,638	3,154	1,214	-	-	1,510	-	(9,516)	-
Disposals	-	(648)	-	(153)	(-1)	(5)	(302)	-	(1,108)
At 31 December 2014	13,367	14,698	5,633	6,891	1,801	10,915	5,499	1,021	59,826
Accumulated depreciation									
At 1 January 2014	-	(1,031)	(2,657)	(4,866)	(1,400)	(5,100)	(3,455)	-	(18,509)
Charge for the year	-	(346)	(616)	(699)	(150)	(1,160)	(762)	-	(3,733)
Disposals	-	-	-	150	-	4	221	-	374
At 31 December 2014	-	(1,377)	(3,273)	(5,415)	(1,550)	(6,256)	(3,997)	-	(21,868)
Net book amount at 31 December 2014	**13,367**	**13,321**	**2,359**	**1,476**	**251**	**4,659**	**1,501**	**1,021**	**37,958**
Cost									
At 1 January 2013	8,662	8,587	3,108	5,948	1,607	6,590	4,717	11,837	51,057
Additions	-	198	756	414	107	1,456	785	1,738	5,454
Reclassifications	-	2,572	68	205	15	213	9	(3,082)	-
Disposals	-	(33)	(9)	(50)	(3)	(7)	(430)	-	(532)
At 31 December 2013	8,662	11,324	3,923	6,517	1,726	8,252	5,081	10,493	55,978
Accumulated depreciation									
At 1 January 2013	-	(708)	(2,100)	(4,122)	(1,210)	(4,489)	(3,069)	-	(15,699)
Charge for the year	-	(323)	(565)	(794)	(193)	(616)	(720)	-	(3,211)
Disposals	-	1	9	50	3	5	334	-	402
At 31 December 2013	-	(1,031)	(2,657)	(4,866)	(1,400)	(5,100)	(3,455)	-	(18,508)
Net book amount at 31 December 2013	**8,662**	**10,294**	**1,266**	**1,650**	**326**	**3,152**	**1,626**	**10,493**	**37,470**

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

24 Intangible assets - Computer software

	2014	2013
	N'million	N'million
Cost		
Balance at beginning of year	1,545	1,545
Additions	565	-
Balance at end of year	2,110	1,545
Amortization		
Balance at beginning of year	1,545	1,075
Amortisation for the year	59	470
Balance at end of year	1,604	1,545
Carrying amount	506	-

These relate to purchased softwares.

The amortisation of intangible asset recognised in administrative expenses in the statement of comprehensive income was N59 million (2013: N470 million).

25 Deferred taxation

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

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2013: 30 %).

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

NOTES TO THE FINANCIAL STATEMENTS

25.1

Deferred tax liabilities		
	2014	2013
	N'million	N'million
Accelerated tax depreciation	(1,410)	(1,955)
	(1,410)	(1,955)
Deferred tax assets		
Unutilised capitalised allowance	4,968	725
Allowances for loan losses	30	2,289
Pension and other post-retirement benefits	2,551	2,611
Tax loss carried forward	10,544	3,868
Other assets	-	171
	18,093	9,664
Unrecognised Deferred tax asset	(18,093)	(9,664)
Net	**(1,410)**	**(1,955)**

25.2

Movements in temporary differences during the year:	1 Jan 2014	Recognised in P&L	Recognised in OCI	31 Dec 2014
Accelerated tax depreciation	(1,955)	(502)	-	**(2,457)**
Unutilised capitalised allowance	725	4,243	-	4,968
Other assets	171	(171)	-	-
Allowances for loan losses	2,289	(2,259)	-	30
Tax loss carry forward	3,868	6,676	-	10,544
Employee benefits	2,611	(60)	-	2,551
Unrecognised Deferred tax asset	(9,664)	(5,972)	-	(15,636)
	(1,955)	(1,955)	-	-

Movements in temporary differences during the year:	1 Jan 2013	Recognised in P&L	Recognised in OCI	31 Dec 2013
Accelerated tax depreciation	(4,128)	2,173	-	(1,955)
Unutilised capitalised allowance	-	725	-	725
Other assets	5	166	-	171
Allowances for loan losses	(51)	2,340	-	2,289
Tax loss carry forward	443	3,425	-	3,868
Employee benefits	1,776	835	-	2,611
Unrecognised Deferred tax asset	-	(9,664)	-	(9,664)
	(1,955)	-	-	(1,955)

25.3

The Bank has unutilised capital allowance of N16.5 billion (2013:N10.0 billion) unused tax losses carried forward of N35.1 billion (2013:28.4 billion) and deductible temporary differences of N8.6billion (2013:7.5 billion) to be offset against future taxable profits. There is no expiry date for the utilisation of these items.

The tax effect on Remeasurement gains/(losses) is nil as the deferred tax on employee benefit 2014: 2.55 billion and 2013: 2.61 billion is not recognised.

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

26 Other assets

Other assets		
	2014	2013
Financial assets	N'million	N'million
Sundry receivables (see note 26.1)	**28,089**	**268**
Others	1,078	1,176
	29,167	1,444
Non financial assets		
Prepayments	8,584	6,464
Other non financial assets	183	4,413
	8,767	10,877
Specific allowance for impairment	(1,678)	(4,413)
	7,089	6,464
	36,256	**7,908**

NOTES TO THE FINANCIAL STATEMENTS

26.1 Included in Sundry receivables is non-proprietory assets amounting to N18.6 billion representing financial instruments bought on behalf of customers in the Bank's name. The corresponding amount is included in other liabilities.

Reconciliation of allowance for impairment		
	2014	2013
	N'million	N'million
At beginning of year	4,413	3,903
Charge for the year	531	510
Write-off during the year	(3,266)	-
At end of year	**1,678**	**4,413**

27 Deposits from customers

	2014	2013
	N'million	N'million
Demand	284,608	315,209
Savings	97,996	83,325
Term	297,641	269,150
Domicilliary	135,918	132,759
Others	3,871	5,877
	820,034	806,320
Current	820,034	806,307
Non-current	-	13
	820,034	**806,320**

28 Other liabilities

Other liabilities		
	2014	2013
	N'million	N'million
Customer deposits for letters of credit	15,106	9,566
Accounts payable	38,541	15,322
Manager's cheque	1,905	1,943
Provisions (see note 28.1)	1,537	657
Other liabilites/credit balances	9,141	2,798
	66,230	**30,286**

28.1

Provisions- End of the year bonus	2014	2013
	N'million	N'million
At 1 January	657	4,103
Arising during the year	1,528	276
Utilised	(648)	(3,722)
At 31 December	**1,537**	**657**

The provision during the year is entirely current

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

29 Debt issued and other borrowed funds

	2014	2013
	N'million	N'million
Long term loan from Standard Chartered Bank London (see note 29.1)	6,025	6,424
Long term loan from Citibank and HSBC London (see note 29.2)	18,581	16,060
Long term loan from Proparco Paris (see note 29.3)	7,460	-
Long term loan from African Development Bank (ADB) (see note 29.4)	7,447	-
Long term loan from Citibank International Limited (see note 29.5)	23,034	-
Bond issued (see note 29.6)	54,994	47,844
	117,541	**70,328**

29.1 The amount of N6.025 billion (USD33 million) 2013 (N6.424 billion) represents the outstanding balance in the on-lending facility granted to the Bank by Standard Chartered Bank (SCB) London on 4 November 2013 to mature 4 November 2015 at an interest rate of Libor plus 4.25% per annum. The borrowing is an unsecured borrowing.

29.2

The amount of N18.591 billion (USD101 million), 2013 (N16.060 billion) represents the outstanding balance in the syndicated on-lending facility granted to the Bank by Citibank London and HSBC London on 24 April 2013 to mature 24 April 2015 at an interest rate of Libor plus 4.50% per annum. The borrowing is an unsecured borrowing.

29.3

The amount of N7.460 billion (USD41 million,) 2013 (Nil) represents the outstanding balance in the syndicated on-lending facility granted to the Bank by Proparco Paris on 4 April 2014 to mature 4 April 2016 at an interest rate of Libor plus 4.75% per annum. The borrowing is an unsecured borrowing.

29.4

The amount of N7.447 billion (USD40 million), 2013 (Nil) represents the outstanding balance in the on-lending facility granted to the Bank by ADB on 6 October 2014 to mature 6 October 2021 at an interest rate of Libor plus 4.75% per annum. The borrowing is an unsecured borrowing.

29.5

The amount of N23 billion (USD125 million), 2013 (Nil) represents the outstanding balance in the syndicated on-lending facility granted to the Bank by Citibank, N.A. London Branch, Commerzbank Luxemburg, HSBC Bank Plc and Standard Chartered Bank on 22 December 2014 to mature 22 December 2016 and it is renewable every 2 years at an interest rate of Libor plus 4.5% per annum. The borrowing is an unsecured borrowing.

29.6

The amount of N54.994 billion, 2013 (N47.844 billion) represents the amortised cost of a USD300 million, 5 year, 6.875% Eurobond issued at 99.48 percent in May 2013. The principal amount is repayable in May 2018, while the coupon is paid semi annually. The purpose of the debt issuance is to finance foreign currency lending to the Power and Oil sectors of the economy of Nigeria

30 Retirement benefit obligations

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

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

The staff gratuity plan benefits is paid to any core member who has served for a minimum of five years and who exits the Bank for reasons other than dismissal (on account of fraud, mis-conduct or criminal offence). The staff gratuity plan remains operational up to December 31st, 2015, when it will cease. The gratuity entitlement earned by all qualified staff members by December 31st, 2015 will be preserved and advised to concerned staff.

The staff retirement plan is based on the total years of service put in by the qualified staff, who have either spent a minimum of 15 years unbroken service (voluntary retirement) or Attained the age of 55 years of age (compulsory retirement)

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	N'million	N'million
Statement of financial position asset/(liability) for:		
Staff Gratuity Plan	2,715	2,877
Retirement Benefit Scheme	4,265	4,689
	6,980	7,566
Statement of profit or loss:		
Staff Gratuity Plan	764	431
Retirement Benefit Scheme	1,168	967
	1,932	1,398
Remeasurement gains/(losses) are recognised in other comprehensive income.		
Staff Gratuity Plan	443	(886)
Retirement Benefit Scheme	1,081	(202)
	1,524	(1,088)

NOTES TO THE FINANCIAL STATEMENTS

(a) Gratuity scheme

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

	2014	2013
	N'million	N'million
Present value of unfunded obligations	**2,715**	**2,877**
Liability in the statement of financial position	2,715	2,877
The movement in the defined benefit obligation over the year is as follows:		
At beginning of the year	2,877	1,751
Current service cost	373	208
Interest cost	391	224
Remeasurement losses/(gains):		
- Change in demographic assumptions	(107)	302
- Change financial assumptions	(336)	(182)
Benefits paid	(483)	(192)
At end of the year	2,715	2,877
The amounts recognised in the statement are as follows:		
Current service cost	373	208
Interest cost	391	224
Total, included in staff costs	764	431

The principal actuarial assumptions were as follows:

Average long term discount rate (p.a.)	15%	12%
Average long term rate of inflation (p.a.)	8%	10%
Average long term pay increase (p.a.)	5%	5%

Mortality
Pre-retirement: A49/52

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

	2014	2013	
Age group	Annual rate of Withdrawal/Re-tirement	Age group	Annual rate of Withdrawal/Re-tirement
18-24	10%	20-24	10%
25-29	10%	25-29	10%
30-33	8%	30-34	8%
34-38	4%	34-38	4%
39-42	3%	39-42	3%
43-49	1%	43-49	1%
50-51	5%	50-51	5%
52-53	10%	52-53	10%
54	15%	54	15%
55+	100%	55+	100%

(b) Retirement benefit obligation

The movement in the defined benefit obligation over the year is as follows:

	2014	2013
	N'million	N'million
Present value of unfunded obligations	4,265	4,689
Liability in the statement of financial position	4,265	4,689

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	N'million	N'million
At beginning of the year	4,689	3,820
Current service cost	523	470
Interest cost	645	497
Remeasurement (gains)/ losses:		
- Change in demographic assumptions	(349)	-
- Change financial assumptions	(732)	202
Benefits paid	(511)	(300)
At end of the year	**4,265**	**4,689**

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

	2014	2013
	N'million	N'million
Present value of funded obligations	4,265	4,689
Liability in the statement of financial position	**4,265**	**4,689**

The amounts recognised in statement of profit or loss are as follows:

	2014	2013
	N'million	N'million
Current service cost	523	470
Interest cost	645	497
Total, included in staff costs	1,168	967
The principal actuarial assumptions were as follows:		
Discount rate	15%	12%
Inflation rate	8%	10%
Future salary increases	5%	5%

Mortality

Pre-retirement: A49/52

Withdrawal and Early Retirement

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

	2014		2013
Age group	Annual rate of Withdrawal/ Re-tirement	Age group	Annual rate of Withdrawal/Re-tirement
18-24	10%	20-24	10%
25-29	10%	25-29	10%
30-33	8%	30-34	8%
34-38	4%	34-38	4%
39-42	3%	39-42	3%
43-49	1%	43-49	1%
50-51	5%	50-51	5%
52-53	10%	52-53	10%
54	15%	54	15%
55+	100%	55+	100%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2014 is as shown below:

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

- The discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
- The salary increase rate on the defined benefit obligation by adding and subtracting 1% to the salary increase rate.
- The mortality assumption on the defined benefit obligation by increasing and decreasing the age rating by 1 year.

Staff Gratuity Plan

Discount rate	Main Result N'million	+ 1% N'million	- 1% N'million
Defined Benefit Obligation	**2,715**	**(143)**	**159**
Change		-5.3%	5.9%
Salary increase rate	**Main Result N'million**	**+ 1% N'million**	**- 1% N'million**
Defined Benefit Obligation	2,715	58	(54)
Change		2.1%	-2.0%

Mortality improvement rate	Main Result N'million	+ 1% N'million	- 1% N'million
Defined Benefit Obligation	2,715	9	(8)
Change		0.3%	0.3%

Retirement Benefit Scheme

Discount rate	Main Result N'million	+ 1% N'million	- 1% N'million
Defined Benefit Obligation	4,265	(308)	345
Change		-7.2%	8.1%
Salary increase rate	Main Result N'million	+ 1% N'million	- 1% N'million
Defined Benefit Obligation	4,265	375	(338)
Change		8.8%	-7.9%
Mortality improvement rate	Main Result N'million	+ 1% N'million	- 1% N'million
Defined Benefit Obligation	4,265	-	1
Change		0.01%	0.01%

The following payments are expected contributions to the defined benefit plan in future years:

	2014	2013
	N'million	N'million
Within the next 12 months (next annual reporting period)	638	545
Between 2 and 5 years	730	649
Between 5 and 10 years	1,249	1,459
Beyond 10 years	4,363	4,913
Total expected payments	**6,980**	**7,566**

The average duration of the defined benefit plan obligation at the end of the reporting period is 24 years (2013:27 years)

31 Share capital

	2014	2013
Authorised	N'million	N'million
32 billion ordinary shares of 50k each (2013: 32 billion ordinary shares)	16,000	16,000
Issued and fully paid		
28,963 million ordinary shares of 50k each (2013: 28,963 million ordinary shares)	14,481	14,481

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

32 Other equity accounts

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

Share premium

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

Retained earnings

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

Statutory reserve

This represents regulatory appropriation to statutory reserves of 30% of profit after tax if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

Small scale investment reserve

The Small scale investment reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small scale industries.

Contingency reserve

Appropriation of retained earnings for unspecified future events.

Available-for-sale reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognized or impaired.

Remeasurement reserve

The revaluation reserve shows the effects from the reameasurement gains or losses of the actuarial valuation.

Non-distributable regulatory reserve

The amount at which the loan loss provision under IFRS is less than the loan loss provision under Nigerian GAAP is booked to a non-distributable regulatory reserve.

NOTES TO THE FINANCIAL STATEMENTS

33 Cash flow (used in)/generated from operations

Cash flows from/(used in) operations		
	2014	2013
	N'million	N'million
Profit before tax from continuing operations	15,515	9,028
Adjustments for:		
– Depreciation and amortisation	3,792	3,681
– (Profit)/loss from disposal of property and equipment	(141)	-
– Foreign exchange losses / (gains) on operating activities	2,900	(1,953)
Foreign exchange loss on debt issued and other borowed fund	7,861	-
– Net gains/(losses) from financial assets classified as held for trading	3,693	(7,789)
– Impairment on loans and advances	878	3,190
– Impairment on other assets	531	510
– Write off of loans and advances	2,897	-
– Defined benefit charge	1,932	1,398
– Dividend income	(945)	(725)
– Net interest income	(48,826)	(30,812)
– Gain on AFS financial asset	(595)	(619)
	(10,508)	**(24,091)**
Changes in operating assets		
– Cash and balances with the Central Bank (restricted cash)	(50,764)	(80,652)
– Loans and advances to customers	(114,600)	(105,330)
– Financial assets held for trading	167,853	(31,333)
– Other assets	(28,879)	41,255
Changes in operating liabilities		
– Deposits from customers	14,766	124,618
– Other liabilities	35,944	3,932
Cash flows from/(used in) operations	**13,812**	**(71,601)**

NOTES TO THE FINANCIAL STATEMENTS

34 Contingent liabilities and commitments

34.1 Capital commitments

At the reporting date, the Bank had capital commitments amounting to N699 million (2013: N203 million)

34.2 Confirmed credits and other obligations on behalf of customers

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

	2014	2013
	N'million	N'million
Performance bonds and guarantees	104,910	143,269
Letters of credit	30,260	35,978
On-lending facilities	41	41
	135,211	**179,288**

34.3 Litigation

As at reporting date, the Bank had several claims against it by parties seeking legal compensation in the sum of N3.38 billion (2013: N3.41 billion). Based on the estimates of the Bank's legal team and the case facts, the Bank estimates a potential loss of N89.34 million (2013: 295.90 million) upon conclusion of the cases. In cluded in other On the other hand, the Bank has outstanding claims against various individuals in the sum of N9.15 billion (2013: N13.58 billion) that are yet to be settled.

NOTES TO THE FINANCIAL STATEMENTS

35 Related party transactions

35.1 Movement in Deposits from related parties

Deposits/ Interest expense from related parties					
Name of Entity	Related party	Deposits at 31 Dec 2014	Interest expense 31 Dec 2014	Deposits at 31 Dec 2013	Interest expense 31 Dec 2013
		N	N	N	N
Geoelis and Co Nig Ltd (HM) (DP)	Insider related	19,507,592	570	13,608,491	1,638
Rosies Textile Mill Ltd	Insider related	1,301,563	76,148	311,736	102,463
Cy Incorporated Nig Ltd (DSRA)	Director related	71,542	27	11,443	57
Equipment Solutions and Logistics Services Limited	Director related	613,445	31	56,635	539
Ass. Haulages (Nig) Ltd 2	Director related	14,379	-	15,347	-
The Genesis Restaurant Limited	Director related	152,018	857	552,067	1,867
Next International	Insider related	4,318,832,450	348,416,769	3,938,877,183	150,628,610
Namjid. Com Limited	Insider related	313,731	37,117	367,746	16,061
SUB-TOTAL		**4,340,806,720**	**348,531,519**	**3,953,800,648**	**150,751,236**

35.2

Name of Entity	Related party	Loan amount	Interest Income	Loan amount	Interest Income	Facility Type	Status	Collateral
		Outstanding		Outstanding				Status
		2014	2014	2013	2013			
		N	N	N	N			
Cy Incorporated Nig Ltd	Mrs. Onome Olaolu	243,886,798	19,925,931	244,267,103	45,539,084	Finance Lease/ Overdraft	Doubtful	Perfected
Rosies Textiles Mill Ltd	Chief Nnamdi Oji	37,517,392	10,796,547	60,839,865	8,986,641	Overdraft	Performing	Perfected
Geoelis And Co Nig Ltd	Dim Elias E. Nwosu	294,106,647	55,024,896	242,316,109	28,313,097	Overdraft	Performing	Perfected
Equipment Solutions And Logistics Services Ltd	Mr. Ik Mbagwu	419,432,214	65,586,944	398,313,828	68,067,596	Finance Lease/ Overdraft	Performing	Perfected
The Genesis Restaurant Ltd	Ichie Nnaeto Orazulike	394,327,989	99,391,444	466,677,979	113,473,605	Term Loan/ Overdraft	Performing	Perfected
Genesis Deluxe Cinemas	Ichie Nnaeto Orazulike	97,222,223	22,872,953	152,777,778	30,307,399	Term Loan	Performing	Perfected
Genesis Hub Ltd	Ichie Nnaeto Orazulike	536,725,006	99,996,990	550,334,585	85,090,457	Term Loan/ Overdraft	Performing	Perfected
CMB Building Maintenance and Inv.Co. Ltd	Mr. Ik Mbagwu	102,265,753	-	40,484,916	-	Term Loan	Performing	Perfected
John Holt Plc	Chief Christopher Ezeh	335,533,803	28,708,055	179,521,608	2,470,017	Term Loan	Performing	Perfected
Namjid.Com Limited	Chief Nnamdi Oji	63,702,133	25,845,169	156,031,840	20,410,938	Overdraft	Performing	Perfected
Transcorp Ughelli Power Limited	Mr. Stanley Lawson	3,680,000,000	237,474,246	3,212,000,000	91,697,140	Term Loan	Performing	Perfected
SUB-TOTAL		**6,204,719,958**	**665,623,174**	**5,703,565,611**	**494,355,972**			

Name of Entity	Related party	Loan amount	Interest Income	Loan amount	Interest Income	Facility Type	Status	Collateral
		Outstanding		Outstanding				Status
		2014	2014	2013	2013			
Reginald U.Ihejiahi **	Former Managing Director	-	-	132,881,337	-	Term Loan	Performing	Perfected
Obi Okechukwu John	Executive Director	-	2,034,455	62,414,899	2,237,207	Term Loan	Performing	Perfected
Mr And Mrs A.I. Mbagwu	Executive Director	127,402	3,606,665	101,825,807	3,834,117	Overdraft	Performing	Perfected
Olaolu Onome Joy	Executive Director	-	3,105,655	90,900,000	3,736,381	Term Loan	Performing	Perfected
Chijioke Ugochukwu	Executive Director	29,251,259	4,317,906	116,102,052	5,160,343	Term Loan	Performing	Perfected
Mohammed Balarabe	Executive Director	7,423	3,970,101	120,694,734	2,930,872	Overdraft	Performing	Perfected
Odinkemelu Aku Pauline	Executive Director	15,390	-	-	-	Overdraft	Performing	Perfected
Umar I Yahaya	Non Executive Director	2,026	242,572	-	-	Overdraft	Performing	Perfected
Dim Elias E Nwosu	Former Non Executive Director	1,428,977	-	-	-	Overdraft	Performing	Perfected
Ichie Nnaeto Orazulike	Non Executive Director	4,570,851	-	-	107	Overdraft	Performing	Perfected
Kayode Gabriel Olowoniyi	Non Executive Director	299	-	-	-	Overdraft	Performing	Perfected
Lawson Stanley Inye	Former Non Executive Director	13,097	-	-	-	Overdraft	Performing	Perfected
Chief Nnamdi I. Oji	Former Non Executive Director	153,492	-	-	-	Overdraft	Performing	Perfected
Nnana-Kalu Robert Nena	Non Executive Director	3,762,617	27	-	238	Overdraft	Performing	Perfected
SUB-TOTAL		**118,320,634**	**44,205,985**	**737,478,835**	**40,687,227**			
TOTAL		**6,323,040,592**	**709,829,159**	**6,441,044,447**	**535,043,199**			

* Reginald U. Ihejiahi ceased to be a Managing Director in the Bank effective 1 January 2014.

35.3 Bank Gurantees in favour of Directors

2014				
BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
JMG Limited	John Holt Plc	Chief Christopher Ezeh	Chairman	230,658,900
Maritime Academy Of Nigeria	John Holt Plc	Chief Christopher Ezeh	Chairman	27,930,000
Bank Of Agric	John Holt Plc	Chief Christopher Ezeh	Chairman	9,526,870
University of Lagos	John Holt Plc	Chief Christopher Ezeh	Chairman	23,819,931
National Universities Commission	Chief Christopher Ezeh	Chief Christopher Ezeh	Chairman	200,000,000
				491,935,701
2013				
BENEFICIARY NAME	RELATED ENTITY	NAME OF RELATED BANK DIRECTOR	POSITION IN BANK	AMOUNT (N)
Rosies Textiles Mill Ltd	Federal Ministry Of Health	Chief Nnamdi Oji	Director	1,583,100
Rosies Textiles Mill Ltd	Federal Mini. Of Health	Chief Nnamdi Oji	Director	1,244,100
Rosies Textiles Mill Ltd	Fed Min. Of Health	Chief Nnamdi Oji	Director	2,088,000
Rosies Textiles Mill Ltd	Fed. Min. Of Health	Chief Nnamdi Oji	Director	757,500
Rosies Textiles Mill Ltd	Fed. Min Of Health	Chief Nnamdi Oji	Director	1,061,400
Rosies Textiles Mill Ltd	Federal Ministry Of Health	Chief Nnamdi Oji	Director	2,767,800
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	472,000
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	377,500
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	162,520
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	342,800
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	472,000
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	188,580
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	450,400
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	472,000
Rosies Textiles Mill Ltd	The Director General National Youth Service	Chief Nnamdi Oji	Director	220,800
				12,660,500

NOTES TO THE FINANCIAL STATEMENTS

35.4 Key management compensation

	2014	2013
	N'million	N'million
Salaries and other short-term employee benefits (Executive directors only)	323	305
Post-employment benefits- Defined contribution plan	32	23
	355	328

36 Employees

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

	Number	Number
	2014	2013
Executive directors	7	7
Management	537	509
Non-management	2,853	2,968
	3,397	3,484

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contribtionss and certain benefits) were:

	Number	Number
	2014	2013
N300,000 - N2,000,000	150	164
N2,000,001 - N2,800,000	469	518
N2,800,001 - N3,500,000	946	1,052
N3,500,001 - N6,500,000	998	823
N6,500,001 - N7,800,000	290	416
N7,800,001 - N10,000,000	323	250
N10,000,001 and above	221	267
	3,397	3,490

37 Directors' emoluments

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

	Number	Number
	2014	2013
	N'million	N'million
Fees and sitting allowances	65	56
Executive compensation	323	241
Other director expenses	193	105
	581	401

Fees and other emoluments disclosed above include amounts paid to:

Chairman	15	11
Highest paid director	94	67

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

	Number	Number
	2014	2013
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,500,001 - and above	15	17
	15	17

38 Compliance with banking regulations

38.1

The Directors are of the opinion that the financial statements of the Bank is in compliance with the Bank and Other Financial Institutions act, 2012 CAP B3 LFN 2004 and all relevant CBN circulars, except for the contraventions below which attracted penalties during the year.

	Fine/ Penalties	
	2014	2013
Nature of Contravention	(N'000)	(N'000)
CBN-late submission of returns through FinA stop-gap regulatory application	2,000	-
CBN-Penalty fee for not refunding un-utilized WDAS(Wholesale Dutch Auction System) funds to the CBN within two working days from date of settlement	2,000	-
Failure to notify CBN of the position of a dismissed staff	2,000	-
Delayed disbursement of Commerical Agriculture Credit Scheme (CACS)	-	66,021
Non-compliance with the reporting of Government deposits	-	2,000
Promotion to top Management without CBN approval	-	12,200
Unauthorised publication of top management appointment	-	1,540
	6,000	81,761

38.2

In line with circular FDR/DIR/CIR/GEN/01/020, the returns on customers' complaints for the year ended 31 December 2014 is set as below:

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		2014	2013	2014[M]	2013[M]	2014[M]	2013[M]
1	Pending complaints b/f	84	23	117	1,317	N/A	N/A
2	Received complaints	1,824	101	2,785	2,392	N/A	N/A
3	Resolved complaints	1,879	111	2,610	3,601	100	289
4	Unresolved complaints escalated to CBN for intervention	1	0	94	-	N/A	N/A
5	Unresolved complaints pending with the Bank c/f	28	13	199	108	N/A	N/A

38.3 Whistle Blowing policy

The Bank complied with the CBN circular FPR/DIR/GEN/01/004 code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing Policy in Nigeria for the year ended 31 December 2014

39 Gender Diversity

2014						
		WOMEN		MEN		TOTAL
		Number	%	Number	%	
Board Members		3	20%	12	80%	15
Management staff (AGM & Above)		7	16%	38	84%	45
Total		10		50		60
2013		WOMEN		MEN		TOTAL
		Number	%	Number	%	
Board Members		3	18%	14	82%	17
Management staff (AGM & Above)		9	18%	42	82%	51
Total		12		56		68

40 Statement of prudential adjustments

Transfer to regulatory risk reserve

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

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

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

	2014	2013
	N'million	N'million
Transfer to regulatory reserve		
Prudential provision:		
Specific provision	17,254	11,728
General provision	5,263	4,122
Provision for other assets	1,678	4,413
Provision for investments	1,253	1,581
Total prudential provision (A)	25,448	21,844
IFRS provision:		
Specific impairment	10,848	10,070
Collective impairment	6,603	6,503
Provision for other assets	1,678	4,413
Provision for investments	1,253	1,581
Total IFRS provision (B)	20,382	22,567
Difference in the impairment provision figures (A-B), transfer from Regulatory Reserve	5,066	(723)
Opening non-distributable regulatory reserve	18,884	19,607
Closing non-distributable regulatory reserve	23,950	18,884

41 Maturity analysis of assets and liabilities

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

As at 31 December 2014			
	Maturing within	Maturing after	Total
	12 months	12 months	
ASSETS	**N'million**	**N'million**	**N'million**
Cash and balances with central bank	258,131	-	258,131
Due from banks	68,735	-	68,735
Loans and advances to customers	165,540	376,146	541,686
Investments:	-	-	
Held for trading (fair value through profit or loss)	83,363	-	83,363
Available for sale	75,973	14,891	90,864
Held to maturity	54,733	14,793	69,526
Other assets	16,628	19,628	36,256
Property, Plant and equipment	-	37,958	37,958
Intangible assets	-	506	506
TOTAL ASSETS	**723,103**	**463,922**	**1,187,025**
LIABILITIES			
Deposits from customers	820,034	-	820,034
Current income tax liability	1,719	-	1,719
Deferred tax liabilities	-	-	-
Other liabilities	66,230	-	66,230
Debt issued and other borrowed funds	24,606	92,935	117,541
Retirement benefit obligations	743	6,237	6,980
TOTAL LIABILITIES	**913,332**	**99,172**	**1,012,504**

As at 31 December 2013			
	Maturing within	Maturing after	Total
	12 months	12 months	
ASSETS	**N'million**	**N'million**	**N'million**
Cash and balances with central bank	207,834	-	207,834
Due from banks	80,875	-	80,875
Loans and advances to customers	103,965	322,111	426,076
Investments:			
Held for trading (fair value through profit or loss)	254,909		254,909
Available for sale	528	20,513	21,041
Held to maturity	26,179	18,925	45,104
Other assets	5,486	2,422	7,908
Property, Plant and equipment	-	37,470	37,470
Intangible assets	-	-	-
TOTAL ASSETS	**679,776**	**401,441**	**1,081,217**
LIABILITIES			
Deposits from customers	806,320	-	806,320
Current income tax liability	1,307	-	1,307
Deferred tax liabilities	-	1,955	1,955
Other liabilities	-	30,286	30,286
Debt issued and other borrowed funds	-	70,328	70,328
Retirement benefit obligations	-	7,566	7,566
TOTAL LIABILITIES	**807,627**	**110,134**	**917,762**

41 EVENTS AFTER REPORTING PERIOD

There are no significant events after reporting period which could have had a material effect on the state of affairs of the Bank as at 31 December 2014 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

STATEMENT OF VALUE ADDED

For the year ended 31 december 2014

	2014		2013	
	N'million	%	N'million	%
Interest and similar income	104,307		86,257	
Interest and similar expense	(55,481)		(55,445)	
	48,826		30,812	
Administrative overheads				
-Local	3,308		22,641	
-Foreign	-		-	
Value added	**52,134**	**100**	**53,453**	**100**
Distribution				
Employees:				
Salaries and benefits	25,874	50	25,629	49
Government:				
-Income tax	2,109	4	1,217	2
-IT levy	155	-	90	-
The future:				
-Dividend paid during the year	4,057	8	6,084	12
-Deferred taxation	(1,955)	(4)	-	-
-Asset replacement (depreciation and amortisation)	3,792	7	5,082	7
-Asset replacement (provision for losses)	4,306	8	7,630	15
-Expansion (transfers to reserves)	13,796	26	7,721	16
	52,134	**100**	**53,453**	**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

	31 DECEMBER				
	IFRS				
As at	2014	2013	2012	2011	2010
	N'million	N'million	N'million	N'million	N'million
Assets:					
Cash and balances with Central Bank	258,131	207,834	117,291	82,271	25,505
Treasury bills and other eligible bills	-	-	-	-	-
Due from other banks	68,735	80,875	98,000	98,411	148,401
Loans and advances to customers	541,686	426,076	345,500	280,421	207,491
Investments:					
Held for trading (Fair value through P or L)	83,363	254,909	201,806	20,620	7,660
Available for sale	90,864	21,041	21,835	131,849	38,007
Held to maturity	69,526	45,104	76,258	75,622	27,761
Interest in subsidiaries	-	-	-	-	2,173
Investment property	-	-	-	343	343
Property, Plant and Equipment	37,958	37,470	35,358	32,811	31,601
Intangible assets	506.00	-	470	349	253
Other assets	36,256	7,908	17,842	11,842	8,258
Assets classified as held for sale	-	-	-	3,193	-
	1,187,025	**1,081,217**	**914,360**	**737,732**	**497,453**
Financed by:					
Share capital	14,481	14,481	14,481	14,481	14,481
Share premium	101,272	101,272	101,272	101,272	101,272
Statutory reserves	20,930	18,861	17,703	12,244	10,456
Retained earnings	11,721	7,395	6,193	(4,829)	(3,761)
Small scale industries reserve	764	764	764	764	764
Contingent reserve	-	1,723	1,723	1,867	1,867
Non-distributable regulatory reserve	23,950	18,884	19,608	20,395	20,858
AFS/ Remeasurement reserve	(7)	75	(289)	(222)	915.00
Debt issued and other borrowed funds	117,541	70,328	-	-	-
Customer deposits	820,034	806,320	716,749	564,390	329,200
Current income tax	1,719	1,307	2,275	2,613	1,515
Deferred income tax liabilities	1,410	1,955	1,955	617	5,835
Other liabilities	66,230	30,286	26,354	16,535	7,614
Retirement benefit obligations	6,980	7,566	5,572	7,605	6,437
	1,187,025	**1,081,217**	**914,360**	**737,732**	**497,453**

FIVE YEAR FINANCIAL SUMMARY

	31 DECEMBER				
			IFRS		NGAAP
	2014	2013	2012	2011	2010
	N'million	N'million	N'million	N'million	N'million
Operating income	-	-	-	-	41,445
Net interest income	48,826	30,812	36,810	30,519	-
Impairment charge for credit losses	(4,306)	(8,140)	(4,610)	(16,236)	(3,885)
Net interest income after impairment charge for credit losses	44,520	22,672	32,200	14,283	37,560
Commission and other operating income	28,094	40,661	39,100	23,551	-
Other operating expenses	(57,099)	(54,305)	(50,708)	(36,360)	(29,235)
Operating profit	15,515	9,028	20,592	1,474	8,325
Profit/(loss) from sale of subsidiary	-	-	757	-	-
Profit before income tax	15,515	9,028	21,349	1,474	8,325
Income tax expense	(1,719)	(1,307)	(3,425)	2,437	(2,497)
Profit after taxation	13,796	7,721	17,924	3,911	5,828
Other comprehensive income	(82)	363	1,757	(736)	-
Total comprehensive income for the year	**13,714**	**8,084**	**19,681**	**3,175**	**5,828**
Per share data in kobo:					
Earnings per share (basic & diluted)	**48k**	**27k**	**62k**	**14k**	**20k**
Net assets per share	**603k**	**564k**	**2,350k**	**1,854k**	**464k**

STAKEHOLDERS ENGAGEMENT

Share Capital Structure

The Authorised Share Capital of Fidelity Bank Plc ("Fidelity" or "the Bank") as at December 31, 2014 was N16,000,000,000.00 (Sixteen Billion Naira), divided into 32,000,000,000 (Thirty-two Billion) ordinary shares with a nominal value of 50 kobo each. The Bank's shares are quoted on the Nigerian Stock Exchange.

Paid up share capital currently stands at N14,481,292,846 divided into 28,962,585,692 shares. The Bank's shares are held by Nigerian citizens and corporations. The Bank currently has 408,766 shareholders.

Relations with Shareholders

The Board and Management of Fidelity are committed to building and maintaining constructive and long-lasting relationships with shareholders and other stakeholders through regular meetings, forums and targeted group engagements. The Board recognizes the importance of a dual-way communication channel with the Bank's shareholders, thus the general meeting of the Bank which is the primary avenue for meeting and interacting among the shareholders, Management and the Board is utilized effectively for that purpose.

The Board ensures that all shareholders are treated fairly, given equal access to information about the Bank as well as notice of shareholders' meetings. General meetings are conducted in an open manner allowing for free discussions on all issues on the agenda. The Board also ensures that the venue of the general meeting is accessible and no shareholder is disenfranchised from exercising his or her statutory rights on account of choice of venue. As a result, the Bank's Annual General Meetings are well attended and shareholders who are unable to attend are encouraged to use the proxy cards sent with the Notice of Meeting. Proceedings at these meetings are monitored by the representatives of the Central Bank of Nigeria, Securities and Exchange Commission, Nigerian Stock Exchange, Corporate Affairs Commission and members of the press.

Apart from the statutory general meetings, other engagement forums offer an opportunity for shareholders to deliberate and seek understanding of the Bank's financial results and strategic directions. These consultations enable the Board and Management of the Bank appreciate the different perspectives of the shareholders concerning the Bank's overall financial performance and future plans. Feedbacks from any shareholder engagement assist in guiding the implementation of the Bank's corporate objectives. Furthermore, the quarterly, half-yearly and annual financial results are published in widely read national newspapers as well as via the Bank's website.

Protection of Shareholders' Rights

The Board ensures that shareholders' statutory and general rights are protected at all times. In particular, shareholders rights to attend and vote at general meetings are effectively maintained without restrictions. All shareholders are treated equally regardless of size of shareholding or status. The Board also ensures that the Bank promptly renders to shareholders documentary evidence of their ownership interests in the Bank such as share certificates, dividend warrants and related instruments including secure electronic remittances (e-dividend and Central Securities Clearing System {CSCS} transfers).

Investor Relations Desk

The Bank has a robust Investor Relations Team that, in liaison with the Company Secretary, engages Individual Shareholders, Institutional Investors, Fund Managers and Analysts. The Team, on a regular basis, publishes information on the Bank's strategic direction and provides in-depth analysis of published financial results and performance targets of the Bank through several channels including:

- Investors/Analysts Conference Calls
- One-on-One Meetings with Investors/Analysts
- Press Releases
- Financial Results Presentations
- Investor Conferences
- Non-deal Roadshows
- Newspaper Publications
- Investor Relations Website etc.

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

Fidelity continues to raise the level of its activities to enhance information disclosure with a focus on disclosure of business and financial information and creating opportunities for dialogue, while taking into consideration the needs and expectations of our shareholders, investors and all stakeholders.

Investor Presentations which are prepared on a bi-annual basis are published on the Investors Section of the Bank's website. The Section also hosts Frequently Asked Questions (FAQs) to enable stakeholders obtain answers to critical questions.

Interested stakeholders may contact our Investor Relations Team on:

Telephone: +234 1 2700 530; 2700 531; 2700 532

Email: info.Investorrelations@fidelitybankplc.com

Website: www.fidelitybankplc.com

SHARE CAPITAL HISTORY

YEAR	Authorized (Additional) ₦	Authorized (Cumulative) ₦	Issued and Fully Paid (Additional) ₦	Issued and Fully Paid (Cumulative) ₦	Consideration
1988	3,000,000	3,000,000	1,865,000	1,865,000	Cash
1989	9,000,000	12,000,000	5,822,000	7,687,000	Bonus/Cash
1989	-	12,000,000	-	7,687,000	-
1990	3,000,000	15,000,000	1,153,050	8,840,050	Bonus/Cash
1991	25,000,000	40,000,000	4,959,950	13,800,000	Bonus/Cash
1992	20,000,000	60,000,000	13,800,000	27,600,000	Cash
1993	40,000,000	100,000,000	12,703,000	40,303,000	Bonus/Cash
1994	50,000,000	150,000,000	51,830,000	92,133,000	Bonus/Cash
1995	-	150,000,000	21,737,000	113,870,000	Bonus
1997	650,000,000	800,000,000	272,247,000	386,117,000	Bonus/Cash
1998	-	800,000,000	151,472,000	537,589,000	Bonus/Cash
2000	700,000,000	1,500,000,000	6,458,920	544,047,920	Cash
2001	-	1,500,000,000		544,047,920	
2001	500,000,000	2,000,000,000	272,023,960	816,071,880	Bonus
2002	-	2,000,000,000	36,501,911	852,573,791	Cash
2003	-	2,000,000,000	336,602,981	1,189,176,772	Cash
2004		2,000,000,000	344,554,220	1,533,730,992	Bonus/Cash
2004	4,000,000,000	6,000,000,000	519,088,134	2,052,819,126	Bonus
2005	2,000,000,000	8,000,000,000	2,222,101,272	4,274,920,398	Cash
2005	2,000,000,000	10,000,000,000	3,956,922,658	8,231,843,056	Merger/Cash
2007	2,500,000,000	12,500,000,000	249,449,790	8,481,292,846	Rights
2007	3,500,000,000	16,000,000,000	6,000,000,000	14,481,292,846	Public Offer

UNCLAIMED DIVIDEND REPORT

FIDELITY BANK PLC

UNCLAIMED DIVIDEND AS AT 28TH FEBRUARY, 2015

PAYT. NO.	AMOUNT OF DIVIDEND DECLARED	TOTAL PAID UP THIS QUARTER	TOTAL DIVIDEND PAID TO LAST QTR	TOTAL DIVIDEND PAID TO DATE	DATE OF PAYMENT	UNCLAIMED DIVIDEND	% OF UNCLAIMED DIVIDEND
	N	N				N	
1	1,629,904,972.14	618,696.02	1,545,251,170.44	1,545,869,866.46	20/12/2006	84,035,105.68	5.16
2	2,372,523,026.54	607,127.45	2,215,739,531.66	2,216,346,659.11	17/12/2007	156,176,367.43	6.58
3	7,819,898,220.00	2,781,665.28	7,543,848,250.73	7,546,629,916.01	13/11/2008	273,268,303.99	3.49
4	1,303,865,866.04	639,267.43	1,169,874,324.90	1,170,513,592.33	04/01/2010	133,352,273.71	10.23
5	651,932,933.02	305,546.77	560,115,584.65	560,421,131.42	13/08/2010	91,511,801.60	14.04
6	3,649,285,797.30	1,829,892.64	3,484,927,610.32	3,486,757,502.96	29/04/2011	162,528,294.34	4.45
7	3,649,285,796.40	2,478,365.01	3,467,727,793.86	3,470,206,158.87	09/05/2012	179,079,637.53	4.91
8	5,492,037,855.15	6,484,353.44	5,263,631,248.02	5,270,115,601.46	21/05/2013	221,922,253.69	4.04
9	3,661,087,989.94	296,666,864.18	2,882,669,444.79	3,179,336,308.97	02/05/2014	481,751,680.97	13.16
						1,783,625,718.94	

COMMUNICATIONS POLICY

An effective communication model not only ensures provision of adequate information, but also provides a reliable and consistent feedback mechanism which helps to shape future communication, product development and service initiatives amongst others.

The Board and Management of the Bank ensure that all its stakeholders (internal and external) receive adequate information necessary for shaping their relationship with the Bank in a manner that is timely and mutually beneficial.

Such information, which is in plain language, clear, relevant, objective, unambiguous and useful, is available through various approved media including the Bank's website: http://www.fidelitybankplc.com

The website which is constantly updated in line with developments in the industry also has an Investor Relations page where the Bank's Financial Reports and other relevant information about the Bank are published and made accessible to its shareholders, stakeholders and the general public.

The main objective of the Bank's Communication Policy is to promote the Bank's interests and project the Fidelity brand in a way that wins goodwill for the Bank at all times while delivering prompt, courteous and responsive services that are sensitive to the needs and concerns of the customer and other stakeholders.

To achieve this goal, the Bank is guided by the following:

i. Compliance with Rules and Regulations: The Bank complies with the Laws, Rules and Regulations guiding the Nigerian Banking Industry as well as the Codes of Corporate Governance issued by its primary and other Regulators. These include the Banks and Other Financial Institutions Act (BOFIA), 2004 Companies and Allied Matters Act (CAMA), 2004 and the Codes of Corporate Governance issued by the Central Bank of Nigeria and the Securities and Exchange Commission.

ii. Efficiency: The Bank uses modern communication technologies in a timely manner to convey its messages to target groups, while building synergies and strategic alliances across multi- media platforms.

iii. Cultural Awareness: The Bank operates in a multi-cultural environment and recognizes the need to be sensitive to the cultural peculiarities of its operating environment.

iv. Feedback: The Bank actively and regularly seeks feedback on its image and communication activities not only from the media and target groups but also the general public.

Information Dissemination

The Bank's Marketing Communications Division oversees the implementation of the Communications Policy as well as the process of dissemination of information from the Bank. The Head of Human Capital Management is responsible for ensuring that a copy of the Policy is available to each Fidelity employee via the Bank's intranet while the Chief Internal Auditor ensures compliance.

PROXY FORM

TWENTY-SEVENTH ANNUAL GENERAL MEETING TO BE HELD AT THE GRAND BANQUET HALL, CIVIC CENTRE, OZUMBA MBADIWE ROAD, VICTORIA ISLAND, LAGOS STATE AT 11.00 A.M. ON THE 7TH OF MAY, 2015

I/We………………………………………………………………………of ……………..…….…..……………………… ………………………………………………………..……… being a Shareholder of Fidelity Bank Plc hereby appoint …………..…………………………………..……………………………..…………………… ……………or failing him Chief Christopher I. Ezeh or failing him Mr. Nnamdi Okonkwo as my/our Proxy to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting to be held on the 7th day of May, 2015 and at any adjournment thereof.

Dated the ………..… day of…………...2015
Name of Shareholder ………………………………………
Signature of Shareholder ………………………………………

I/We desire this proxy to be used in favour of/or against the resolutions as indicated alongside (strike out whichever is not required).	NO.	ORDINARY BUSINESS	FOR	AGAINST
	1.	To receive the Audited Financial Statements for the year ended December 31, 2014 and the Reports of the Directors, Auditors and Audit Committee thereon.		
	2.	To declare a Dividend.		
	3.	To elect/re-elect Directors.		
	(i)	To re-elect Mallam Umar Yahaya as a Non-Executive Director		
	(ii)	To re-elect Alhaji Bashari M. Gumel as a Non-Executive Director		
	(iii)	To re-elect Mr. Robert Nnana-Kalu as a Non-Executive Director		
	(iv)	To elect Mrs. Aku P. Odinekemelu who was appointed an Executive Director by the Board since the last Annual General Meeting.		
	(v)	To elect Mr. Alex C. Ojukwu who was appointed a Non-Executive Director by the Board since the last Annual General Meeting.		
	(vi)	To elect Mr. Michael E. Okeke who was appointed a Non-Executive Director by the Board since the last Annual General Meeting.		
	4.	To elect/re-elect Directors.		
	5.	To elect the members of the Audit Committee.		
	NO.	**SPECIAL BUSINESS**		
	1.	To consider and if thought fit, to pass the following as an Ordinary Resolution: To approve the remuneration of Directors.		

Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his discretion.

SIGNATURE OF PERSON ATTENDING ………………………………………………………………

IMPORTANT NOTES:

(i) The proxy form should NOT be completed if the Shareholder will attend the meeting.

(ii) Any Shareholder entitled to attend and vote at the Annual General Meeting is also entitled to appoint a Proxy in his/her/its stead and may use the above proxy form for this purpose.

(iii) All proxy forms must be deposited at the office of the Registrar (First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos State) not later than 48 hours before the meeting.

(iv) The Proxy must produce the Admission Card sent with the Notice of the meeting (see below), to gain entrance to the meeting.

(v) In line with the current practice, the names of two Directors of the Company have been entered on the proxy form to ensure that someone will be at the meeting to act as your proxy. You may however indicate the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf, instead of the Directors named herein.

(vi) In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.

(vii) If the Shareholder is a Company, the form should be executed under its Common Seal or under the hand and seal of its Attorney.

(viii) It is a requirement of the law under the Stamp Duties Act, CAP 58, Laws of the Federation of Nigeria, 2004 that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear appropriate stamp duty from the Stamp Duties Office.

Fidelity Bank Plc RC 103022

ADMISSION CARD

TWENTY-SEVENTH ANNUAL GENERAL MEETING TO BE HELD AT THE GRAND BANQUET HALL, CIVIC CENTRE, OZUMBA MBADIWE ROAD, VICTORIA ISLAND, LAGOS STATE AT 11.00 A. M. ON THE 7TH OF MAY, 2015

Please admit

.... to the 27th Annual General Meeting of Fidelity Bank Plc.

NAME OF SHAREHOLDER:	
ACCOUNT NUMBER:	
NUMBER OF SHARES HELD:	

Signature of person attending: ....

NOTES

- This admission card should be produced by the Shareholder or his Proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or her Nominee on the day of the Annual General Meeting.

FIDELITY
Fidelity Bank Plc RC 103022

SHAREHOLDER'S DATA UPDATE FORM

Instructions

Please fill the form and return to the address below

The Registrar,
First Registrars Nigeria Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692, Lagos, Nigeria.

REQUEST FOR CHANGE OF ADDRESS

Kindly change my/our address in respect of my/our holdings in the company indicated below:

(I) FIDELITY BANK PLC √

Shareholder's Account no. (if known)

SHAREHOLDER'S ACCOUNT INFORMATION

LAST NAME

OTHER NAMES

PREVIOUS ADDRESS

CITY

STATE

PRESENT/NEW ADDRESS

CITY

STATE

MOBILE TELEPHONE

EMAIL ADDRESS

SHAREHOLDER'S SIGNATURE/THUMB PRINT

JOINT/CORPORATE SHAREHOLDER(S) SIGNATURE & COMPANY SEAL

THE REGISTRAR,
FIRST REGISTRARS NIGERIA LIMITED, 2, ABEBE VILLAGE ROAD, IGANMU,
P. M. B. 12692 LAGOS, NIGERIA,

Affix a recent passport photograph (Individual)

FIDELITY
Fidelity Bank Plc RC 103022

RE: MANDATE FOR-DIVIDEND PAYMENT

I/WE HEREBY REQUEST THAT FROM NOW ON, ALL DIVIDEND WARRANT(S) DUE TO ME/US FROM MY/OUR HOLDINGS IN FIDELITY BANK PLC SHOULD BE PAID DIRECTLY TO MY/OUR BANK BELOW:

DATE (DD/MM/YY)

ITEM

(1)* FIDELITY BANK PLC √

*SHAREHOLDER'S ACCOUNT NUMBER (IF KNOWN)

(2)* SURNAME/COMPANY'S NAME (WHICH EVER IS APPLICABLE)

(2.1)* OTHER NAMES (FOR INDIVIDUAL SHAREHOLDERS)

(2.2)* PRESENT POSTAL ADDRESS

(2.3)* CITY

STATE

(2.4) EMAIL ADDRESS

(2.5) MOBILE (GSM) PHONE NUMBER

(3)* BANK NAME

(3.1)* BRANCH ADDRESS

(3.2)* BANK ACCOUNT NUMBER

(10 digit NUBAN number)

(3.3)* BANK SORT CODE (VERY IMPORTANT)

(4)*

Shareholder's signature or Thumbprint

Joint Shareholders/Company Signatures

Company Seal/Incorporation Number (Corporate Shareholder)

(5)*

NOTES

AUTHORISED SIGNATURES AND STAMP OF BANKER

The branch stamp and signatures of the authorised signatures of your bank are required to confirm that the signature(s) in box 4 is that of the shareholder(s) or an authorised signatory

THE REGISTRAR,
FIRST REGISTRARS NIGERIA LIMITED,
2, ABEBE VILLAGE ROAD, IGANMU,
P. M. B. 12692 LAGOS, NIGERIA.

FIDELITY
Fidelity Bank Plc RC 103022

RE: UNCLAIMED / STALE DIVIDEND WARRANT

I/WE DECLARE THAT I/WE AM/ARE THE REGISTERED HOLDER(S) OF FIDELITY BANK PLC SHARES.
TILL DATE, I/WE AM/ARE YET TO RECEIVE MY/OUR DIVIDEND WARRANT(S) PAYMENTS NO(S) …………………… (PLEASE SPECIFY). IN VIEW OF THIS, I/WE REQUEST AND AUTHORISE YOU TO CANCEL THE ORIGINAL DIVIDEND WARRANT(S) AND ISSUE A REPLACEMENT DIVIDEND WARRANT(S).

DATE (DD/MM/YY)

Item

*SHAREHOLDER'S ACCOUNT NUMBER (IF KNOWN)

(1) SHAREHOLDER'S SURNAME/COMPANY'S NAME (WHICHEVER IS APPLICABLE)

(1.1) OTHER NAMES

(1.2) ADDRESS

(1.3) EMAIL ADDRESS

(1.4) MOBILE (GSM) PHONE NUMBER

(2) BANK NAME AND BRANCH

(2.1) CURRENT A/C NO (10 DIGIT NUBAN NUMBER) BRANCH SORT CODE

(3) I/WE HEREBY AUTHORISE THAT THE RE-ISSUED/RE-VALIDATED DIVIDEND(S) BE PAID INTO MY/OUR CURRENT ACCOUNT AS INDICATED ABOVE.

(3.1) I/WE HEREBY INDEMNIFY THE COMPANY AND REGISTRAR AGAINST ALL LOSSES, ACTIONS, PROCEEDINGS, DEMANDS, COSTS AND EXPENSES WHATSOEVER WHICH MAY BE MADE, INCURRED OR BROUGHT AGAINST THEM BY REASON OF COMPLIANCE WITH THIS REQUEST.

(4)

Shareholder's signature or Thumbprint	Joint Shareholders/Company Signatures	Company Seal/Incorporation Number (Corporate Shareholder)

The branch stamp and signature of an authorized signatory of your bank is required to confirm that the signature(s) in box 4 is that of the shareholder(s) or an authorized signatory.

NOTES

* When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
* When the holding is in more than one name, all of the security holders must sign.
* Please note that this request would not be processed if the signature(s) herein differs from that which appears in the Registrar's records.

FIDELITY
Fidelity Bank Plc RC 103022

FORM FOR E-BONUS SHARES

TO:
The Registrar,
First Registrars Nigeria Limited,
2, Abebe Village Road, Iganmu,
P. M. B. 12692 Lagos, Nigeria.

RE: AUTHORITY TO CREDIT CSCS A/C WITH BONUS SHARES

Please take this as my/our authority to credit my/our under-mentioned account with Central Securities Clearing Systems (CSCS) Limited with all subsequent allotments and bonuses due on my/our shareholding(s) in Fidelity Bank Plc, from the date hereof.

1. SHAREHOLDER'S SURNAME OR COMPANY NAME:

OTHER NAMES

(FIRST NAME) **(OTHER NAMES)**

2. SHAREHOLDER'S ACCOUNT NO. (IF KNOWN)
(As it appears on either your dividend warrant stub or share certificate)

3. SHAREHOLDER'S CSCS CLEARING HOUSE NUMBER

4. SHAREHOLDER'S STOCKBROKER

5. SHAREHOLDER'S MOBILE TELEPHONE NUMBER

6. SHAREHOLDER'S E-MAIL ADDRESS:

SIGNATRE
**** (Individual shareholder)**

SIGNATURE**
(JOINT/CORPORATE SHAREHOLDERS)

COMPANY SEAL

DATED THIS____ DAY
OF___________________________20___________________

NOTES

a) When completed on behalf of a corporate body, each signatory should state the representative capacity, e.g. Company Secretary, Director, etc.
b) When the holding is in more than one name, all of the security holders must sign.
c) Please note that this request would not be processed if the signature(s) herein differs from that in the Registrar's records.
d) Please attach a copy of your CSCS Statement to this form as evidence that a CSCS Account has been opened for you.

FIDELITY

Fidelity Bank Plc RC 103022

We're Fidelity - we keep our word